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**Press Information Bureau  
Government of India  
Cabinet**

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**Approval to establish two Semiconductor Wafer Fabrication Manufacturing Facilities in India**

The Cabinet has approved setting up of two Semiconductor Wafer Fabrication (FAB) Manufacturing Facilities in India. These FAB units are to be set up by two business consortia, with the following broad project parameters:

- (i) M/s Jaiprakash Associates Limited (with IBM, USA and Tower Semiconductor Limited, Israel as partners)
  - a) Project Cost: Rs 34,399 crore
  - b) Technology: 90/65/45/28 nm
  - c) Capacity: 40,000 WSPM
  - d) Location: Yamuna Expressway, Uttar Pradesh
- (ii) M/s HSMC Technologies India Pvt. Ltd. (with ST Microelectronics and Silterra Malaysia Sdn. Bhd. as partners)
  - a) Project Cost: Rs 29,013 crore
  - b) Technology: 90/65/45/28/22 nm
  - c) Capacity: 40,000 WSPM
  - d) Location: Prantij, Gujarat

Letter of intent will be issued to the two consortia by March 31, 2014. The final agreements are expected to be signed by August 2014. The Empowered Committee has been authorized to take all decisions to implement the FAB projects in furtherance of the decision.

The proposed FABs will create direct employment of about 22,000 and indirect employment of about one lakh.

These FABs will have a big impact on the development of Electronics System Design and Manufacturing eco-system across the country. This will help set up a critical pillar required to promote Electronics System Design and Manufacturing in India. The Semiconductor Wafer Fabrication units when set up, will stimulate the flow of capital and technology, create employment opportunities, help higher value addition in the electronic products manufactured in India, reduce dependence on imports, and lead to innovation.

The following main incentives will be extended:

- i. 25% subsidy on capital expenditure and tax reimbursement as admissible under Modified Special Incentive Package Scheme (M-SIPS) Policy.
- ii. Exemption of Basic Customs Duty (BCD) for non-covered capital items
- iii. 200% deduction on expenditure on R&D as admissible under Section 35(2AB) of the Income Tax (IT) Act.
- iv. Investment linked deductions under Section 35AD of the IT Act.
- v. Interest free loan of approx. Rs 5124 crore each. (Exact amount to be calculated on Detailed Project Report appraisal.)

## **Background**

The Government had in 2011 constituted an Empowered Committee (EC) to identify technology and investors and to recommend incentives to be provided to set up two FAB facilities in the country. The Empowered Committee had issued a Global Expression of Interest inviting technology providers and investors to set up the FAB facilities. This Committee submitted its recommendations to the Government in March 2013. The Cabinet, at its meeting held on 12.9.2013, considered the recommendations of the EC and accorded 'in-principle' approval to the two consortia referred to above and to the package of incentives. The Cabinet also decided that all other FAB manufacturers may also be appropriately and fully apprised of the quantum of subsidy/other benefits/support being offered for establishing FAB facilities in India. Such manufacturers may be asked to indicate their interest / send their responses on specified parameters to the Department of Electronics and

Information Technology (DeitY) within a period of four weeks.

As decided by the Cabinet, the second Expression of Interest (Eoi) was published, which clearly specified the project parameters required as well as the package of incentives being offered by Government of India. 106 potential FAB manufacturers across the world were also directly addressed. No new proposal has been received for setting up of a FAB as per Eoi requirements. The steps taken pursuant to the aforesaid Cabinet decision have doubly assured the transparency of the entire process and also ensured a level playing field.

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