Azadi Ka Amrit Mahotsav

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Government of Gujarat

Department of Science & Technology
Government of Gujarat



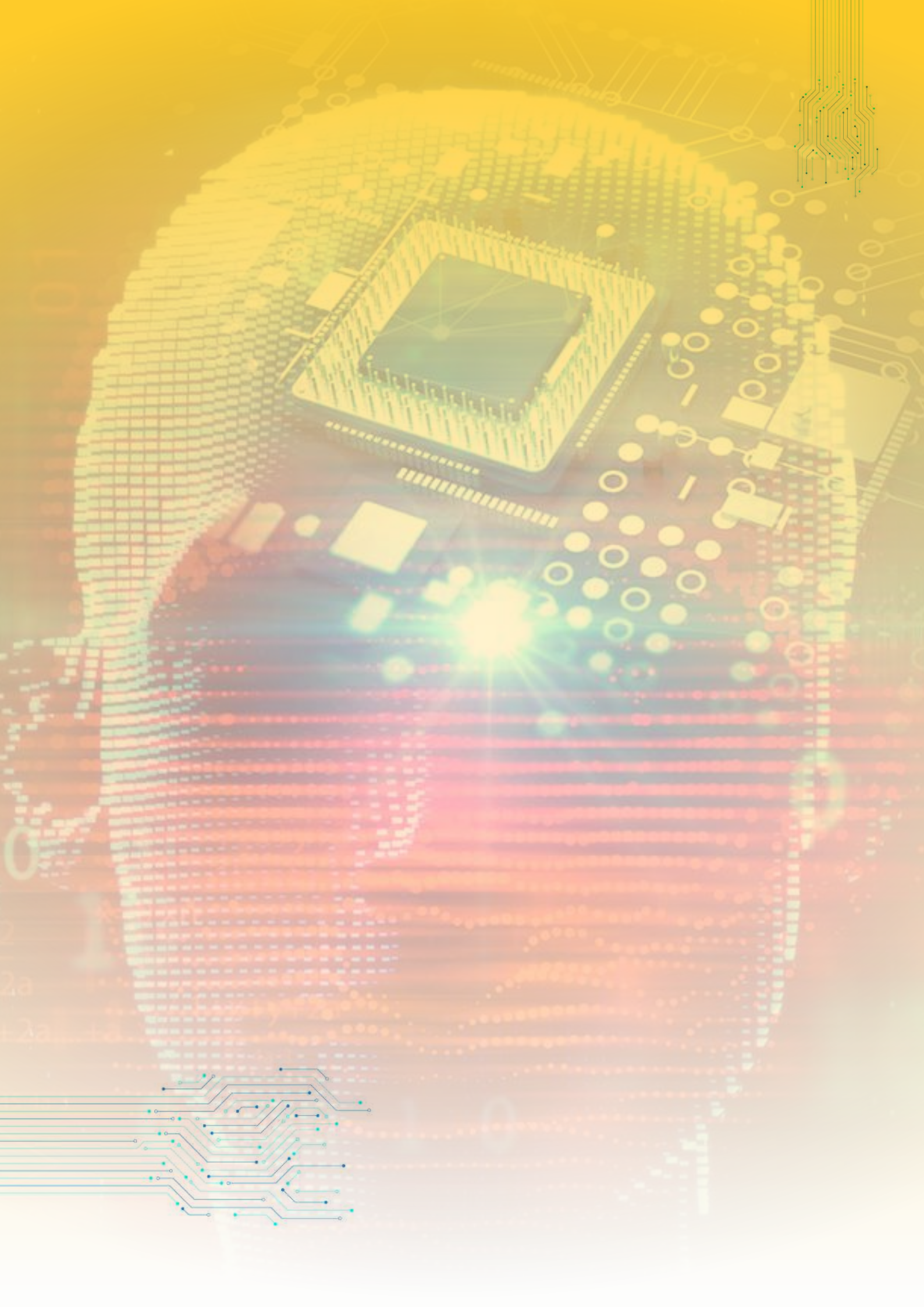
GUJARAT SEMICONDUCTOR POLICY

2022-27

GOVERNMENT OF GUJARAT

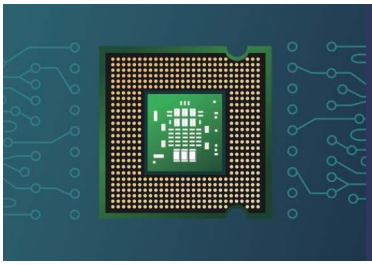






Government of Gujarat
Department of Science and Technology
G.R. No: DST/OTM/e-File/24/2021/0004/IT
Sachivalaya, Gandhinagar
Date: 27-07-2022

