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COVERAGE HIGHLIGHTS

Incentivise India-made chips' purchase: Industry body to govt

AVIK DAS

Bengaluru, 25 November

The Centre needs to incentivise buyers to buy products from India's fledgling semiconductor companies, Indian Electronics and Semiconductor Association (IESA), one of the leading industry bodies in the sector, said. It added that without this, it would be difficult for them to scale up manufacturing.

India has 10 semiconductor projects in the works, which spans fabs, outsourced semiconductor assembly and test (OSAT) units and assembly, testing, marking and packaging (ATMP) facilities. That includes companies such as Micron, Tata Electronics, CG Power, Kaynes, and a joint venture (JV) between HCL and Foxconn.

"It takes about three-five years to design, make prototypes and manufacture. So, these design linked incentive (DLI)-based startups, whatever chips they are developing, need to find the right set of customers and ramp up

manufacturing," Ashok Chandak, president of IESA, told *Business Standard* during an interaction at the Bengaluru Tech Summit last week.

The first phase of the India Semiconductor Mission has been largely on track and the \$10 billion outlay has been used. The critical question right now remains convincing buyers to purchase India-made and designed chips and incentivising them to do so.

"What would be some of the reasons why buyers should potentially look forward to? Most of these buyers have their product design outside India. So for them, if something has to be taken from here, it has to be a replacement. So, if you

try to replace one with another, obviously the buyer would say, what is the value I get? Whether I get it at a cheaper price or better functionality? Or do I get a good reliable brand? Now, all three would be a challenge right now as our startups have not created the brands yet," he added.

When asked what could be some ways to nudge a buyer or the

types of incentives the industry would want, Chandak said the association does not have a concrete answer. However, a proposal has been sent to the government, which will be hopefully addressed in the second phase of the mission.

He added, "It depends on the government whether they agree or not. What we are saying is you give incentive to the buyer rather than giving incentive to a seller, which is a startup or a chip maker."

India's domestic chip demand is projected to touch \$103 billion by 2030, according to IESA estimates.

On the design side, the government has also updated the ₹1,000-crore DLI scheme, which supports domestic companies, startups, and micro, small and medium industries (MSMEs) in semiconductor design. The ministry of electronics and information technology (MeitY) approved 23 chip design projects as of August, while 72 companies have been given access to industry-grade electronic design automation (EDA) tools to accelerate chip design.



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Ashok Chandak,
President of IESA

IESA statement on implementation of India's four Labour Codes

Guwahati: IESA appreciates the Government's commitment to building a pro-worker, pro-industry and pro-growth labour ecosystem and looks forward to continued collaboration as rules and implementation frameworks are rolled out. The four Labour Codes reforms will strengthen blue-collar jobs in electronics manufacturing through better wages, wider participation of women, Better safety culture in chemical-SMT processes, social protection. A more formal and future-ready workforce will reduce attrition and boost productivity across factories. Though, Companies may see higher wage and compliance costs as benefits expand and Adjustment period for MSMEs to adopt new norms. Overall, this is a major step toward building globally competitive ESDM and semiconductor ecosystems in India." Said Ashok Chandak, President, IESA and SEMI India. **ESA's Overall View:** "By modernising the labour framework after decades, these Labour Codes align India with global standards and reflect a decisive shift towards a more inclusive, transparent and productivity-driven labour environment. For the electronics and semiconductor sectors—key pillars of India's Atmanirbhar Bharat vision—these reforms will accelerate investment, manufacturing scale, and workforce development." The India Electronics and Semiconductor Association (IESA) is a premier industry body representing the country's fast-growing electronics, semiconductor, and embedded systems ecosystem, working as a strategic catalyst in India's journey toward becoming a global hub for high-value manufacturing and innovation. Established with the mission of promoting technology leadership, fostering collaboration between industry, government, and academia, and accel-

erating investment across the ESDM sector, IESA plays a crucial role in shaping national policy frameworks and driving initiatives that strengthen domestic capabilities. Over the years, it has championed the development of a competitive semiconductor ecosystem, advocating for robust R&D infrastructure, design-led manufacturing, and skilled workforce development while supporting India's ambition to emerge as a major player in global supply chains. Through its comprehensive policy advocacy, industry reports, and strategic programs, the association provides insights on market trends, technology advancements, investment opportunities, and emerging challenges, helping stakeholders navigate a dynamic global environment. IESA also organizes high-impact events, workshops, and international delegations that connect Indian innovators with global partners, encouraging technology transfer and cross-border collaboration. With an emphasis on nurturing start-ups, enabling fabrication and packaging capabilities, and promoting indigenous design talent, the association contributes significantly to the government's broader vision of self-reliance and digital transformation. Its efforts align closely with flagship national initiatives such as Make in India, Digital India, and the Semiconductor Mission, reinforcing the country's strategic focus on strengthening critical technologies and enhancing economic resilience. As India sees unprecedented interest from global semiconductor giants and undertakes large-scale projects in chip design, manufacturing, and electronics production, IESA continues to act as a bridge between policy and industry, ensuring that India's semiconductor roadmap remains inclusive, future-ready, and globally competitive.

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Key Highlights

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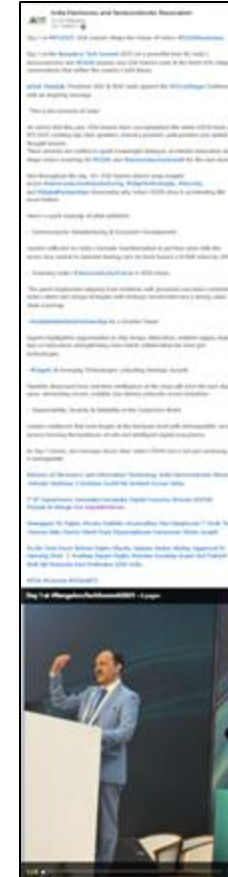
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