# Communications & PR Review

## February 2025

INDIA ELECTRONICS & SEMICONDUCTOR ASSOCIATION

India's ESDM Leadership and Knowledge Partner

# COVERAGE HIGHLIGHTS

THE ECONOMIC TIMES

# Indian Semicon Firms See Little Impact of Trump's Tariff Threat

However, electronic goods exporters are on a wait-and-watch mode on investments

Subhrojit Mallick

**New Delhi:** While the proposed 25% tariff on semiconductor imports by the Trump administration is expected to have a significant impact on the global chip industry, India is unlikely to experience any major short-term consequences since it is not a major semiconductor exporter to the US, industry executives said.

However, companies in India which export finished electronic goods are on a wait-and-watch mode, before committing any new investments, they said. Some said Trump's action to put tariffs on semiconductor imports may in fact violate the Information Technology Agreement (ITA-1), an international treaty to which the US is a party to, mandating trade of semiconductors and IT goods at zero duties between signatories.

Trump Tuesday said he intends to impose tariffs "in the neighbourhood of 25%" on semiconductors, automobiles and pharmaceutical imports, the latest in a series of measures as part of his America-first trade policy. "The imposition of a 25% or higher tariff on semiconductors by the United States is expected to have significant consequences for the global semiconductor industry. This move will impact costs, supply chains, innovation and geopolitical relations, shaping the industry's future in multiple ways," India Electronics and Semiconductors Association president Ashok Chandak said.

ASHOK CHANDAK
President, India Electronics and Semiconductors Association

**In the long run, Indian semicon brands will not be at a major disadvantage, as the US tariff is expected to apply uniformly to all exporting nations**

However, India is unlikely to experience any major short-term consequences due to this tariff, as it is not a major exporter of semiconductors to the US, he said. Moreover, India's import duty on semiconductors is already zero, meaning there are no reciprocal tariff concerns, he added.

Most of India's upcoming semiconductor manufacturing facilities will cater to global brands, with the output primarily meant for domestic consumption, he said. "In the long run, Indian semiconductor brands will not be at a major disadvantage, as the US tariff is expected to apply uniformly to all exporting nations."

THE ECONOMIC TIMES

# Indian semiconductor firms see little impact of Trump's tariff threat

**Synopsis**

Some said Trump's action to put tariffs on semiconductor imports may in fact violate the Information Technology Agreement (ITA-1), an international treaty to which the US is a party to, mandating trade of semiconductors and IT goods at zero duties between signatories.

Business Standard

Home / Industry / News / Will Trump's semiconductor tariffs disrupt India's global supply chains?

# Will Trump's semiconductor tariffs disrupt India's global supply chains?

US President Trump has imposed a 25 per cent tariff on semiconductor imports, raising costs for US tech firms and disrupting global supply chains. Here's how it will impact the Indian industry

Advertisement

Representative Picture

Rimjhim Singh | New Delhi
3 min read Last Updated : Feb 21 2025 | 1:26 PM IST

# Higher levy on semiconductors unlikely to impact domestic firms

JATIN GROVER
New Delhi, February 19

**NASCENT STAGE**

- India's chip industry must expand its customer base beyond the US to maintain a strong business, experts say
- The domestic market also presents significant opportunities for local industry
- India's semiconductor market is projected to grow from ₹4.5 lakh crore in 2024 to ₹9 lakh crore by 2030

- According to industry, there is no short-term burden on India but in the long run, some impact could be seen on branded chip products

THE PROPOSED 25% tariff on semiconductors by US President Donald Trump is unlikely to affect India's semiconductor companies, industry players and experts said, citing two key reasons.

First, India's semiconductor ecosystem is still in its early stages, and the country does not currently export chips. Second, even as India develops its chip manufacturing and assembly ecosystem in the coming years, it will primarily operate under a "chip manufacturing-as-a-service" model. This means chips produced in India will cater to global clients, not just the US.

At present, five semiconductor projects are underway in India, including an assembly, testing, marking, and packaging (ATMP) unit by Micron, a fabrication and OSAT unit by the Tata Group, and OSAT units by Kaynes and CG Power. Although Indian semiconductor firms receive orders from US clients, experts believe the proposed tariffs — still under discussion — will not cause immediate disruptions. Moreover, the US will take time to build its domestic chip manufacturing capabilities, they noted.