1. Preamble



Electronics is amongst the most intensive Global Value Chain sector in the world, and its global value chains are largely concentrated among a few countries in Asia. The semiconductor industry, which is valued more than USD 400 billion globally, is the most rapidly growing electronics sector.

Semiconductors and displays are the cornerstone of modern electronics and they are driving the next phase of digital revolution under Industry 4.0. The usage of Semiconductors ranges from smartphones and cloud servers to modern cars, industrial automation, critical infrastructure and defense systems. The Indian semiconductor market stood at USD 15 Bn in 2020 and is estimated to reach USD 63 Bn by 2026. However, Semiconductors and display manufacturing process is very complex and it is a technology and capital-intensive sector involving high risk, long gestation and payback periods and rapid changes in technology, which require significant and sustained investments.

Since a long time, East Asia has been a major producer of electronics and it is now one of the most important marketplaces for consumer and industrial electronics. Furthermore, COVID-19 pandemic, geopolitical situation and rising demand from emerging market economies have created an acute shortage of semiconductor chips worldwide. It has severely impacted domestic manufacturing in the electronics and other allied industries dependent upon them. Industry estimates indicate that the global semiconductor shortage has led to a production loss of minimum 5-7% in the country.

Keeping the above in mind, Hon'ble Prime Minister has envisioned to increase India's share in global value chain of electronics sector and set up global export hubs for electronic components and electronics manufacturing services across India. The Government further intends to promote and widen electronics manufacturing and develop a robust and sustainable Semiconductor and Display ecosystem in the country and reduce dependency on the import of electronic goods by focusing on skill, technology, scale and the global market. To achieve this objective, the Government of India has set up the India Semiconductor Mission (ISM) and has launched four schemes viz. **'Scheme for setting up of Semiconductor Fabs in India', 'Scheme for setting up of Display Fabs in India', 'Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab and Semiconductor Assembly, Testing, Marking and**

Packaging (ATMP) / OSAT facilities in India' and 'Design Linked Incentive (DLI) Scheme' for strengthening the ESDM ecosystem in the nation and making Electronics Manufacturing qualitatively competitive. Out of these four schemes, the Schemes for setting up of Semiconductor Fabs and Display Fabs are the most significant schemes entailing an enormous fiscal support package. The Scheme for Semiconductor Fabs pledges up to 50% support in the project cost on pari-passu basis and the Scheme for Display Fabs provides support of up to 50% of project cost up to ₹ 12,000 Cr. per project. Further, the Government of India has allocated funds to the tune of ₹ 76,000 Cr. for these four schemes.

Gujarat is one of the leading industrialized states in India which is characterised by presence of robust infrastructure, wide network connectivity through National Highways, State Highways and District Roads, 48 ports, 17 operational airports and airstrips with 2 International airports, premier educational institutions and presence of multiple specialized industrial zones such as Dholera Special Investment Region (DSIR) and other such industrial estates under the Gujarat Industrial Development Corporation (GIDC). The Government of Gujarat is desirous of becoming the pioneer State in realizing the Government of India's mission to make India a global hub for ESDM sector and help in creating a robust semiconductor and display manufacturing ecosystem, equaling that of the existing East Asian region.

2. Gujarat Semiconductor Policy (2022-27)

The Government of Gujarat is committed towards the vision of Government of India in making India as the next global hub of semiconductor and display manufacturing sector. This Policy focuses on guiding a significant portion of the investments made under the four Policies implemented by ISM to Gujarat. The Gujarat Semiconductor Policy (2022-27) will facilitate the eligible projects for land allotment, enable expedited process approvals, ready access to utilities such as power, water, gas and other industrial infrastructure besides the fiscal incentive support package under this policy.



