Government of Madhya Pradesh

Madhya Pradesh Semiconductor Policy 2025

Department of Science & Technology, Government of Madhya Pradesh

Government of Madhya Pradesh

माननीय मुख्यमंत्री का संदेश

मध्य प्रदेश ने सेमीकंडक्टर डिजाइन और निर्माण में भारत को वैश्विक शक्ति बनाने के उद्देश्य से मध्य प्रदेश सेमीकंडक्टर नीति 2025 लागू की है। इस नीति के तीन मुख्य स्तंभ हैं: सेमीकंडक्टर डिजाइन एवं निर्माण, प्रतिभा एवं कौशल विकास, तथा अनुसंधान एवं नवाचार।

राज्य सरकार ने एक व्यापक नीति तैयार की है, जो नवाचार को प्रोत्साहित करेगी, वैश्विक निवेश को आकर्षित करेगी और एक सशक्त सेमीकंडक्टर इकोसिस्टम का निर्माण करेगी।

लक्षित प्रोत्साहन और आधारभूत ढांचे के विकास में सहयोग के माध्यम से, यह नीति मध्य प्रदेश को भारत के सेमीकंडक्टर मिशन से जोड़कर आत्मनिर्भर भारत के निर्माण में महत्वपूर्ण भूमिका निभाएगी।

राज्य सरकार व्यवसायों के लिए अनुकूल माहौल बनाने, नीति में स्थिरता सुनिश्चित करने और इस परिवर्तनकारी क्षेत्र में कदम रखने वाले उद्योगों व स्टार्टअप्स को हर संभव सहायता प्रदान करने के लिए प्रतिबद्ध है। हम मध्य प्रदेश को भारत के सेमीकंडक्टर क्षेत्र में एक अग्रणी राज्य बनाने और वैश्विक सेमीकंडक्टर वैल्यू चेन में महत्वपूर्ण भूमिका निभाने के लिए तत्पर हैं।

हम सभी हितधारकों, उद्योग विशेषज्ञों और नीति सलाहकारों का आभार व्यक्त करते हैं और सभी को आमंत्रित करते हैं कि वे मध्य प्रदेश को अपने नए गंतव्य के रूप में चुनें और हमारे साथ मिलकर इस नए युग के निर्माण में भागीदार बनें।

डॉ. मोहन यादव
मुख्यमंत्री, मध्यप्रदेश

Government of Madhya Pradesh

Message from Chief Secretary

India, the fastest growing large economy in the world, has embarked upon a journey to become Atmanirbhar and Viksit Bharat. Madhya Pradesh, one of the fastest growing States, has become the preferred destination for investment. The State offers “infinite possibilities” powered by abundant resources, state of the art infrastructure, an integrated holistic approach and forward-thinking leadership. These coupled with central location, excellent industrial labour relations, all assimilating culture position Madhya Pradesh as a key driver of comprehensive economic growth.

The State has formulated 18 new policies after thorough collaborative consultation with the stakeholders. While these policies provide financial incentives at par with the best provided bty any other State, yet the focus is to provide seamless investment climate, exemplary Ease of Doing Business and reduction of compliance burden. State has already put in place mechanisms to streamline approvals, with faceless interface and time-bound clearances. Madhya Pradesh initiated the concept of the Public Service Delivery Guarantee Act and is committed to ensure that all approvals are notified under this Act. Providing plug and play infrastructure for industries is another important corner stone of the policies.

The Madhya Pradesh Semiconductor Policy 2025 is a groundbreaking initiative designed to establish the state as a leading hub for semiconductor design and manufacturing. The policy focuses on attracting global investments, fostering innovation, and building a skilled workforce through structured incentives, including capital investment subsidies. It promotes research collaborations with leading global institutions and encourages the establishment of semiconductor fabrication units. With robust infrastructure, cost-effective solutions, and investor-friendly policies, Madhya Pradesh offers a conducive environment for the semiconductor industry.

Hallmark of the Madhya Pradesh has been consistent, stable but yet nimble policy frame work coupled with pro-active and transparent governance for sustained growth. Opportunity like never before beckons all prospective investors to come and create lasting partnership for their own prosperity and growth of Madhya Pradesh. We welcome you to come and join the growth story of Viksit Madhya Pradesh.

Anurag Jain, IAS
Chief Secretary
Government of Madhya Pradesh

Government of Madhya Pradesh

Message from Additional Chief Secretary

The Madhya Pradesh Semiconductor Policy 2025 is a strategic framework for inclusive growth, aimed at transforming the state into a hub for semiconductor research, manufacturing, and design. By enhancing industry-academia collaboration and offering substantial fiscal incentives, the policy seeks to bridge the skill gap and build a thriving ecosystem for semiconductor technology.

Key initiatives under this policy include the establishment of Centers of Excellence (CoE) for Semiconductor and Electronic System Design and Manufacturing (ESDM), which will serve as innovation hubs fostering cutting-edge research and development. Additionally, comprehensive skill development programs will be implemented to create a highly skilled workforce, ready to meet the demands of the semiconductor industry.
The policy also offers investment-friendly incentives such as capital investment subsidies, tax benefits, and financial support for research and development. These incentives are designed to attract global investments and support the growth of semiconductor companies in the state.

Madhya Pradesh provides a conducive environment for the semiconductor industry with its robust infrastructure, cost-effective solutions, and excellent social amenities. We look forward to collaborating with global stakeholders, including industry leaders, research institutions, and investors, to make Madhya Pradesh a leader in semiconductor innovation and drive technological progress and economic prosperity in the region.

Sanjay Dubey, IAS
Additional Chief Secretary
Department of Science and Technology
Government of Madhya Pradesh

Preface

The Madhya Pradesh Semiconductor Policy 2025 is a strategic initiative aimed at positioning the state as a premier destination for semiconductor innovation, manufacturing, and talent development. With semiconductors playing a critical role in driving advancements in artificial intelligence, telecommunications, automotive, healthcare, and consumer electronics, this policy serves as a transformative framework to establish a strong semiconductor ecosystem in Madhya Pradesh.

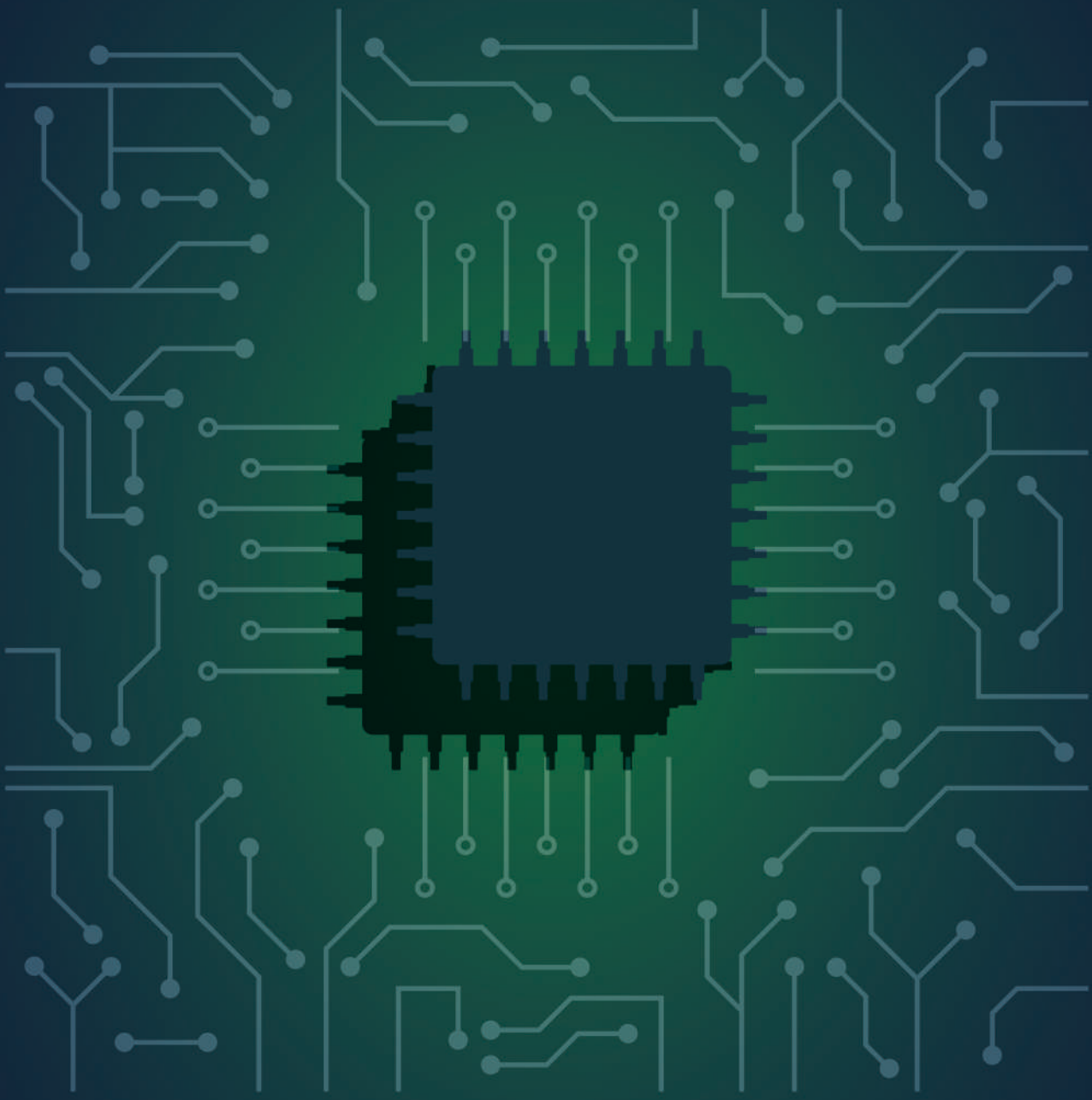
The development of this policy has been guided by extensive consultations with industry leaders, academia, and key stakeholders to address the growing needs of the semiconductor industry. The policy is designed to provide a structured roadmap for attracting investments, fostering R&D collaborations, and developing world-class infrastructure to support semiconductor manufacturing and design.