Experts said that India's semiconductor industry must expand its customer base beyond the US to maintain a strong business. With India's semiconductor demand projected to rise, the domestic market itself presents significant opportunities. "There is no short-term burden on India. In the long run, some impact could be seen on India's own branded chip products once companies reach the export stage — provided US tariffs remain," said Ashok Chandak, president of the India Electronics and Semiconductor Association (IESA).

Chandak added that imposing tariffs on semiconductors could disrupt global supply chains, ultimately affecting US companies and consumers due to the challenges of ramping up domestic production overnight. Echoing this view, Satya Gupta, president of the VLSI Society of India, noted that trade restrictions between countries are detrimental to the global semiconductor industry. "Many large fabless semiconductor companies are based in the US, and a significant portion of their revenue comes from Asia. If Asian countries respond with tariffs, it could impact their business and raise the bill of materials (BOM) costs for products like mobile phones worldwide," he explained.

India's semiconductor manufacturing is expected to operate primarily under a contract manufacturing model, meaning chip ownership will remain with companies from the US, Europe, Japan, and other regions. As a result, India is unlikely to face immediate repercussions. Notably, major US fabless companies such as Qualcomm, AMD, and Nvidia count China among their largest markets, reinforcing the global interdependence of the semiconductor industry. Meanwhile, Micron, a US-based firm, is set to produce its first India-assembled chip this year. If exporting to the US becomes costlier, experts suggest the company could explore alternative export markets, particularly for its memory chips. According to IESA, India's semiconductor market is projected to grow from $52 billion (₹4.5 lakh crore) in 2024 to $103.4 billion (₹9 lakh crore) by 2030.

THE HINDU businessline.

# IndiaAI Mission gets ₹2,000 cr Budget boost

Vallari Sanzgiri
Mumbai

India's ambitions to launch its own foundational AI model over the next 10 months has been backed by an outlay of ₹2,000 crore in the Budget.

The allocation is considerably higher than the ₹551 crore assigned to the Mission in Budget 2024. Last year, the Cabinet announced an allocation of ₹10,300 crore for the IndiaAI Mission over five years.

Reacting to the announcement this year, Ashok Chandak, President of the India Electronics and Semiconductor Association (IESA), said, "The allocation of ₹2,000 crore for the AI Mission is a practical step towards establishing India's leadership in artificial intelligence. With the GPU programme already decided and 10 players shortlisted, we are positioned to make significant advancements."

> The allocation is considerably higher than the ₹551 crore assigned to the Mission in Budget 2024

foundation models, we can expect the Mission to support universities and industry to build such models. This support would include providing the required compute and financial assistance."

**NOT TECH-ORIENTED**

However, Sanchit Vir Gogia, Chief Analyst and CEO at Greyhound Research, viewed the Budget as "not technology-oriented".

"Considering where we are today, the ₹2,000 crore allocation is enough to lay down the bedrock of GPU infrastructure required to start work by Indian AI start-ups. Typically, Budget announcements for such missions are

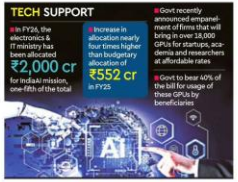
FINANCIAL EXPRESS

PLANS IN PLACE TO CREATE OWN FOUNDATIONAL MODELS

# AI mission to take off with fresh allocation

- No provision made for semiconductor 2.0 scheme

JATIN GROVER




THE ₹10,000-CRORE IndiaAI mission is set to take off with the government chalking out plans for creating a domestic foundational model on the lines of US and China. The ball has been set rolling with the allocation in the Budget with the tenders for procuring graphics processing units (GPUs) finalised.

In FY26, the ministry of electronics and IT (MeitY) has been allocated ₹2,000 crore for IndiaAI mission, which is one-fifth of the total allocation. The increase in allocation is nearly four times higher than the budgetary allocation of ₹552 crore in FY25.

**Semiconductors**

FREE PRESS Gujarat

# IESA Views on India US Joint statement

Ahmedabad, The recent India-U.S. bilateral engagement, following Prime Minister Modi's visit and meeting with President Trump, reaffirmed a shared vision of the relationship as pivotal to global stability and prosperity. This partnership has grown into one of the most significant in the 21st century, addressing strategic, economic, and technological priorities.

