

Govt inks deal with IMEC for chip-making tech

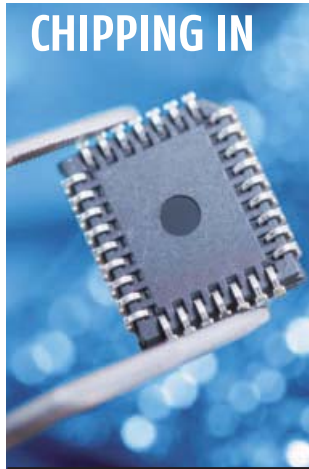
SURAJEET DAS GUPTA

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India's ambition to set up a semiconductor plant in the country is slowly coming to fruition. The government has signed an agreement with Belgium-based research and innovation hub, Interuniversity Microelectronics Centre (IMEC), which will provide the technology to manufacture chips of 28 nanometres and above, for which the user has to pay a royalty.

A top government official in the ministry of IT and communications told Business Standard: "We have signed an agreement with IMEC to provide us the technology for chips of 28 nanometers and above. It is the best way to begin, as there is a huge demand for chips above 28 nanometres in the country in automotive, consumer electronics and power electronics sectors."

The official said that whichever



of the three companies that have applied to set up a chip plant in India under the semiconductor scheme, is eventually chosen, will be given the technology and will have to pay the royalty to IMEC.

With most big chip companies

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▶ **An official pointed out that the incentives were also tweaked** so that chips, irrespective of their nanometre size, would disburse 50 per cent of the investment cost of the plant

▶ **The government is also closely looking at the ability of the applicants** to find buyers for their chips

▶ **An official added that the government is aware of the fact that it will take the new fab players** some time to woo global chip design makers

like TSMC, Samsung, and Intel concentrating on markets in the US and Europe, where they are setting up foundry plants, or expanding their capacity in their own countries, the government has proactively scouted for the technology as

that was a key requirement for setting up a chip plant. In fact, IT minister Ashwini Vaishnaw visited IMEC's Belgium headquarters and played an important role in inking the deal.

The official added: "We do not see any of the big global chip makers coming to India in the initial stages. They will come once an ecosystem is established. We needed to be cautious as we have had two failures earlier in trying to build a chip plant," said the official. He also pointed out that the incentives were also tweaked so that chips, irrespective of their nanometre size, would disburse 50 per cent of the investment cost of the plant. Earlier, the disbursement was graded between 35- 50 per cent, based on more incentives for lower nodes.

Currently, 75 per cent of the IMEC's budget is funded by industry, and the rest from the European Commission and the Flemish government.

The company does not design chips, or manufacture wafers for commercial production, but it is the neutral ground for companies working in the hyper-competitive semiconductor industry to get the latest cutting-edge technology in chip-making. The government is also closely looking at the ability of the applicants to find buyers for their chips. Says the official mentioned above: "In the Vedanta-Foxconn application, the Taiwanese EMS player told us that they would require about \$30 billion worth of chips annually for their own electric vehicles and consumer electronics manufacturing globally. They have committed to buy from the Indian plant."

The official added that the government is aware of the fact that it will take the new fab players some time to woo global chip design makers like Qualcomm and Mediatek to shift some part of their outsourcing to Indian fab plants.