A key highlight of this policy is its emphasis on Semiconductor Fabless and Design, ensuring that Madhya Pradesh becomes a preferred destination for these sectors. The policy also offers substantial fiscal and non-fiscal incentives to support semiconductor companies, startups, and research institutions. Additionally, the establishment of Centers of Excellence (CoE) in Semiconductor and ESDM will serve as a hub for cutting-edge research, talent incubation, and industry-academia collaboration.

The policy recognizes that merely developing infrastructure and offering strong incentives may not be sufficient to establish a robust semiconductor ecosystem in the state. A highly skilled workforce is essential for the industry's growth. Therefore, the policy places significant emphasis on the training and upskilling of both the workforce and faculty, ensuring that the semiconductor sector in Madhya Pradesh has access to a large pool of well-trained professionals to support its operations effectively.

By leveraging its geographical advantage, proactive governance, and strong policy framework, Madhya Pradesh aims to emerge as a national leader in semiconductor manufacturing and innovation. This policy is a significant step toward realizing the vision of Atmanirbhar Bharat and strengthening India's position in the global semiconductor supply chain.

We invite global semiconductor firms, research institutions, and entrepreneurs to join us in this journey of technological excellence and economic growth.



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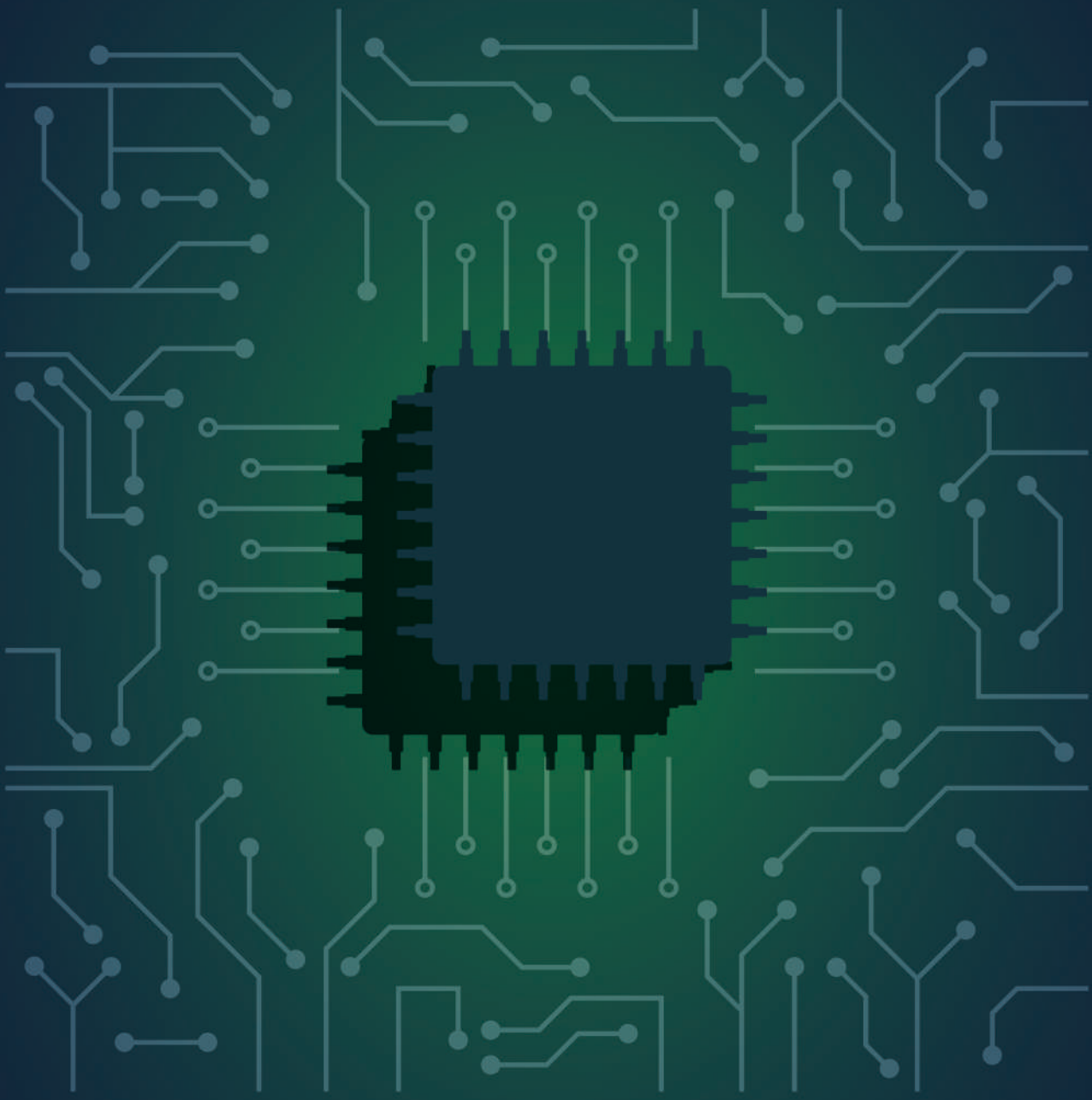


1. Abbreviations

a) **ATMP -** Assembly, Testing, Marking, and Packaging

b) **CAPEX** - Capital Expenditure

c) **CCIP** – Cabinet Committee on Investment Promotion

d) **CoE** - Centre of Excellence

e) **DST** – Department of Science and Technology, Government of Madhya Pradesh

f) **ECI** – Eligible Capital Investment

g) **EMC** – Electronics Manufacturing Cluster

h) **EMS** – Electronics Manufacturing Services

i) **ESDM** – Electronics System Design and Manufacturing

j) **GoI** – Government of India

k) **GoMP** – Government of Madhya Pradesh

l) **IAC-** Investment Advisory Committee

m) **IC –** Integrated Circuits

n) **IoT –** Internet of Things

o) **ISM –** India Semiconductor Mission

p) **IT –** Information Technology

q) **MeitY –** Ministry of Electronics and Information Technology, Government of India

r) **MPIDC –** Madhya Pradesh Industrial Development Corporation Ltd.

s) **MPSeDC –** Madhya Pradesh State Electronics Development Corporation Ltd.

t) **NPE –** National Policy on Electronics

u) **OSAT –** Outsourced Assembly and Test

v) **PLI –** Production Linked Incentive

w) **PMU –** Project Management Unit

x) **R&D –** Research and Development

y) **ToT-** Transfer of Technology

z) **VLSI –** Very Large-Scale Integration

2. Industry Overview

2.1. Global and Domestic perspective

Electronics and Semiconductors are becoming a critical element of economic growth and strategic security for any country. With India's march for 5 trillion-dollar economy driven by 1 trillion dollar digital economy[1] it is imperative than India develops a self-reliant and sustainable electronics and semiconductor ecosystem in India.

