



Tamil Nadu Semiconductor Mission 2030





ABSTRACT

Industries, Investment Promotion & Commerce Department – Tamil Nadu
Semiconductor Mission 2030 – Implementation - Orders – Issued.

Industries, Investment Promotion & Commerce (MIB.1) Department

G.O. (Ms.) No.95

Dated: 14.08.2025

விசுவாச வரடம், ஆடி 29

திருவள்ளூர் ஆண்டு - 2056

Read:

Hon'ble Minister's (Finance & ECC) Announcement during
the Budget for the year 2025-2026 on 14.03.2025.

Order:

While presenting the Budget for the year 2025-26, the Hon'ble Minister for Finance & ECC has made the following announcement among others:

"The Government will launch and implement the 'Tamil Nadu Semiconductor Mission - 2030' over the next five years with an estimated allocation of Rs. 500 crore. A 'Semiconductor Fabless Lab' will be established in Chennai at an estimated cost of Rs. 100 crore in collaboration with leading industry and academic institutions. World-class semiconductor design companies and domestic start-ups will be encouraged to establish their design centres in Tamil Nadu."

2. Recognizing the transformative potential of semiconductors in driving innovation, technological advancement, and economic growth, the Tamil Nadu Semiconductor Mission 2030 (TNSM 2030) has been formulated with an outlay of Rs. 500 crore towards positioning the State as a global hub for semiconductor design, equipment manufacturing, and research. Guided by the principles of self-reliance, sustainability, and inclusive development, the mission aims to catalyze investments, foster skilled talent, enable world-class infrastructure, and promote collaboration between industry, academia, and the Government.

3. After careful consideration, the Government hereby orders the implementation of this Mission as detailed below:

TNSM 2030 is a comprehensive program aimed to create a sound semiconductor ecosystem in Tamil Nadu. The mission will focus on four priorities as follows:

- i. Promotion of fabless companies undertaking design, testing and packaging in Tamil Nadu
- ii. Promotion of semiconductor machinery manufacturing

- iii. Promotion of research and innovation in the semiconductor sector
- iv. Creation of skilled workforce for the global and domestic semiconductor industry

The above priorities are sought to be achieved through 5 components

Component I - Semiconductor Design Promotion Scheme

Financial incentives and facilitation support will be extended to Tamil Nadu based entities engaged in semiconductor design for Integrated Circuits (ICs), chipsets, System on Chips (SoCs), IP cores and semiconductor linked design. Companies operating in these areas will be offered incentives as below:

A. Firms whose product is commercially deployed

Firms eligible under Section 7 of Tamil Nadu Semiconductor and Advanced Electronics Policy 2024 will be offered a payroll-based subsidy for residents of Tamil Nadu as follows:

Period of Subsidy	Year 1	Year 2	Year 3
% of Annual Payroll Cost	30%	25%	20%

The payroll subsidy shall be capped to Rs.20,000 per employee per month.

B. Firms whose product is yet to be commercially deployed

- i. A payroll-based subsidy covering 50% of the payroll cost (basic wages) of the employees of the firm for three years, subject to a ceiling of Rs. 5 crore per firm.
- ii. Though the firm's product is not commercially deployed, the company should be able to demonstrate the proposed product's technical viability to an Expert Committee constituted for this purpose.
- iii. A subsidy of 50%, not exceeding Rs.20 crore, of the cost incurred towards sourcing of design software, sourcing of intellectual property rights, prototyping, testing, validation, certification, photomasks, fabrication, and other costs as approved by the Expert Committee constituted, will be provided to eligible firms

C. General

- i. The Government, on best effort basis, will negotiate with national and international semiconductor fabs to obtain concessional rates for fabricating the chips designed by the local firms.
- ii. The Government, on best effort basis, will work with academic institutions and industry associations to enable availability of relevant intellectual property rights for semiconductor design.
- iii. The Government will encourage the use of Tamil Nadu designed semiconductor products in public procurement within the framework of the Tamil Nadu Transparency in Tenders Act.
- iv. Guidance will anchor a mentor network, consisting of experienced entrepreneurs and academicians in the field of semiconductor design to guide startups in the State.

- v. The financial incentives proposed above shall be sanctioned by the State Government, based on the recommendation of the Inter Departmental Committee under TNIP, 2021. The funds may be drawn from the existing budget allotment for industrial subsidies and disbursed through SIPCOT.
- vi. The Scheme will be applicable to domestic and foreign firms.

