

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

UNSTARRED QUESTION NO:2196  
ANSWERED ON:14.03.2007  
CHIP MANUFACTURING UNITS  
Rao Shri Kavuru Samba Siva

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

:-

- (a) the number of chip manufacturing designing units alongwith the earnings made from chip designing each year during the last three years;
- (b) the details in regard to production and export earnings;
- (c) whether the Government proposes to take step to set up chip manufacturing units to increase country's share in the international hardware market and thereby create millions of jobs; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY(DR.SHAKEEL AHMAD)

(a) and (b): As on 31.3.2006, a total of 308 chip designing and embedded software units were registered with the Software Technology Parks of India (STPI). Their export earnings during the last three years are given below:

(Rs. in crore)

Year	Export Earnings
2003-04	3,300
2004-05	5,700
2005-06	7,840

(c) and (d): The Government has accorded approval to the Special Incentive Package Scheme to attract investments for setting up Semiconductor Fabrication and other micro and nano technology manufacture industries in India. The incentive would be 20% of the capital expenditure if the units are set up in the SEZ. For units set up outside SEZ, the incentive would be 25% of the capital expenditure plus exemption from countervailing duty (CVD). `Fab units` with threshold Net Present Value (NPV) investment of Rs.2500 crore would be covered by the Special Incentive Package Scheme. For other units in the eco-system, there would be a threshold NPV investment of Rs.1000 crore. The details to implement the scheme are being finalized.

The extent to which manufacturing units of semiconductor will be set up would depend upon the response of the investors to make such investments following the approval of this Scheme. The investment and employment which will be generated will depend upon the number of such units set up.