2.1. Vision

The Government envisions to facilitate the investments under the four schemes of Government of India for development of Semiconductor and Display fab ecosystem, thereby strengthening the vision of Atmanirbhar Bharat through an Atmanirbhar Gujarat.



2.2. Objective

To make Gujarat a pioneer State in developing the Indian ESDM ecosystem by facilitating effective and timely execution of the eligible projects for setting up of a robust Semiconductor and Display Fab Ecosystem, and thereby creating more employment giving boost to socio-economic development of the State.



2.3. Growth Drivers

A. Presence of excellent industrial infrastructure with utilities support for power, water, gas and other related infrastructure such as Inland Container Depots (ICDs), Container Freight Station (CFS) etc.

B. World-class export oriented industrial ecosystem with 48 ports (2 major and 46 non-major ports) along with 17 operational airports.

C. Special investment regions (Dholera SIR, GIDC estates, the Electronics Manufacturing Cluster at Mundra etc.) with ready to move in facilities such as developed land, Common Effluent Treatment Plant (CETP) and other waste management facilities, logistics park etc.

D. Availability of skilled manpower required for electronics manufacturing sector along with state-of-the-art training and skill development centers.

3. Definitions

3.1. The **'Operative Period of the Policy'** shall be five years from the date of notification of this Policy.

3.2. 'Eligible Project' means a project by any company / consortia / joint venture which has applied under the 'Scheme for setting up of Semiconductor Fabs in India', 'Scheme for setting up of Display Fabs in India', 'Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / OSAT facilities in India' Scheme' of Government of India to set up operations in Gujarat.

Explanation: Projects approved under Design Linked Incentive Scheme of Government of India will not be eligible for availing benefits under this policy. However, they may avail benefits as per the Gujarat IT/ITeS Policy (2022-27).

3.3. 'Eligible Capital Expenditure' means the following:

3.3.1. In the case of Semiconductor Fabrication projects, Eligible Capital Expenditure shall be limited to capital expenditure / investment incurred on activities as described in section 2.5.1 of File No. W-38/30/2021-IPHW dated 30.12.2021 issued by Ministry of Electronics and Information Technology, Government of India, as amended from time to time.

3.3.2. In the case of Display Fabrication projects, Eligible Capital Expenditure shall be limited to capital expenditure / investment incurred on activities as described in implementation guidelines, section 2.5.1 of File No. W-38/6/2021-IPHW dated 30.12.2021 issued by Ministry of Electronics and Information Technology, Government of India, as amended from time to time.

3.3.3. In the case of Compound Semiconductors / Silicon Photonics / Sensors Fab and

Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / Outsourced Semiconductor Assembly and Test (OSAT) facilities, Eligible Capital Expenditure shall be limited to capital expenditure / investment incurred on activities as described in implementation guidelines, section 2.8.1 of File No. W-38/23/2021-IPHW dated 30.12.2021 issued by Ministry of Electronics and Information Technology, Government of India, as amended from time to time.

3.4. 'COD' means date of start of commercial operations of the Eligible project and it shall be the date of the first production for sale/captive usage or the date of the first actual sale, whichever is earlier. In case that an Eligible project has multiple phases of Investment in the project, the date of start of commercial operations of first phase shall be considered as COD.

In case of any ambiguity regarding the COD, the decision of the Government shall be final and binding on all concerned.

3.5. 'Government' means the Government of Gujarat

3.6. 'DST' means the Department of Science and Technology, Government of Gujarat.

3.7. 'GSEM' means the Gujarat State Electronics Mission, Government of Gujarat.

3.8. 'High Powered Committee (HPC)' means the committee constituted as per para 5.2 of this Policy for the approval of assistance to Display Fabrication projects, Semiconductor Fabrication projects and projects having proposed investment of more than or equal to ₹ 1,000 Cr.

3.9. 'State Level Empowered Committee (SLEC)' means the committee constituted as per para 5.3 of this Policy for the approval of assistance to projects having proposed investment of less than ₹ 1,000 Cr.

4. Incentives and Offerings

The incentives and offerings mentioned in this section apply to all eligible entities, in addition to any incentives that it might be entitled to avail from the Government of India. However, no applicant shall be allowed to claim similar incentives from any other policy of the Government of Gujarat.