Key Long-Term Impacts of the Modi-Trump Meeting- Strengthened Bilateral Relations in Technology and Energy., Strategic Convergence on China., Expansion of Trade and Investment Opportunities., Despite ongoing challenges, such as tariffs and protectionist policies, the leaders set an ambitious goal of achieving $500 billion in bilateral trade, with a focus on high-growth sectors like semiconductors, electronics, and critical technologies. Boost to Emerging Technologies and Innovation Building on the iCET (Initiative on Critical and Emerging Technologies) framework, the partnership will promote the application of cutting-edge technologies in areas such as: Defense and Artificial Intelligence (AI)., Semiconductors and Quantum Computing., Biotechnology, Energy, and Space Exploration. –

# First Comments from IESA on Union Budget 2025-26

Ahmedabad, The Union Budget 2025-26 presents several indirect benefits for the Electronics System Design & Manufacturing (ESDM) sector, aligning with key recommendations from IESA but has been muted on big announcements. Our focus on startups, R&D, skilling, export support, and continued semiconductor manufacturing incentives has been partially addressed through multiple schemes:

The budget's provisions for MSME support , Start Up's ( 5 yr incorporation and Fund of Fund) Centers of Excellence (CoEs) in skilling and AI, and reduced Basic Customs Duty (BCD) on display panels and lithium-ion batteries will enhance local value addition in EVs and mobile manufacturing, IT Hardware, Export promotion schemes, Tax certainty for electronics manufacturing, establishing national manufacturing mission, Presumptive taxation on electronics manufacturing support, etc will also help step towards India's position as a global electronics manufacturing hub and Atmanirbhar Bharat. –

# સેમિકન્ડક્ટર્સ પર યુ.એસ. ૨૫% ટેરિફની અસરનું વિશ્લેષણ - અશોક ચાંડક, પ્રમુખ IESA

યુનાઇટેડ સ્ટેટ્સ દ્વારા સેમિકન્ડક્ટર પર ૨૫% કે તેથી વધુ ટેરિફ લાદવાથી વૈશ્વિક સેમિકન્ડક્ટર ઉદ્યોગ માટે નોંધપાત્ર પરિણામો આવવાની અપેક્ષા છે. આ પગલાથી ખર્ચ, પુરવઠા, સપ્લાય ચેન , નવીનતા અને ભૂરાજકીય સંબંધો પર અસર પડશે, જે ઉદ્યોગના ભવિષ્યને અનેક રીતે આકાર આપશે. નીચે તેની સંભવિત અસરોનું વિગતવાર વિશ્લેષણ છે:

૧. ભારત પર મર્યાદિત અસર: આ ટેરિફને કારણે ભારતને કોઈ મોટા ટૂંકા ગાળાના પરિણામોનો સામનો કરવો પડે તેવી શકયતા નથી, કારણ કે તે યુ.એસ.માં સેમિકન્ડક્ટરનો મુખ્ય નિકાસકાર નથી. વધુમાં, ભારતની સેમિકન્ડક્ટર પરની આયાત ડ્યુટી પહેલાથી જ શૂન્ય છે, જેનો અર્થ એ છે કે કોઈ પારસ્પરિક ટેરિફની ચિંતા નથી.

ભારતના મોટા ભાગના આગામી સેમિકન્ડક્ટર ઉત્પાદન અને આઉટસોર્સ્ડ સેમિકન્ડક્ટર એસેમ્બલી એન્ડ ટેસ્ટ (OSAT) સુવિધાઓ વૈશ્વિક બ્રાન્ડ્સને પૂરી પાડે છે. ભારતની વધતી જતી સ્થાનિક સેમિકન્ડક્ટર માંગ સ્થાનિક રીતે ઉત્પાદિત ચિપ્સ પર આધાર રાખશે, જેનાથી આયાત પરની નિર્ભરતા ઓછી થશે. લાંબા ગાળે, ભારતીય સેમિકન્ડક્ટર બ્રાન્ડ્સને કોઈ મોટો ગેરલાભ નહીં થાય, કારણ કે યુ.એસ. ટેરિફ બધા નિકાસ કરતા દેશો પર સમાન રીતે લાગુ થવાની અપેક્ષા છે.