Semiconductors are the most crucial technology for all the modern electronics products which are driving growth of all the important sectors of economy including Automobiles, Tele Communication, Digital & Physical Infrastructure, Defence/Aerospace, Computing, Consumer Electronics, Medical, Agriculture education and many more. The advent and very fast-paced growth of AI/ML, Electrical & Autonomous Vehicles, 5G, Sensors & IoT Technologies are accelerating the pace of growth for semiconductor driven Electronics products. The global semiconductor market size was valued at USD 611.35 billion in 2023 and is projected to grow from USD 681.05 billion in 2024 to USD 2062.59 billion by 2032, exhibiting a CAGR of 14.9% during the forecast period (2024-2032)[2]. The key sectors fuelling this growth are AI/ML, HPC, Communication, Automobile, Industrial and Consumer Electronics with AI/ML and automotive growing the fastest.

The growth of semiconductor consumption in India is growing at much faster rate than the global market, riding on a high demand of electronics products. In 2024 India consumed approximately $40 billion of semiconductors which is expected to grow to $110 billion by 2030[3], more than 10% of the global semiconductor market.

In addition to semiconductors, display technology has also become critical for modern electronics devices and has a very large global and domestic market and also needs high tech manufacturing which is similar in complexity as Semiconductor Manufacturing.

Madhya Pradesh recognizes the imperative to establish itself as a significant player in this dynamic and growing opportunity. Madhya Pradesh, strategically located in central India, boasts a robust infrastructure, abundant natural resources, a young and talented workforce, and a commitment to fostering an ecosystem conducive to technological advancement. The state government aims to harness these strengths to attract investments, build a talented and future ready workforce, promote research & development, and enhance product development and manufacturing capabilities for the Electronics & Semiconductor industry.

Currently, Indian semiconductor sector has a substantial opportunity for growth. The India Semiconductor Mission set up by Government of India has launched schemes to strengthen the semiconductor ecosystem in the country position India as a future market leader in the Semiconductor industry. By developing a state-level Semiconductor policy, Madhya Pradesh seeks to contribute to the national goal, thereby strengthening the vision of Atmanirbhar Bharat.

This policy aims to create a vibrant semiconductor ecosystem in Madhya Pradesh and to propel economic growth, create sustainable and high value employment opportunities, and enhance the state's position in the domestic and global technology landscape.

1. https://www.meity.gov.in/writereaddata/files/india_trillion-dollar_digital_opportunity.pdf
2. https://www.fortunebusinessinsights.com/semiconductor-market-102365.
3. Modified Semicon India Program released by MeitY

2.2. Key Pillars of Semiconductor ecosystem

Semiconductor design and manufacturing is very complex and for building a holistic ecosystem for self-reliant and sustainable semiconductor supply chain following are the key pillars which have to be built through partnership between Industry, academia and government.

2.2.1. Semiconductor Products & IPs (Fabless)

Semiconductor Products or Chips were earlier made by IDMs (Integrated Device Manufacturers) but since 1980's semiconductor products are predominantly made by the fabless companies. IDM's are vertically integrated where they design and manufacture their own products and sell them in their own brands. Their products are manufactured in their own fabs.

Fabless companies design their own chips and sell them in their own brand names but get them manufactured by outside semiconductor Fabs typically know as foundries and get them packaged by ATMP/OSAT companies in contract manufacturing Model.

Fabless companies are the primary drivers for innovation in chip design and new products and also drive the foundry/Fab business. Fabless companies are very important for Indian ecosystem as there is very good talent base of Fabless design of semiconductor chips. Most of the captive design centers of MNCs as well as semiconductor start-ups fall into the category of Fabless semiconductor design. Other than large IP companies there are many other small and medium companies and India has a good chance to play an important role in fabless manufacturing.

2.2.2. Semiconductor Manufacturing

Semiconductor Manufacturing refers to Fab Plants on the front-end and ATMP/OSAT plants on the back end. These fabs are generally characterized by type of the technology, feature size and wafer size.

2.2.2.1. Semiconductor Wafer Fabs

a) Silicon logic Fabs (Foundries)
   1) Technology Nodes: 180nm to 2 nm
   2) Wafer Sizes: 6 Inch (150 mm), 8 Inch (200 mm), 12 Inch (300 mm)
   3) Applications: Digital, Analog, Mixed Signal

b) Memory Fabs
   1) Wafer sizes: 8 Inch (200mm), 12 Inch (300 mm)
   2) TApplication: DRAM, Flash, SSD

c) Compound Semiconductor Fabs
   1) Wafer sizes: 8 Inch (200mm), 12 Inch (300 mm)
   2) Application: DRAM, Flash, SSD

d) Sensors
   1) Wafer Size: 6 Inch (150 mm), 8 Inch (200 mm), 12 Inch (300 mm)
   2) CMOS Image sensors, Mems, Light, Finger Touch etc.

2.2.2.2 Semiconductor Packaging

a) ATMP (Assembly, Test, Mark and Package)
b) OSAT (Out-Sourced Assembly and Test)
c) Simple DIP, BGA, FCBGA
d) Multi-Chip Modules, System in Package,
e) Integration of Chiplets, Interposer
f) Chip and Package cooling
g) Advanced 2.5D/3D and other packaging technologies

2.2.3. Semiconductor Talent, Research and Skilling

Semiconductor Chip Design, Technology Development and manufacturing operations require large number of talented engineers, researchers and skilled workers to meet India's need in this domain and support the global ecosystem. It is imperative that adequate focus should be given on skilling and R&D to create the supporting ecosystem to develop the talent.

2.2.4. Semiconductor input supply chain

Semiconductor Manufacturing requires very robust and high-end supply chain of raw materials, consumables, equipment, spare parts, efficient logistic support and engineering project execution expertise. Details of key elements of the supply chain are:

a) Bulk Gases and Specialty Gases
b) Chemicals and Acids
c) Other Raw Materials
d) Raw Wafers
e) Mask sets

2.2.5. Infrastructure and Logistics

Semiconductor Manufacturing requires very robust and highly efficient logistics and infrastructure. Some of the key elements of logistics & infrastructure are:

a) Large quantity of Ultra-Pure Water
b) Uninterrupted and Quality Power Supply; Dual redundancy, High Voltage
c) Effluent treatment & disposal
d) Connectivity to Airport which can land large cargo plane.
e) Quality road from Airport suitable for transporting sophisticated equipment.
f) Ease of customs and ease of doing business in terms of clearances etc.

3.1. Vision

To establish Madhya Pradesh as the hub of India's semiconductor revolution by creating a thriving ecosystem for manufacturing, design, and innovation. The policy envisions building world-class infrastructure, nurturing a future-ready workforce, and attracting global investments to position the state as a key player in the semiconductor value chain.