4.1. Boosting Semiconductor Infrastructure Development – Dholera Semicon City

The Government is committed towards development of a robust infrastructure for the semiconductor and display industry in the State. To this effect, the Government shall strive to develop an ecosystem at Dholera SIR which will supplement the Semiconductor and Display Industry through Industry 4.0 enabled common infrastructure facilities such as IoT enabled warehousing, common semiconductor marking and packaging facilities, advanced testing labs and other such common facilities as required by the industry. Such a development plan shall be formulated and executed in collaboration with industry, academia and Government. However, in the initial phase of development of this industry, Government of Gujarat shall give all incentives mentioned in this policy for any location in Gujarat.

4.2. Fiscal Incentives

An eligible project/unit shall be entitled to following incentives subject to fulfilment of all conditions mentioned in this resolution, as amended from time to time, and other legal provisions.

4.2.1. Capital Assistance

A. The project(s) approved by the India Semiconductor Mission [ISM] under the Ministry of Electronics and Information Technology [MeitY], Government of India shall be eligible to receive additional capital assistance from the State Government over and above the assistance given by the Government of India. The additional capital assistance from the State Government will be provided at the rate of 40 percent [FORTY PERCENT] of the capex assistance given by Government of India. However, the capex assistance of the State Government will be given only on the eligible capital expenditure as defined in para 3.3 above.

B. The period for computing the eligible capital expenditure shall begin from the date of agreement between the applicant and the Government of Gujarat. However, the total period for computing the eligible capital expenditure shall be as determined by the Government of India.

C. The Government shall initially support one Semiconductor Fabrication project and one Display Fabrication project under this Policy. In case the Government receives multiple applications for either Semiconductor Fabrication project or Display Fabrication project, the nodal implementing agency shall conduct a detailed appraisal of the applications and submit its report to the HPC. Thereafter, the Government shall take a decision in this regard based on recommendation of HPC.

D. The Government may consider supporting any subsequent Display Fabrication projects or Semiconductor Fabrication projects under this Policy on a case-to-case basis. In such cases, the HPC will conduct a thorough evaluation of such projects, duly considering the scale of investment, employment generation potential, availability of land, techno-economic benefits to the State and budgetary provisions and shall submit its report to the Government. Thereafter, the Government at its sole discretion shall take a decision to support such projects.

E. The eligible capital expenditure shall be determined in accordance with the eligibility norms of the Government of India through its Nodal Implementing Agency – ISM.

F. An Eligible project shall be entitled to incentives on the eligible capital expenditure made in a particular year at the rate mentioned above. The incentive shall be disbursed in annual installments spaced equally over a period of five years from the year subsequent to the year in which the investment is made.



4.2.2. Subsidy on land procurement

A. The Government shall provide 75% subsidy on the first 200 Acres of land required for a FAB project.

B. Furthermore, additional land required for the FAB project or upstream / downstream ecosystem or for other projects approved under ISM, land shall be available at 50% subsidy.

C. The subsidy shall be computed on prevailing land price on the date of allotment of land as notified by Dholera SIR Development Authority (DSIRDA).

D. The aforementioned subsidy on land shall be provided only to projects being set up in Dholera Special Investment Region. However, the State Government reserves the right to provide subsidy, to projects being setup at any other location in Gujarat.

E. The subsidy shall be provided only on land deemed necessary for the core activities of the project and any additional land will be available as per existing rates of DSIRDA. The decision of the State Government, regarding the land required for the core activities of the project shall be final and binding to all concerned.



F. The subsidies on land procurement provided for in this policy will be available only on the land allotted by DSIRDA or by the Government or any of its agencies. No subsidy will be available on the purchase of private land.

4.2.3. Stamp Duty and Registration Fee

All Eligible projects will be entitled for a ONE time reimbursement of 100% of Stamp Duty and Registration Fee paid to the Government for lease / sale / transfer of land for the purpose of the project.

4.2.4. Incentive on water availability

A. All Eligible projects will be provided access to good quality, potable water at the rate of ₹ 12 per cubic meter for a period of 5 years starting from COD. The water tariff shall be increased at the rate of 10 percent on a year-on-year basis for the subsequent 5 years. Thereafter, the water tariff shall be as per the applicable rates of appropriate authority.