૨. યુ.એસ. ગ્રાહકો માટે ખર્ચમાં વધારો: ૨૫% ટેરિફ યુ.એસ. માં આયાત થતા સેમિકન્ડક્ટર્સની કિંમતમાં નોંધપાત્ર વધારો કરશે, ખાસ કરીને તાઇવાન, દક્ષિણ કોરિયા અને ચીનમાંથી, જે વૈશ્વિક ચિપ ઉત્પાદનમાં પ્રભુત્વ ધરાવે છે. ઇલેક્ટ્રોનિક્સના ઊંચા ભાવ: વધારાના ખર્ચ ગ્રાહકો પર લાદવામાં આવશે, જેના કારણે સ્માર્ટફોન, લેપટોપ,ઇલેક્ટ્રિક વાહનો અને ઔદ્યોગિક ઇલેક્ટ્રોનિક્સ વધુ મોંઘા બનશે.

# THE TIMES OF INDIA

*Tamil Nadu has done well with engineering goods and electronics exports, but the real opportunity is textiles & it's just round the corner*

**MONDAY BRIEFING**

**Ashok Leyland ties up with ESAF**

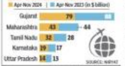
**Sundaram Home Finance opens 4 branches in TN**

**Red Health acquires majority stake in TACT**

# CRUISING ON EXPORT HIGHWAY


Nandini.Sengupta@timesofindia.com

**INDIA'S TOP 5 EXPORTING STATES**




# businessline.

## 'India unlikely to face major impact of US' chip tariffs'

KV Kurmanath
Hyderabad

**SENDING SHOCK WAVES.** A 25% tariff will significantly increase the cost of semiconductors imported into the US from Taiwan, South Korea and China ISTOCK.COM

US President Donald Trump's threat to levy a 25 per cent tariff on chip imports is set to hit the global semiconductor industry hard. However, experts see no major impact on India in the short term.

The Indian Electronics and Semiconductor Association (IESA) has said that imposition of a 25 per cent or higher tariff on semiconductors by the US is expected to have significant consequences for the global chip industry. It, however, may not have any major short-term impact on India.

This move may potentially violate the Information Technology Agreement (ITA) — an international treaty that the US and many countries have signed. As a result, major US semiconductor companies could resist the tariffs, given that many rely on Asian foundries and OSAT (Outsourced Semiconductor Assembly and Test) facilities for production, Ashok Chandak, President, IESA, said.

"This move will impact costs, supply chains, innovation and geopolitical relationships, shaping the industry's future in multiple ways," he explained.

"India, however, is unlikely to experience any major short-term consequences due to this tariff, as it is not a major exporter of semiconductors to the US. Moreover, India's import duty on semiconductors is already zero, meaning there are no reciprocal tariff concerns," he said in a statement on Thursday.

He said that the most of India's upcoming semiconductor manufacturing and OSAT facilities cater to global brands. India's increasing semiconductor demand will rely on locally manufactured chips, minimising reliance on imports. In the long run, Indian semiconductor brands will not be at a major disadvantage, as the US tariff is expected to apply uniformly to all exporting nations," he said.

**IMPACT ON US USERS**

A 25 per cent tariff will significantly increase the cost of semiconductors imported into the US, particularly from Taiwan, South Korea and China, which dominate the global chip manufacturing space. The additional cost, Chandak said, will likely be passed on to consumers, making smartphones, laptops, electric vehicles and industrial electronics more expensive. Companies that depend on semiconductor imports, such as Apple, Nvidia and Tesla will face increased production costs, potentially leading to reduced profit margins or higher consumer prices.

"Things are moving at a breathless pace with day-to-day changes in the US administration's stance on international trade. What is clear is that their preference for a bilateral, or country-to-country, approach, with multilateral trading blocs taking a back seat. Reciprocity and reverse are the order of the day. The considered approach to take right now is to keep all options open," said Nitin Bajaj, Chief Operating Officer of NeoLyne.

Yugal Joshi, Partner with Everest Group, said that India's semiconductor industry does not have much scale or global impact to worry about these tariffs. "Given that the US is the largest market for semiconductor, companies do not have much leeway but to agree and align with this," he said.

"Theoretically, companies may want to offset this cost increase by investing in India to build chips for other regions. However, India lacks such maturity in chip design, manufacturing and supply chain," he said.

"The key risk is some chip companies that wanted to invest in India may not get compelled to invest in manufacturing in the US now, which can reduce the investment pie available for India," he said. "I think we must go and evaluate each specific case independently and how we make those assessments. But our philosophy is to operate locally," Santhosh Viswanathan, Vice-President and Managing Director (India Region) of Intel Corporation, said.

"We must rely on the rules of the land. As some of these policies pan out, we will look at the issues and how we can service our customers and markets better in that environment," he said.