3.2. Objectives

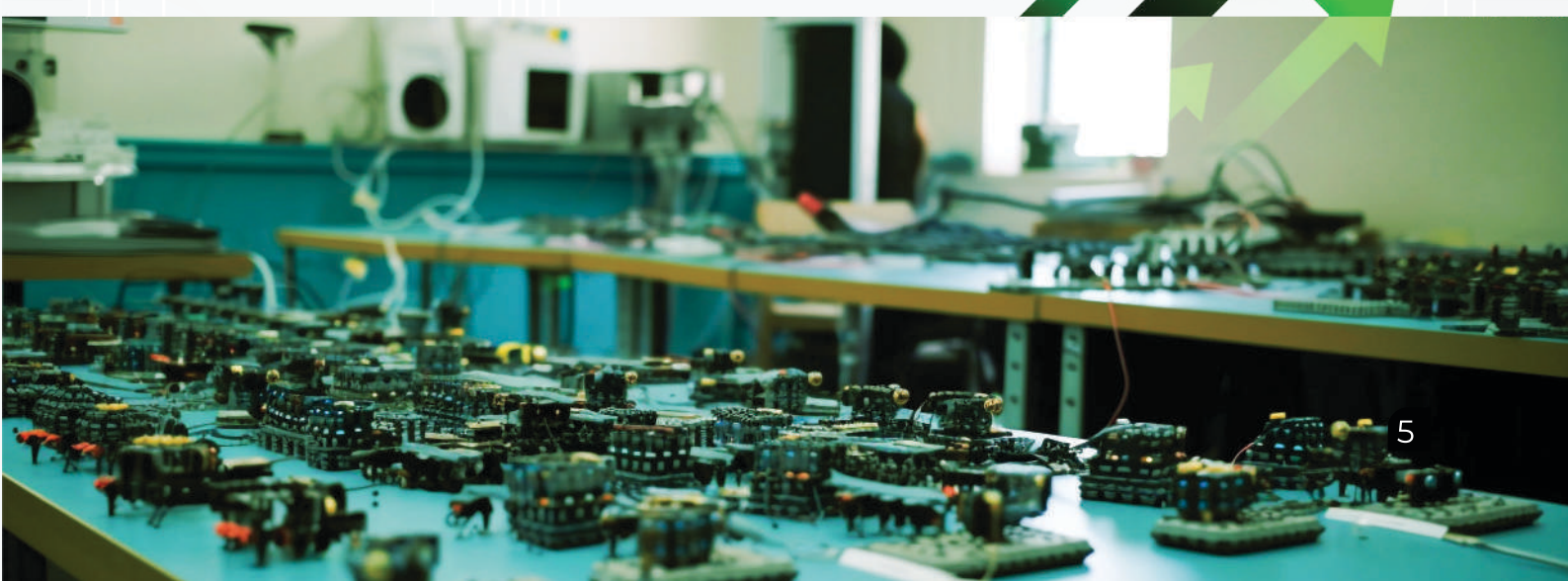
a) **Build Strong Semiconductor Ecosystem** by focusing on Semiconductor Design, Semiconductor Products, Semiconductor & Component Manufacturing, and talent for both Design & Manufacturing.
b) **Promote Economic Growth** by creating infrastructure for Semiconductor Design, Manufacturing and Talent Creation and make the state a preferred destination for semiconductor industry.
c) **Attract Investments** from global and domestic semiconductor design and manufacturing companies to take the benefit of excellent policies, infrastructure and talent base.
d) **Foster Talent Development** among professionals and academia through research, development, training, skill enhancements, upskilling programs, and knowledge transfer by collaborating with the industry.

3.3. Advantage Madhya Pradesh

Madhya Pradesh is one of the best destinations for building all the 4 pillars of semiconductor ecosystem, being in the central location in the country:

a) Semiconductor Manufacturing
b) Semiconductor product & IP development
c) Semiconductor Talent development & skilling
d) Semiconductor raw materials input supply chain

With a progressive & stable government for a long time, proactive and stable policies, ease of doing business and abundant natural resources in term of electricity, water, minerals, it is an attractive proposition for any investor to look at Madhya Pradesh to build all the 4 of the essential pillars of semiconductor ecosystem.



3.3.1. Geographic

Madhya Pradesh is centrally located with great connectivity to rest of India, abundant natural resources and with cities like Bhopal, Indore, Gwalior, Jabalpur etc. Madhya Pradesh has been working towards adoption of investor friendly policies with infrastructure development and skill development.

a) Water Resources:

As water is the most important resource for Semiconductor & Component Manufacturing industries, Madhya Pradesh has abundant water supply to meet the needs of Semiconductor & Component Manufacturing.

b) Mining Resources:

Madhya Pradesh is equipped with plenty of mineral deposits which may prove to be an advantage for supply chain in semiconductors

c) Skilled Manpower:

Madhya Pradesh has 200+ Technical/Engineering colleges providing Diploma, Graduate and Post graduate courses. It produces over 25,000 technical and management professionals every year. Madhya Pradesh working with VLSI Society has setup a regional chapter connecting more than 40 colleges to develop talent in VLSI Design and semiconductors in collaboration with IIT Indore.

d) Power Resources:

Madhya Pradesh has abundant and uninterrupted power supply.

3.3.2. Infrastructure

Madhya Pradesh has developed an excellent infrastructure. Cities like Indore has been ranked as cleanest cities in India for more than 7 years and Bhopal has been consistently in top 5 places as cleanest city of the country. Most of the major cities are well connected with rest of India through air, railways and road network.

3.3.3. Progressive & Stable government

Madhya Pradesh is a progressive state with a clear focus on transformation in all sectors Stable governance in the state is another advantage for ease of planning and implementation. The citizen centric governance model has set global benchmarks for the state. The state government primarily emphasizes education, health, skill development, agriculture, women's empowerment, tribal development and so on.

4. Policy Implementation, Coverage and Eligibility

4.1. Policy Validity

The policy shall remain in effect from the date of its notification for a period of five years, unless otherwise specified by the Department of Science and Technology or superseded by a subsequent policy.

4.2. Nodal Agency

Madhya Pradesh State Electronics Development Corporation Ltd. (MPSEDC) under the Department of Science and Technology (DST), Government of Madhya Pradesh (GoMP) will act as a nodal agency for implementation of the policy.

4.3. Appeal

Additional Chief Secretary/ Principal Secretary/ Secretary, in-charge of Department of Science and Technology (DST), Government of Madhya Pradesh (GoMP) will be the appellate authority in all matters related to this policy.

4.4. Eligibility

Eligibility of electronics and semiconductor projects/units which would come under the purview of this policy is indicated below. However, eligibility to avail specific incentives would be given in detail in the operational guidelines of the policy.

a) All new units established in Madhya Pradesh and falling under “Semiconductor & Component Manufacturing and Fabless Design” are entitled for benefits under this policy.

b) Existing companies or units undertaking expansion during the policy period shall qualify for eligible incentives on additional investments, provided that the expansion constitutes at least 25% of their Fixed Capital Investment on or after the date of this policy's notification.

c) New units should be registered with Nodal Agency

4.4.1. Eligibility criteria for Semiconductor Product/IP Companies (Fabless)

Type of Semiconductor Product/IP companies regardless of qualifying under the Government of India’s Design Linked Incentive (DLI) Program or any other such scheme of the Government of India which come under this category are as below:

a) Semiconductor Product Companies/Fabless Companies which have chip as a Product
b) Semiconductor IP Companies which have Soft or Hard IP as a Product
c) Semiconductor design and Design services companies

4.4.2. Eligibility criteria for Semiconductor & Component Manufacturing

The following criteria will apply to units based on the approval status of their projects by the Government of India (GoI).

4.4.2.1. Electronics and Semiconductor Projects approved by GoI

Semiconductor design or manufacturing project by any company/consortia/joint venture which has been qualified under any of the following schemes of the Government of India shall be eligible under this policy:

a) Semiconductor Fabs; any wafer size, any technology node
b) Display Fabs; TFT-LCD (Generation 8 and above); AMOLED (Generation 6 and above)
c) Compound Semiconductor Fabs; Silicon Photonics Fabs, ATMP/OSAT units
d) Scheme for Promotion of Manufacturing of Electronics Components and Semiconductors (SPECS and SPECS 2.0)
e) Any other such scheme related to semiconductor or component manufacturing by the Government of India
f) Refer Annexure A3 for list of goods eligible

4.4.2.2. Eligible 'Capital Expenditure' in respect of units under section 4.4.2.1

a) In the case of Semiconductor Fab units, 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.

b) In the case of Display Fab units, Eligible Capital Expenditure shall be limited to Capital Expenditure/Investment incurred on activities as described in section 2.5.1 of File No. W-38/06/2021/IPHW dated 30.12.2021 issued by Ministry of Electronics and Information Technology, Government of India as amended from time to time.

c) In the case of Compound Semiconductors/Silicon Photonics/Sensors Fabs/Sensors Fab/Discrete Semiconductor Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Testing (OSAT), Eligible Capital Expenditure shall be limited to Capital Expenditure/Investment incurred on activities as described in 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.

4.4.2.3. Semiconductor & Component Manufacturing Units not approved by any Scheme of GoI

A project by any company/consortia/joint venture for setting up of Electronics Manufacturing Units or Display Fabs, Compound Semiconductors/Silicon Photonics Sensors Fab and Semiconductor ATMP/OSAT in Madhya Pradesh.

Types of units coming under this category include:

a) Semiconductor Fabs; Any Wafer Size; Any Technology Node
b) Display Fabs; TFT-LCD (Generation 8 and above); AMOLED (Generation 6 and above)
c) Compound Semiconductor Fabs; Silicon Photonics Fabs; Sensors Fabs,ATMP/OSAT Units
d) Refer Annexure A3 for list of goods eligible

4.4.2.4 Eligible 'Capital Expenditure' in respective units under section 4.4.2.3

Eligibility criteria shall be same as in section 4.4.2.2

5. Fiscal Incentives

All incentives specified in this policy may be availed in addition to the incentives available under any scheme/policy of the Government of India. Incentives/Subsidies offered by Government of Madhya Pradesh (GoMP) will be subject to an overall ceiling of 50% of the total eligible project cost approved by Government of India (GoI).

