

Cabinet approves Semicon 2.0 - Government delivers on its commitment for a long-term policy support to Semiconductors in India

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the Semicon 2.0 for the development of India's semiconductor design and manufacturing ecosystem, with a total budget outlay of Rs.1,27,500 crore.

Recognising the requirement for a sustained and long-term support to Semiconductor sector in India and also to build on the momentum generated under Semicon1.0, Semicon 2.0 aims to further the Government's commitment towards putting our country on the semiconductor map of the world.

Semicon 2.0 is aimed to holistically build the semiconductor ecosystem on the following six pillars:

First pillar: Design: Semicon 2.0 will build upon the initial success in chip design. With 105 startups already started developing chips, the focus is on deepening the design ecosystem. Further, building blocks have been identified for the development of strategic and commercial products. Under Semicon 2.0, the aim is to develop IPs, designs of chips and systems with this approach. The work under Semicon 2.0 will place India as a key semiconductor chip design IP country.

Second pillar: Machines and materials: Companies involved in the manufacturing and R&D of the machines and manufacturing of materials, chemicals and gases that are essential for manufacturing semiconductors will be incentivized. This will lay the foundation for the sustainable growth of the semiconductor industry. This will also help in developing the precision manufacturing industry in our country.

Third pillar: Setting up more fabs: With the first fab scheduled to be commissioned in 2028, the world is showing greater confidence in India's semiconductor strategy. Efforts will be made to attract more manufacturers to come to India and set up fabs to manufacture chips. This will include silicon fabs, compound semiconductor fabs, discrete component fabs, display fabs, etc.

Fourth pillar: Further strengthening the ATMP/OSAT industry: With the success of ATMP units, the world is now looking at India as an alternative location for setting up ATMP/OSAT units. These will be actively encouraged with a focus on getting some of the most advanced ATMP technologies to India.

Fifth pillar: Research & Development: The semiconductor journey has started with 28nm-110nm as the node. Now, the focus will be on developing more advanced nodes and other advanced technologies in collaboration with leading R&D centres within and outside India.

Sixth pillar: Talent development: With 315 universities training students on complex chip design using the latest EDA tools, around 68,000 students have already been trained. It will be developed further and deepen the level of training while in college. Further, the industry will be actively engaged in deepening the clean room, fab construction and other ecosystem training as well.

Further, Semicon 2.0 will support economic growth across all sectors, strengthen national security through enhanced supply chain resilience, and help establish technological leadership in critical sectors. Approach of building the complete ecosystem, will catalyse semiconductor design and manufacturing in India.

Progress of ISM 1.0:

- **Manufacturing:** So far, twelve (12) manufacturing units have been approved with a cumulative investment of over Rs.1.64 Lakh Crore. These include one Silicon fab, one Silicon Carbide fab, an integrated Gallium Nitride Micro LED Display Fab and nine (9) packaging units expected to cater to chip requirements of sectors such as consumer appliances, industrial electronics, automobiles, power electronics, telecommunications, aerospace, etc. Out of the 12 approved proposals, three companies, Micron, Kaynes and CG Semi have started commercial production and one more are expected to start in 2026.
- **Design:** Twenty-four (24) semiconductor design projects from start-ups and MSMEs have been approved for financial support, while 105 start-ups/MSMEs have been granted access to industry-standard Electronic Design Automation (EDA) tools. These companies are engaged in designing chips and SoCs for a range of strategic and commercial applications, including satellite communications, drones, surveillance cameras, Internet of Things (IoT) devices, LED drivers, AI systems, telecom equipment, and smart meters. These companies are at different stages of design and development and will enter the deployment stage after successful prototyping.

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