

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:963

ANSWERED ON:11.12.2013

CHIP MANUFACTURING UNITS

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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the two electronic chip manufacturing units are likely to be operational in the next two years:
- (b) if so, the details and the present status thereof;
- (c) whether the setting up of electronic chip facilities would be of the nation's strategic purpose as chips had security implications and if so, the details thereof;
- (d) whether the Government is considering providing subsidy to these units; and
- (e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a) and (b) Government has issued 'In-Principle' approval dated October 09, 2013 to the following two consortia for setting up of two Semiconductor wafer fabrication (FAB) manufacturing facilities by each of them, each of 40,000 wafer starts per month of 300 mm size, in the country:

- (i) Consortium of M7s. Jaiprakash Associates Limited; M/s. IBM, USA; and M/s. Tower Semiconductor Limited, Israel; and
- (ii) Consortium of M/s. HSMC Technologies India Pvt. Ltd., M/s. ST Microelectronics and M/s. Silterra Malaysia Sdn. Bhd.

The two consortia have been asked to convey the acceptance of terms and conditions stipulated in the 'In-Principle' approval.

(c) Establishing Semiconductor Wafer Fab facilities is central to building up a strategic and self-reliant electronic manufacturing ecosystem in the country. A trusted line in Fabs in India shall provide required assurance for the needs of the strategic sectors, including defence, space and atomic energy.

(d) and (e) The Government has also approved the package of incentives for the two consortia. This package includes incentives already available under the Modified Special Incentive Package Scheme (M-SIPS) and deduction available for expenditure on R&D under the Income Tax Act. In addition, FAB facilities will also be eligible for investment linked deduction under Section 35 AD of the Income Tax Act. The Government will provide Viability Gap Funding (VGF) in the form of an interest free loan for a period of 10 years.