5.1. Incentives to Fabless products/IP companies

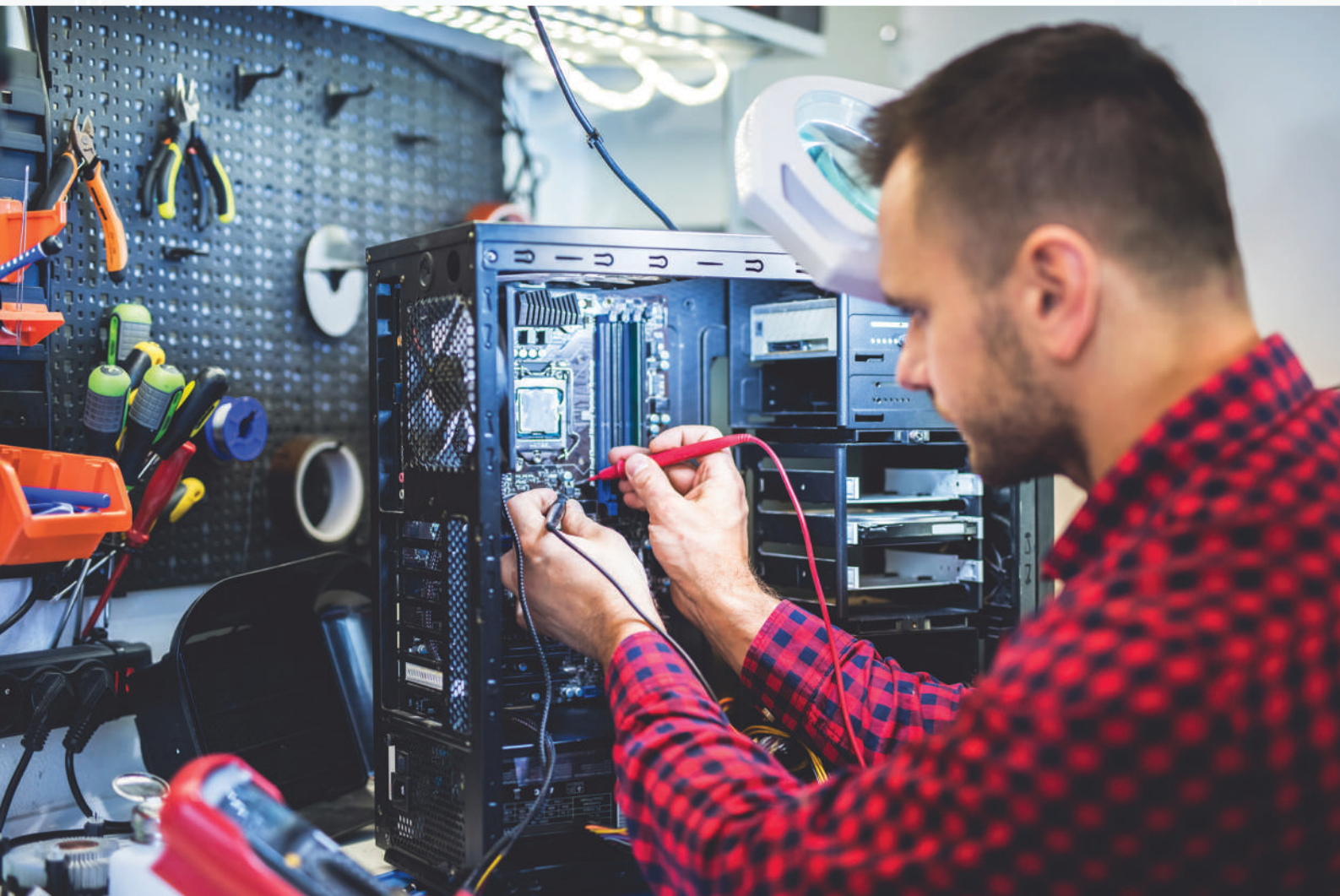
For a thriving semiconductor ecosystem, semiconductor product design and fabless products companies will be given the below mentioned benefits. The eligibility criteria for such units shall be as per Design Linked Incentive scheme of Government of India.

5.1.1. Companies Approved under the DLI scheme for Fiscal Benefits

10% of the cost of development as seed money with additional 15% of the cost of development as reimbursement on achieving milestone of 50% of project cost invested with a capping of Rs. 25 crore for each project.

5.1.2. Companies Not Approved under the DLI scheme for Fiscal Benefits

25% of the cost of development as reimbursement on achieving milestone of 50% of project cost invested with a capping of Rs. 25 crore for each project.



5.2. Incentives to Semiconductor Design/Design Services/GCC extension centers

a) To build the local ecosystem in state of Madhya Pradesh it is important that the semiconductor design companies set-up their operations in Madhya Pradesh. These companies could be multinational semiconductor companies, Design services companies or semiconductor start-ups who wants to set-up a new design center or setup extension of their existing design center in other cities of Madhya Pradesh.

b) For the first 10 companies who come forward to setup a design center with 50 or more people, state shall provide incentive equivalent of 25% of the CTC salary as one time incentive for the people who have more than 5 years of experience in the sector and working in the company's unit outside Madhya Pradesh and decide to move to Madhya Pradesh. 15% of this incentive should be given to employee as one time relocation bonus and 10% of should be provided to companies for setting up their design center in Madhya Pradesh.

c) These companies shall be eligible to avail rental assistance as per Clause 9.1.2.1 of the Madhya Pradesh IT, ITeS & ESDM Investment Promotion Policy 2023. Refer Annexure A2.

d) For the first 5 years, the employer's portion of EPF, for maximum 20 employees in a company should be reimbursed by the government as incentive for the semiconductor design companies to set-up their design center in Madhya Pradesh

5.3. Incentives for Semiconductor & Component Manufacturing Units

5.3.1. Projects Approved by Indian Government

Direct Fiscal Incentives for Semiconductor & Component Manufacturing: 25% of the Eligible Capital Expenditure or 50% of the incentives approved by government of India whichever is minimum to be distributed in 5 equal yearly installments from the date of start of the project.

5.3.2. Projects Not Approved by Indian Government

a) Direct Fiscal Incentives for Semiconductor & Component Manufacturing for other than semiconductor wafer manufacturing: 40% of the Eligible Capital Expenditure up to Rs. 150 crore to be distributed in 5 equal yearly installments from the date of start of the project. If such projects get approved in the state and subsequently gets approval by centre at a later date, the project shall be eligible for incentive as per 5.3.1.

b) Direct Fiscal Incentives for Semiconductor & Component Manufacturing for Semiconductor wafer manufacturing: There shall be no absolute limit on fiscal incentive for semiconductor wafer manufacturing (and for other items in list of goods in Annexure 3-section G), however, incentive shall be subject to 25% of approved project cost. All such cases, irrespective of their investments shall be approved only by CCIP.

5.3.3. Other Incentives for Semiconductor & Component Manufacturing

These incentives are applicable for projects which are approved by government of India or the projects which are approved by the state government only.

a) **Land:** Land will be provided as per Section 12 of the Madhya Pradesh IT, ITeS and ESDM Investment Promotion Policy 2023. Refer Annexure A1.

b) **Stamp Duty and Registration charges:** Eligible unit(s) will be reimbursed 100% stamp duty and registration charges on the lease executed on the land of industrial parks developed by Department of Science & Technology and other development authorities of Govt. of M.P. Unit can claim the reimbursement only after the start of their commercial operations.

c) **Interest Subsidy:**

i. Interest Assistance of 6% on the interest recovered or the actual rate (whichever is lower) charged by the lender on term loan for ECI.

ii. The maximum amount that can be reimbursed to an eligible unit would be up to a cumulative maximum of Rs. 10 crore in 5 years (without any ceiling on annual assistance), which can be availed within 5 years of commercial operations. However, disbursement will start only after the start of commercial operations.

iii. Term loan means loan sanctioned by financial institutions/banks, acquired by the unit for creation of fixed assets, excluding working capital term loan and CC/OD limits.

d) **Power Tariff Subsidy:** Government will provide Rs. 2 per unit subsidy on the power tariff for the first 10 years of operation. The government will facilitate to enable uninterrupted power supply with the provision of redundant grid at the doorstep of manufacturing unit, for which the company has to bear the cost.

Proposals with the total eligible capital expenditure of Rs. 400 crore or more (or as defined in Industrial policy of state from time to time for manufacturing sector), or to set up for list of Goods in Annexure A3- section G will be considered through the Cabinet Committee on Investment Promotion (CCIP) on case-to-case basis. Department of Science and Technology shall forward the case to CCIP.