B. Additionally, in the event that the eligible Semiconductor Fabrication project or eligible Display fabrication project decides to build a desalination plant in the initial five years, the Government shall provide a capital subsidy of 50% of project cost, excluding the cost of land, for the captive desalination plant. For the purpose of calculating the project cost, a cap of ₹ 8 crores per MLD of capacity being set up will be considered.

4.2.5. Incentives on Power Tariff and Electricity Duty

A. Eligible projects will be entitled to power tariff subsidy of ₹ 2 per unit for a period of 10 years starting from COD.

B. In case of projects with a significant component of FDI (Foreign Direct Investment) or projects relocating from abroad, the State Government reserves the right to provide power tariff subsidy at an enhanced rate for a limited period of time to ensure power availability at globally competitive rates.

C. All eligible projects can claim exemption from paying electricity duty as per the provisions laid down under Gujarat Electricity Duty Act, 1958.

D. The disbursement of the power tariff subsidy shall be done in yearly installments.

E. Power tariff incentive will not be applicable for energy consumed from captive power plant & energy consumed for desalination plant, if any.

4.2.6. Construction of clean room / common facilities center

A. The State Government through any of its agencies may construct or facilitate the construction of clean rooms, common facilities center and / or other buildings as required to commence operations at short notice.

B. In case such a facility is to be constructed for captive usage of a unit / entity, the cost of the construction of such a facility shall be deducted from the capital assistance payable to such entity.

4.3. Non-Fiscal Incentives

The Government is committed towards creation of a long-term, investor-friendly business ecosystem that incorporates the spirit of Ease of Doing Business into its internal governance mechanisms and to that end, it will take a number of steps to ensure that all stakeholders are supported throughout their investment cycle. The following are some of the most important interventions in this regard:

S.No.	Incentive	Description of Support
1	Enhancing Ease of Doing Business – Self Certification	Eligible projects will be facilitated for statutory compliances such as- 1. The Factories Act, 1948 2. The Maternity Benefit Act, 1961 3. Gujarat Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2019 4. The Contract Labor (Regulations & Abolition) Act, 1970 5. The Payment of Wages Act, 1936 6. The Minimum Wages Act, 1948

S.No.	Incentive	Description of Support
2	Enhancing Ease of Doing Business – Single Window Clearance	The Gujarat State Electronics Mission will act as a single point of contact for all eligible projects and it shall facilitate for all statutory clearances required at State level in an expedited, proactive and transparent manner.
3	Effluent and hazardous waste management	The Government shall provide/ facilitate easy access to Common Effluent Treatment Plants (CETPs) and Treatment, Storage and Disposal Facilities (TSDFs) for hazardous waste management to the FAB projects as per the applicable user charges of the appropriate authority for proper treatment, recycling and disposal of the effluent and hazardous waste produced during the operations of a semiconductor or display Fab project. However, the discharge of effluents to the CETP and TSDF facilities must meet the input parameters and discharge norms of the said CETP and TSDF facilities.
4	Uninterrupted Power Supply	The Government will provide/ facilitate adequate redundancy in the power grid to ensure quality power supply to FAB projects for their smooth operations. Furthermore, the Government will develop appropriate power infrastructure or facilitate the same to ensure that the redundant power supply is delivered to the doorstep of the eligible project.
5	Uninterrupted Water Supply	The Government will provide/ facilitate, uninterrupted potable water supply to FAB projects for their smooth operations. Furthermore, the Government will develop/ facilitate appropriate water distribution infrastructure to ensure that the treated water is delivered to the eligible project.
6	Facilitation in land procurement	The Government shall facilitate the companies in identification and procurement of suitable developed land which is free from any encumbrance and is well connected to the logistics & transport hub in the State. Furthermore, the Government shall strive to reduce the various hurdles in procurement of the allotted land such as issues related to Right of Way (RoW), Change of Land Use (CLU) permissions etc.