Component II - Semiconductor Design and Testing Infrastructure Development

One or more Centres of Excellence shall be established to provide necessary infrastructure for chip design, testing and validation. The CoE's will be promoted by TIDCO by attracting private sector investment on commercial terms, in the following manner:

- i. The CoE shall be a "for profit" company (SPV) established as a JV between the private sector or academic institution partner and TIDCO.
- ii. The partner/s will be selected by inviting an open Expression of Interest, as per the procedure to be decided by the Board of TIDCO.
- iii. The SPV will offer various design, assembling and testing services to the fabless companies based on market demand and the mandatory services mentioned in the EoI. The SPV may also offer fabrication and skill training related services
- iv. TIDCO will be permitted to offer up to 40% of the project cost as grant to the SPV, not exceeding Rs.75 crore per project.
- v. The grant provided by TIDCO shall be reimbursed by Government to TIDCO.
- vi. The land for the CoE shall be provided free of cost to TIDCO by the State Government on long term lease basis and the same shall be provided to the SPV free of cost/nominal rent on lease for such duration as deemed necessary by the Board of TIDCO.
- vii. TIDCO may be given 20% equity in each of the financially assisted SPVs, irrespective of the quantum of the grant.
- viii. The board of TIDCO may be authorised to dilute the stake to 5% equity for accommodating future investors into the project.

Component III - Promotion of Semiconductor Equipment Manufacturing

Semiconductor equipment manufacturing parks will be established in Suler, Coimbatore, spanning 100 acres, and near Palladam, covering an extent of 100 acres. Both the parks will be promoted by TIDCO. Initially, 100 acres of the existing Defence Component Park will be carved out to develop the Semiconductor Equipment Manufacturing Park in Suler. Further, to develop common facilities in both the parks, the Government will provide a grant of Rs. 50 crores to TIDCO.

Component IV - Establishing a small-scale production grade Fab

The Government of Tamil Nadu, in association with a reputed academic institution/private players/industry association, will enable the setting up of a small-scale production-grade Fab, to kick start the semiconductor ecosystem,

and to conduct state-of-the-art research. The center will enable sustained skill development, technology localization, innovation prototyping, productization and startup enablement. On the skill development front, the center is expected to train 4500+ candidates in cutting edge areas including semiconductor fabrication, packaging and testing. A grant of 50% of the project cost, not exceeding Rs.100 crore, will be provided for the setting up of the center.

Component V - Skill Training

TNSM 2030 will assist semiconductor workforce development in the following ways:

- i. To address the present lack of training infrastructure and capabilities in the State, the Government will select and sponsor candidates to reputed training facilities outside the State and country by incurring a maximum training cost of Rs.5 lakh per candidate. The training cost will be deemed to be an interest free loan to the candidate, which can be repaid in 24 monthly equal instalments.
- ii. The Government will enable the training of 1,000 students from engineering colleges in Tamil Nadu under the India Semiconductor Workforce Development Program (ISWDP) and other similar programs.

Financial outlay

No.	Component	Financial Outlay (Rs. in crore)
I	Semiconductor Design Promotion Scheme	250
II	Semiconductor Design and Testing Infrastructure Development	75
III	Promotion of Semiconductor Equipment Manufacturing	50
IV	Establishing a small-scale production grade Fab	100
V	Skill Training	25
Total		500

4. This order issues with the concurrence of Finance department vide its U.O. No.2045/FS/P/25, dated: 17.06.2025.

(BY ORDER OF THE GOVERNOR)

V. ARUN ROY
SECRETARY TO GOVERNMENT

To
All Secretaries to Government,
Secretariat, Chennai-600 009.

The Managing Director & Chief Executive Officer,
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The Industries Commissioner &
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The Managing Director,
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The Chairman and Managing Director,
Tamil Nadu Industrial Investment Corporation Ltd.,
No.692, Anna Salai,
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The Member Secretary,
Tamil Nadu State Planning Commission,
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Chepauk, Chennai - 600 005.

The Chief Project Officer,
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The Managing Director,
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The Managing Director,
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The Commissioner of Commercial Taxes,
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The Chairman and Managing Director,
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Copy to:

The Chief Minister's Office, Chennai – 600 009.

The Senior PA to Hon'ble Minister for Industries, Chennai – 600 009.

The Senior PA to Hon'ble Minister for Finance & ECC, Chennai – 600 009.

The Finance (Industries) Department, Chennai – 600 009.

The Industries, Investment Promotion & Commerce

(Budget/OP.II) Department, Chennai – 600 009.

SF/SCs

// Forwarded by order //

S. Gnanaprakasam
14.8.2025
SECTION OFFICER
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14/8/25