5.4. Centre of Excellence for Semiconductors and ESDM

The Department of Science & Technology will extend financial and infrastructural support for establishing Centers of Excellence (CoE) in the Semiconductor and ESDM sectors These CoEs will be eligible for a subsidy of 25% on capital expenditure (Capex) for buildings, plants, and machinery, up to Rs. 25 crore. Additionally, 25% of operational expenses, up to Rs. 5 crore per year, will be provided for the first five years by the Madhya Pradesh Government with the expectation that the CoE will become self-sustained in 5 years after the operations start. Such CoEs will serve not only the state of Madhya Pradesh but become leading innovation facility in Electronics and semiconductors for the whole Central India. For setting up CoE, institute shall collaborate with academia to create a discernable and conspicuous impact.

The Government of Madhya Pradesh will evaluate and approve projects on a case-by-case basis following thorough due diligence of the project report. These Centers of Excellence (CoE) are expected to encompass the following principles, including (but not limited to):

i. Develop ecosystem for Semiconductor chip design and Electronics Products
ii. Develop engineering & makers aptitude in School & college students in these areas
iii. Provide the funding, Mentorship and infrastructure support for start-ups
iv. Conduct development programs/workshops/boot-camps for faculty and students
v. Provide support for the conferences in semiconductors and VLSI Design
vi. Facilitate Tape-Outs from Semiconductor product companies & Academic Institutions
vii. Provides access to EDA tool grid.

5.5. Talent & Skill Development

The Semiconductor Industry worldwide is going through a talent crunch India alone requires over Rs. 1 lakh VLSI Design engineers and 5,000+ professionals in the next 5 years. It is envisaged that this demand will grow further in coming years.

For leveraging and producing world class VLSI Design engineers & Skilled manpower the following support will be extended for talent and skill development.

5.5.1. Undergraduate and Masters' Program Support

Policy will support the undergraduate and masters' program in Electronics and VLSI design in various institutes across the state by providing a one-time grant of Rs. 20 lakh per institute during the policy tenure.

5.5.2. Faculty Training

Professional development programs and educational activities designed to enhance the skills, knowledge, and teaching effectiveness of educators, typically within academic institutions such as schools, colleges, or universities will be supported within this policy. An annual outlay of Rs. 50 lakh will be earmarked for the training activities for upskilling technical education faculty in the state.

5.5.3. Internship Support

Students qualifying under the qualifying criteria as per the Mukhya Mantri Seekho Kamao Yojana (MMSKY) will be awarded internship support of up to Rs.10,000 per month for a period of up-to 6 months as per the provisions of MMSKY. This benefit will be available only to interns who are domicile of Madhya Pradesh state.

5.5.4. Skilling Support

Skilling reimbursement will be provided to eligible units at the rate of Rs. 50,000 per employee for course fee or 50% of the costs, whichever is lower for conducting training programs. Government affiliated or accredited courses (minimum 3 months) shall be considered for this incentive The Skilling Reimbursement will be available for 3 years to eligible units for 25% of the workforce, with an upper limit of 50 employees per annum. To calculate the workforce, number of employees who have completed at least 6 years in the company shall be considered. This benefit will be available only to employees who are domicile of Madhya Pradesh state.

5.5.5. Tape-Out and Chip Fabrication Support

Madhya Pradesh government will provide financial support for the academic Tape-Outs and chip fabrication through the CoE mentioned in Section 5.4. One hundred Academic tape-outs will be supported over the period of 5 years with a cap of Rs. 5 lakh per Tape-Out.

6. Non-Fiscal Incentives

The following exemptions under the relevant Acts will be available to eligible units:

a) Exemptions under Shops and Establishments Act:

i. Establishments are exempted from the provisions related to opening and closing of shops and establishments and weekly closure of business subject to terms and conditions specified in Madhya Pradesh Shops and Establishments Act, 1958.

ii. Women workers shall be allowed to work in night shifts subject to the conditions fulfilled by the employer relating to women workers' security and safety at workplace and during transit as per the provisions specified under Madhya Pradesh Shops and Establishments Act, 1958.

b) Women workers are allowed to work in any factory or manufacturing shop floor during night shift subject to the conditions as specified under the Factories Act 1948 and as per notifications issued.

c) Units are allowed to maintain a unified register and return under 15 labor laws as per the notification issued by the Labour Department dated 24.06.2016.

d) Exemptions for Eligible units from inspections under Madhya Pradesh Udyog Ki Sthapana Evam Parichalan ka Saralikaran Adhiniyam- 2023 from obtaining specified approvals and inspections for establishing and operationalizing units in MP for 3 years.

e) The below specified Acts and rules framed there under, barring inspections arising out of specific complaints. Under this provision, units shall be eligible for inspection only once every 5 years under the following acts:

i. Minimum Wages Act, 1948
ii. Contract Labour (Regulation and Abolition) Act, 1970
iii. Madhya Pradesh Shops and Establishments Act, 1958
iv. Payment of Bonus Act, 1965
v. Equal Remuneration Act, 1976
vi. Child Labour (Prohibition and Regulation) Act, 1986
vii. Building and Construction Cess Act, 1996
viii. Maternity Benefit Act, 1961
ix. Payment of Gratuity Act, 1972

7. Policy Facilitation

7.1. Online Application Process

All incentive applications must be submitted, and incentives shall be disbursed online through the MPSEDC portal. The proposed portal will feature an end-to-end online system with time-bound clearances. The portal services would be brought under Madhya Pradesh Public Services Guarantee Act, 2010, which mandates the delivery of public services within a stipulated time frame.

8. General Conditions

a) Units can apply for any of the fiscal incentives only after the start of commercial operations, except in case of unit under section 5.1.

b) Units(s) developed/housed on Government or Private land in Madhya Pradesh can avail benefits under this policy.

c) Nodal Agency will perform all the calculations, approval, and disbursement of all the benefits/incentives to the eligible units under this policy.

d) The Department of Science and Technology (DST), Government of Madhya Pradesh (GoMP) will:

1) Formulate rules, implementation guidelines for the policy.
2) Issue directions and guidelines to enable ease of implementation, interpretation of the rules, etc.

e) Department of Science & Technology reserves the right to add or amend the nodal agency/agencies.

f) In case of interpretation of the rules/policy of this policy, the decision/ interpretation/ clarification by the Department of Science and Technology (DST), Government of Madhya Pradesh (GoMP) shall be considered as final and binding.

g) In the event of any dispute, the courts of Madhya Pradesh will have the jurisdiction.

Annexures

A1. Section 12 of Madhya Pradesh IT, ITeS, and ESDM Investment Promotion Policy 2023: Land Related Benefits

12.1 Land Allotment

Government would earmark developed and raw land for establishment of IT/ITeS/ESDM/Data Centre units. This land would be made available to eligible units including Developers who are willing to set up IT/ITeS/ESDM/Data Centre units or Plug & Play infrastructure.

12.2 Applicability of Land related benefits

All the Land related provisions/benefits under this policy will apply to the land parcels leased by Nodal Agency appointed by Science and Technology Department, Govt. of M.P.

12.3 Rebate in Cost of Land

i. Government land will be allotted to eligible units and Developers at a premium calculated after applying a rebate on the cost of land on prevailing Collector Guideline Value.

ii. The Collector Guideline for the land of that area would be taken as the cost of land of un-irrigated agricultural land.

iii. Development charges would be levied separately if the land has been developed by Government of Madhya Pradesh or its Agencies/Authorities and will be determined as per the rules framed by the authority/agency that has incurred the development cost.

iv. The rebate on the collector guideline value will be as per the area as mentioned below:

- Up to 0.5 acre – 75%
- >0.5 acre up to 1 acre – 60%
- >1 acre up to 5 acres – 50%
- >5 acres – 25%

v. Built up area use on land allocated by nodal agency will be as follows:

Type of Units For Land Allotted by Nodal Agency	Type of Land	Built up Area use (%)	
		Core Activities	Other Activities*
For IT/ITeS/ESDM Units in Parks of MPSeDC	Developed	80	20
	Raw	80	20
For Data Centre	Developed/Raw	100	-
For Developers – IT/ITeS/ESDM	Developed/Raw	80	20
For Developers in I TIA	Developed/Raw	60	40

*Other Activities: Food Courts, Hospitals, shipping malls, Residential Complex, Schools, Star Hotels, and other entertainment activities.

vi. To claim incentives under this policy, IT/ITeS/ESDM/Data Centre Units who have been allotted land in IT Parks of Nodal Agency, would be required to construct minimum 50% (for IT/ITeS/Data Centre) and minimum 40% (for ESDM) of the build-up area that can be constructed on the said land as per the permitted FAR of the development plan of that area.