5. Policy Implementation

5.1. Gujarat State Electronics Mission (GSEM)

The Gujarat State Electronics Mission has been set up with a vision to build a vibrant semiconductor, display and design & innovation ecosystem to enable Gujarat's emergence as a national hub for electronics manufacturing and design. The primary objective of GSEM is to organize efforts for promoting semiconductors and display industry in a more structured, focused, and comprehensive manner. It will facilitate the adoption of electronics by developing trade linkages to establish semiconductor and display supply chain, including raw materials, specialty chemicals, gases, and manufacturing equipment.

5.1.1. Office of the Mission Director, GSEM shall implement this policy.

5.1.2. DST will separately issue detailed implementation guidelines for effective implementation of the policy, wherever required.

5.2. High Powered Committee

The State Government shall constitute a High-Powered Committee (HPC) for the approval of assistance to Display Fabrication projects, Semiconductor Fabrication projects and projects having proposed investment of more than or equal to ₹ 1,000 Cr. The HPC shall comprise the following members:

i. Chief Secretary, Gujarat – Chairman

ii. Additional Chief Secretary / Principal Secretary / Secretary, Industries & Mines Department – Member

iii. Additional Chief Secretary / Principal Secretary / Secretary, Finance Department – Member

iv. Additional Chief Secretary / Principal Secretary / Secretary, Revenue Department – Member

v. Additional Chief Secretary / Principal Secretary / Secretary, Energy and Petrochemicals Department – Member

vi. Additional Chief Secretary / Principal Secretary / Secretary, Department of Science & Technology (DST) – Member

vii. Additional Chief Secretary / Principal Secretary / Secretary, Narmada, Water Resources, Water Supply & Kalpsar Department (Water Supply) – Member

viii. Additional Chief Secretary / Principal Secretary / Secretary, Roads & Buildings Department – Member

ix. Chief Executive Officer, Dholera Special Investment Region Development Authority – Member

x. Mission Director, Gujarat State Electronics Mission – Member Secretary

5.3. State Level Empowered Committee (SLEC)

The State Government shall constitute a State Level Empowered Committee (SLEC) for the approval of assistance to projects having proposed investment of less than 1,000 Cr. The SLEC shall comprise the following members:

i. Additional Chief Secretary / Principal Secretary / Secretary, Department of Science & Technology (DST) – Chairman

ii. Secretary (Expenditure), Finance Department – Member

iii. Industries Commissioner – Member

iv. Chief Executive Officer, Dholera Special Investment Region Development Authority – Member

v. Additional Secretary (IT) / Joint Secretary (IT) / Deputy Secretary (IT), Department of Science & Technology (DST) – Member

vi. Financial Advisor, Department of Science & Technology (DST) – Member

vii. Director, Directorate of ICT & E-Governance, Department of Science & Technology (DST) – Member

viii. Mission Director, Gujarat State Electronics Mission – Member Secretary

6. Interpretation

The Government of Gujarat is the final authority for the interpretation of any provision and to give clarification / decision with reference to any provision under this resolution, keeping in view the objective of the Policy and schemes and it will be binding to all.

7. Power to amend the policy

Notwithstanding anything contained in the foregoing paras, the Government reserves the right to review and amend various aspects of the Policy from time to time.

8. Budgetary Provision

The expenditure on this account shall be made from the grants under the following budget head:

- Demand no: 89
- Major Head: 2052, Information Technology Incentive Plan.

The above Government Resolution issues with the concurrence of Finance Department on the department's file of even number.