12.4 Lease Rent

Lease rent will be charged at the rate of 2% per year of the actual lease premium payable to the allottee.

12.5 Term of Lease

Land would be allotted on a lease for 99 years with the provision for renewal.

12.6 Procedure for allotment of land

Department of Science and Technology, Government of Madhya Pradesh through its nodal agency will make the information available; regarding land availability for allotment to the public by various means including, hosting of information on its website, periodic notification in newspapers etc.

i. Land allotment will be done through open tender/auction.

ii. For Mega Projects and data centres for land allotment proposal may be placed through “Cabinet Committee for Investment Promotion” (CCIP).

12.7 Floor Area Ratio (FAR)

Eligible units and the Developers in IT Parks of Department of Science and Technology, Govt. of M.P. will be eligible to avail as FAR as per development plan of that area.

12.8 Sub-lease

Allottees will be permitted to sub-lease the built-up area constructed on the allotted land for activities permitted as per the Lease Deed.

12.9 Change in Purpose

Units will be allowed to change the purpose for which land has been allotted to them which shall not go beyond the scope of this policy and with prior permission of the nodal agency. Change in purpose will be allowed only once to the unit during the tenure of the lease deed executed and applicable for the units who have not constructed and started their operations on the allotted land. This change in purpose will not be applicable for land parcels which have been earmarked for Electronic Manufacturing Clusters

12.10 Mortgage

The units would be permitted to mortgage the land for securing the term loan to be acquired for construction of the premises on the land allotted or for creation of fixed assets.

12.11 General Condition for Land of Other Development Authorities

For land allotted by other Development agencies to Government of M.O. to IT/ITeS/ESDM Units, the cost of land, land use, and other terms and conditions viz. lease rent term of lease development charges etc. will be governed by their rules.

A2. Section 9.1.2.1 of Madhya Pradesh IT, ITeS & ESDM Investment Promotion Policy 2023

9.1.2.1 Rental Assistance

i. The eligible units can claim assistance on rental space as follows:

District Category	Co-working Rental Assistance (per seat per month) (maximum up to)	Total Ceiling	Assistance (per seat per month)	Total Ceiling
A	Rs. 3000	Rs. 10 crore	Rs. 1000	Rs. 3 crore
B	Rs. 1500	Rs. 5 crore	Rs. 500	Rs. 1.5 crore

a) Category A districts: Bhopal, Indore, Jabalpur, Gwalior and Ujjain.

b) Category B districts: Sagar, Chhindwara, Satna, Raisen, Vidisha, Dhar, Dewas.

c) CCIP can add, delete and modify districts in Category B.

ii. This assistance will be provided for 3 years from the month of start of commercial operations.

iii. Minimum carpet area rented on monthly basis should be 3000 Sq.Ft. for claiming this assistance. iv. Rental Agreement of the space to be duly stamped and registered for claiming the rental assistance. v. In addition to above following are the conditions:

iv. Rental Agreement of the space to be duly stamped and registered for claiming the rental assistance.

v. In addition to above following are the conditions:

For Rental Assistance

a) Rental assistance will be on the basis of employees working in single shift. In case of multiple shifts average of employees working in multiple shifts will be the base.

b) The assistance will be calculated on the basis of each employee occupying a minimum of 45 square feet of carpet area in case of BPO unit(s) and 60 square feet of carpet area in case of IT/ITeS unit (s) (other than BPO).

c) Rental assistance will be calculated on the basis of number of employees (excluding work from home) whose employer's contribution towards EPF has been deposited by the company for the respective month.

For Co-Working Rental Assistance

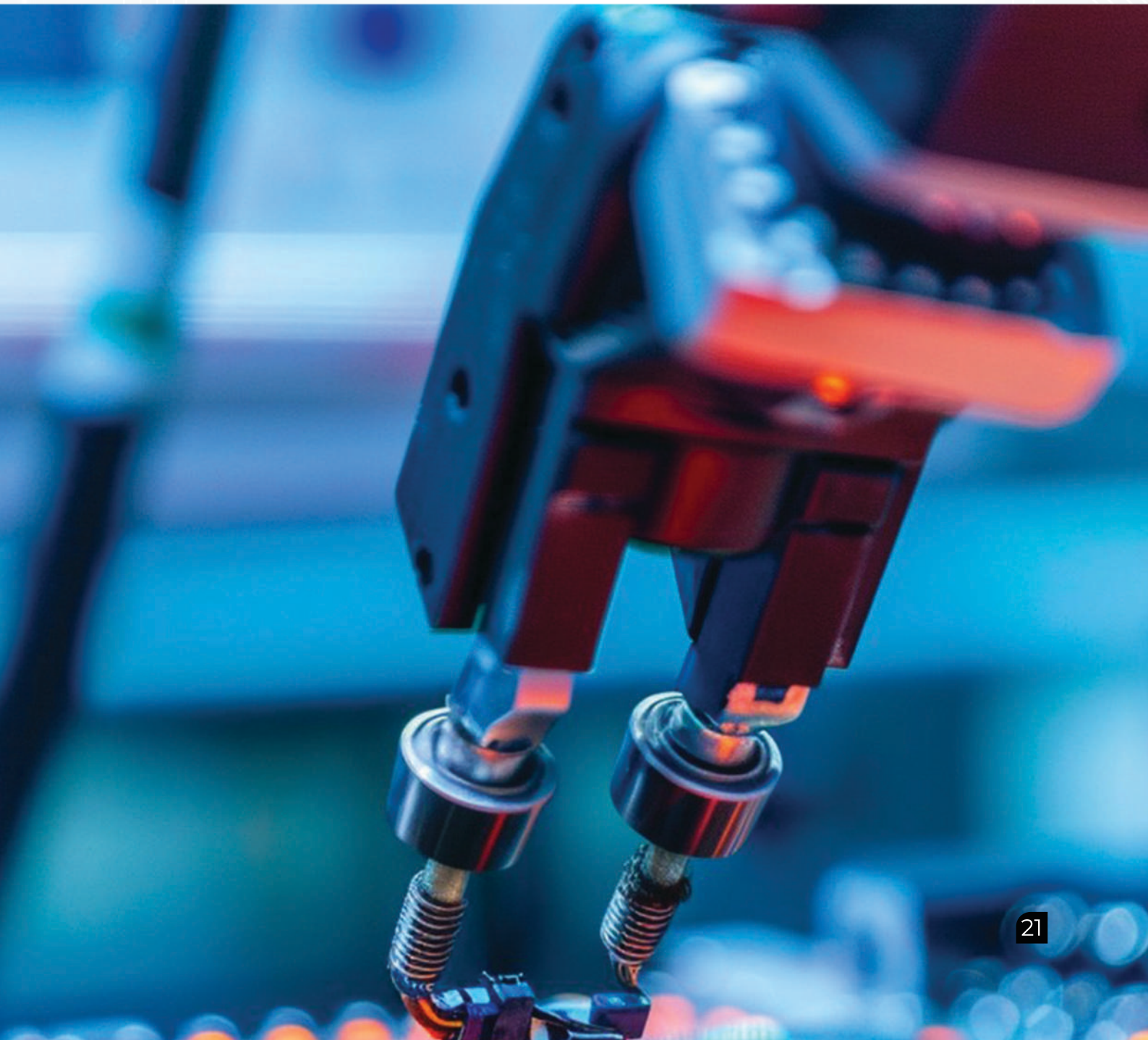
The co-working space with a minimum capacity of 50 seats would be required to be registered with the nodal agency.

The co-working space with a minimum capacity of 50 seats would be required to be registered with the nodal agency.

a) The unit will be eligible to apply for rental assistance provided it has taken a minimum of 20 seats in the co-working space and it should be occupied for a minimum period of 3 months.

b) Actual rental per seat per month to the maximum ceiling given in the above table. In the case of multiple shifts, the average of employees working in multiple shifts will be the base.

c) Rental assistance will be calculated on the basis of the number of employees (excluding work from home) whose employer's contribution towards EPF has been deposited by the company for the respective month.



A3: List of Goods Eligible under the Policy

A. List of Goods with Minimum Capital Expenditure Threshold Limit of Rs. 2 crore

S. No	Description of Goods
i	Recycling facility for extraction of any or few or all of the strategic minerals (rareearth elements, lithium, niobium, palladium, cobalt, tantalum, indium, antimony, beryllium, ruthenium, etc.); any or few or all of the precious metals (gold, platinum, palladium, silver, etc.); and any or few or all of the base metals (copper, aluminum, nickel, tin, zinc, iron, cobalt, tantalum, etc.) or their compounds from e-waste components including PCBs (both populated and bare), li-lion batteries, spent magnets, solar PV panels, catalytic convertors, and any other components from e-waste, and also from intermediatory products (like black mass, black copper, etc.) extracted from e-waste.

B. List of Goods with Minimum Capital Expenditure Threshold Limit of Rs. 5 crore

S. No	Description of Goods
i	SMT components including LED Chips
ii	Chip Modules for Smart Cards, RFID Antenna & Labels, CoB/System in Package
iii	Passive components including resistors, capacitors, ferrites, specialty ceramics etc. for electronic applications
iv	Electromechanical components including transformers, inductors, coils, relays, switches, micro motors, BLDC Motors, Connectors, Heat Sinks, Antenna, Speakers, Microphones, etc. for electronics applications
v	Magnetrons, Wave Guides, Circulators, Couplers, Isolators, Filters, Magnets, RF Components for electronics applications
vi	Printed Circuit Boards (PCB), PCB Laminates, Prepegs, Photopolymer films, PCB Printing Inks, Printed Flexible Electronics
vii	Sensors, Transducers, Actuators and Crystals for electronics applications
viii	Camera Modules, Vibrator motor/ringer
ix	USB/Data Cables, HDMI Cables
x	Permanent Magnet Synchronous Motors (PMSM)
xi	Capital goods for all the goods including components and sub-assemblies for capital goods required for manufacturing of semiconductors/displays
xii	Specialty chemicals, high purity gases, electronic specialty gases (ESG) of semiconductor grade specifications used across various stages of manufacturing of semiconductors/displays

C. List of Goods with Minimum Capital Expenditure Threshold Limit of Rs. 15 crore

S. No	Description of Goods
i	Active Components: a. Discrete semiconductor devices including transistors, diodes, etc. b. Power semiconductors including FETs, MOSFETs, Thyristors, etc.
ii	Preform of Silica and Optical Fiber
iii	Display Assembly and Touch Panel/Cover Glass Assembly and Cover Glass Finishing

D. List of Goods with Minimum Capital Expenditure Threshold Limit of Rs. 25 crore

S. No	Description of Goods
i	Micro/Nano-electronic components such as Micro Electromechanical Systems (MEMS) and Nano Electromechanical Systems (NEMS)
ii	Assembly, Testing, Marking, and Packaging (ATMP) Units
iii	Engineering, R&D, Testing and Tool Prototyping for capital goods for manufacturing of semiconductors/displays

E. List of Goods with Minimum Capital Expenditure Threshold Limit of Rs. 75 crore

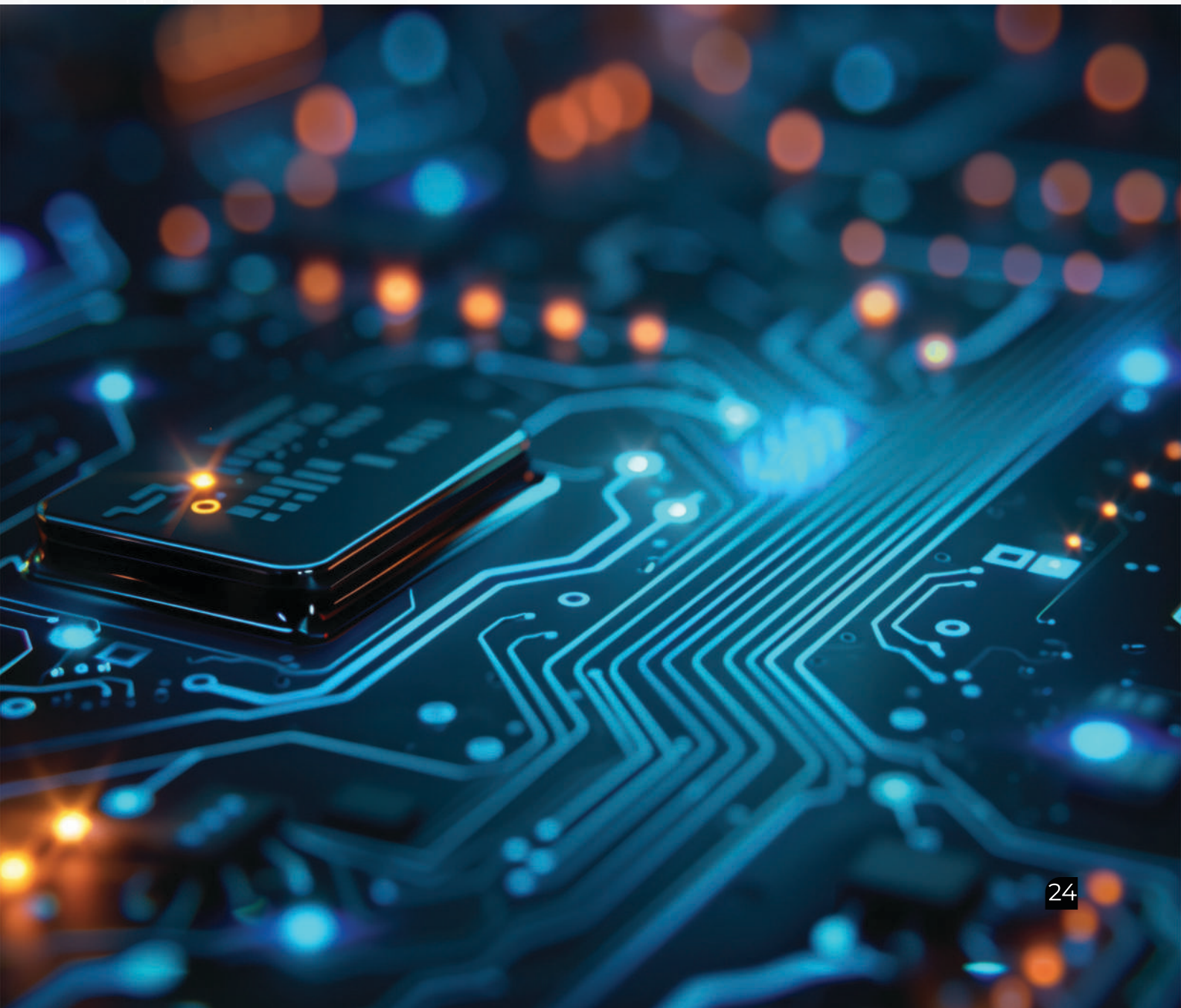
S. No	Description of Goods
i	Mechanics (plastic and metal parts) for electronic applications

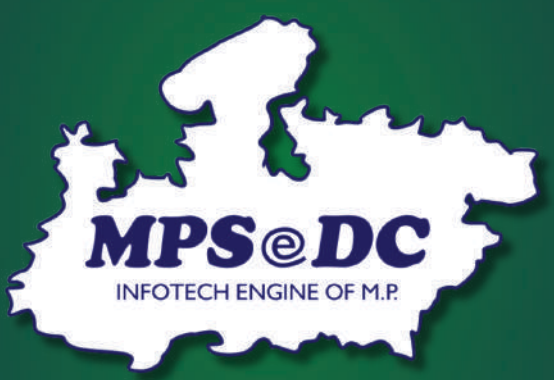
F. List of Goods with Minimum Capital Expenditure Threshold Limit of Rs. 250 crore

S. No	Description of Goods
i	Compound Semiconductors such as GaN, SiC, GaAs, etc. and Silicon Photonics devices/Integrated Circuits, Optoelectronic components
ii	Solar Photovoltaic (SPV) Cells

G. List of Goods with Minimum Capital Expenditure Threshold Limit of Rs. 500 crore

S. No	Description of Goods
i	Semiconductor Wafers
ii	Semiconductor Wafer Chips (ICs) including Logic (Microprocessor, Microcontrollers, Digital Signal Processors (DSP), Application Specific Integrated Circuits (ASICs), Memory, Analog/Mixed Signal ICs, etc.
iii	Display Fabrication Units including Liquid Crystal Displays (LCDs), Light Emitting Diodes (LEDs), Organic Light Emitting Diodes (OLEDs), etc. for electronics applications
iv	Solar Photovoltaic (SPV) Polysilicon and Wafers





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