By order and in the name of Governor of Gujarat,

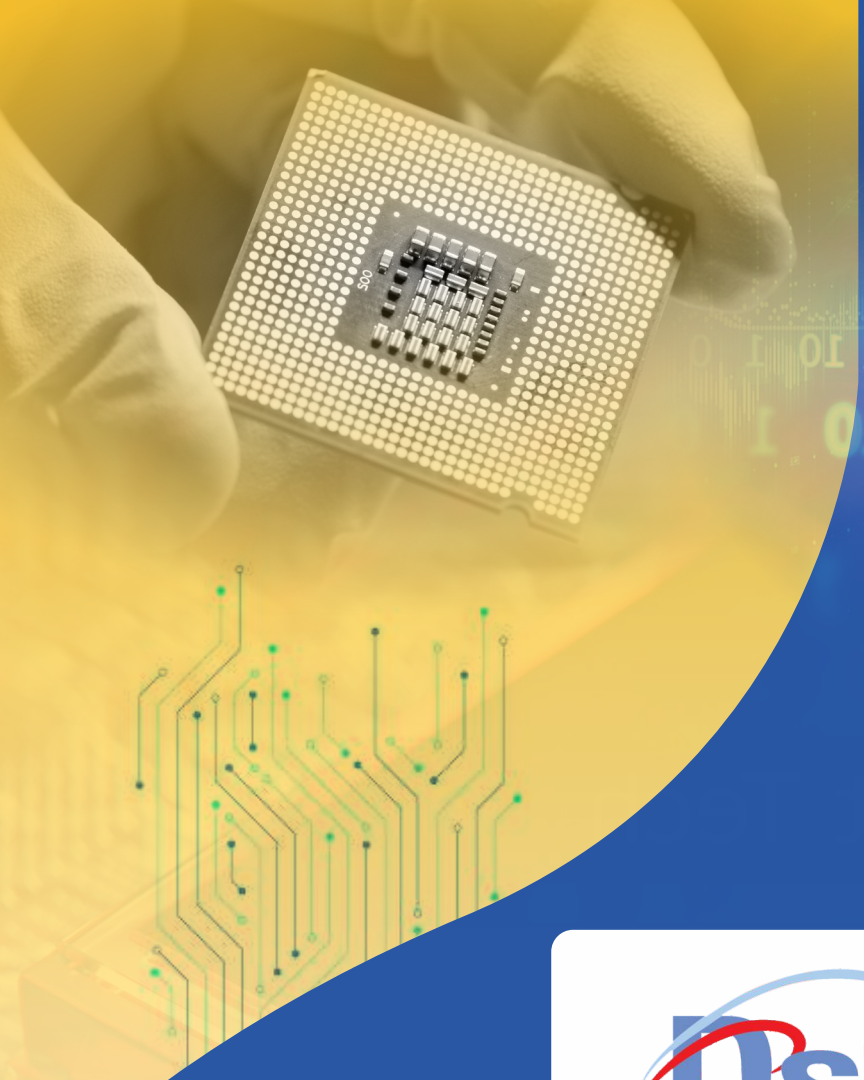
sd/-
(Vijay Nehra)
Secretary to the Government of Gujarat,
Department of Science and Technology.

To

1. Principal Secretary to Hon'ble Governorshri, Raj Bhavan, Gandhinagar
2. Chief Principal Secretary to Hon'ble Chief Minister
3. Additional Chief Secretary to Hon'ble Chief Minister
4. Secretary to Hon'ble Chief Minister
5. Personal Secretary to Hon'ble Ministers, Government of Gujarat
6. Personal Secretary to the Leader of Opposition Party in Gujarat Legislative Assembly, Gandhinagar
7. Joint Secretary to Chief Secretary, Government of Gujarat
8. Registrar, Hon'ble Gujarat High Court, Ahmedabad
9. Secretary, Gujarat Vigilance Commission, Gandhinagar
10. Secretary, Gujarat Public Service Commission, Gandhinagar
11. Secretary, Gujarat Legislature Secretariat, Gandhinagar
12. Secretary, Gujarat Civil Service Tribunal, Gandhinagar
13. All Administrative Departments
14. VC and MD, GIDC, Udyog Bhavan
15. Industries Commissioner, Government of Gujarat
16. Director ICT & e-Governance, Gandhinagar
17. All Institutions / Organizations / Societies under DST
18. All Collectors
19. DDG and SIO, NIC, Gujarat
20. Account General (A&E) Gujarat, Post Box No. 2201, Rajkot
21. Account General (A&E) Gujarat, Ahmedabad Branch, Ahmedabad
22. Account General (Audit-1) Gujarat, MS Building, Ahmedabad
23. Director, Account & Treasuries, Gujarat State, Gandhinagar
24. Pay & Account Offices, Ahmedabad/Gandhinagar
25. All District Treasury Offices
26. Resident Audit Officer, Ahmedabad/Gandhinagar
27. Select File

(Copy of this Resolution can be downloaded from URL: https://dst.gujarat.gov.in)







Department of Science & Technology
Government of Gujarat