With inputs from Sanjana B in Bengaluru

# The Telegraph

## 25% US tariff on chips will hurt Apple, Nvidia

A STAFF REPORTER

**Calcutta:** President Donald Trump's dramatic announcement of a 25 per cent tariff on semiconductor imports into the US is very likely to boomerang.

The Indian Electronics & Semiconductor Association reckons that the tariff will have only a limited impact on Indian companies.

However, it is expected to hit American companies like Nvidia and Apple really hard, raising the prices of their products for US consumers.

Taiwan and South Korea currently dominate global semiconductor manufacture. The association anticipates a closer collaboration in semiconductors between Europe and Asia to build a supply chain for chips and other electronic components that will operate independent of the US. But the prospect of a reshuffle in the supply chain is unlikely in the near term.

"India is unlikely to experience any major short-term consequences due to this tariff, as it is not a major exporter of semiconductors to the US. Moreover, India's import duty on semiconductors is already zero, meaning there are no reciprocal tariff concerns," said IESA president Ashok Chandak.

"Most of India's upcoming semiconductor manufacturing and Outsourced Semiconductor Assembly and Test (OSAT) facilities cater to global brands. India's increasing domestic semiconductor demand will rely on locally manufactured chips, minimising reliance on imports. In the long run, Indian semiconductor brands will not be at a major disadvantage as the US tariff is expected to apply uniformly to all exporting nations," Chandak said.

While companies may look to diversify their supply chains by sourcing from tariff-free regions, IESA said that such shifts is a complex and time-consuming process.

"Semiconductor fabs are among the most complex and expensive industrial facilities to build, costing between \$10 billion and \$25 billion per site. Companies must carefully evaluate multiple factors before making investment decisions, including talent availability, tax policies, regulatory frameworks, and environmental and labour market conditions," said Chandak.

**Taiwan partnership**

To bolster trade partnerships between India and Taiwan and push the idea of self-reliance in electronics production, EPIC Foundation, a non-profit organisation founded by HCL co-founders Ajai Chowdhry and Arjun Malhotra, has signed a Memorandum of Cooperation (MOC) with Taiwan Electrical and Electronic Manufacturers' Association (TEEMA), a trade group that represents over 3,000 Taiwanese electrical and electronic manufacturers.

**Drug makers**

Indian drug makers are hoping that bilateral discussions between the country and the United States will help them steer clear of President Donald Trump's plan to levy at least 25 per cent tariffs on pharmaceutical imports, a trade association said, according to a Reuters report.

India, which calls itself the 'pharmacy of the world', makes cheaper generic versions of complex innovative drugs in its massive factory clusters and exports them to over 200 countries, of which the US is its biggest market, government data shows.

# Central Chronicle

## *IESA's Role in Madhya Pradesh & Participation in the Global Investors Summit*

IESA Applauds MP state Policy on Semiconductor sector - a Major step after last year's joint MOU. It is inspiring for IESA ( represented President Ashok Chandak and several members ) to join and witness the inauguration of the Madhya Pradesh Global Investors Summit in Bhopal by the Honourable Prime Minister, Shri Narendra Modi, and Madhya Pradesh Chief Minister, Shri Mohan Yadav. This momentous occasion marks a significant milestone in Madhya Pradesh's journey towards economic growth and development.IESA has been actively engaging with the Madhya Pradesh (MP) state government for several years to drive initiatives in the electronics and semiconductor sector. The Madhya Pradesh State Electronics Development Corporation (MPSEDC) has consistently participated in the IESA Vision Summit and other key industry initiatives.. Last year, IESA signed an MoU with MPSEDC in the presence of the Honorable Chief Minister of Madhya Pradesh, reinforcing our commitment to supporting the state's semiconductor and electronics policy development. MP's Semiconductor Policy has been successfully formulated and was officially announced during the Global Investors Summit marks one of the success of the action plan of the MOU. This Semiconductor policy marks a significant step forward in expanding the ESDM ecosystem in Madhya Pradesh. Mr. Ashok Chandak, President of IESA, participated in the Global Investors Summit on 24th February and moderated a panel discussion on semiconductors and electronics. During the discussion, he highlighted key strategies for MP to develop various segments of the semiconductor and electronics ecosystem, including PCB manufacturing, fabless semiconductor design, product development, electronics manufacturing, semiconductor assembly & testing, and semiconductor fabrication.

With strong industry engagement and a proactive approach by MP State, this initiative is expected to attract significant investments, create employment opportunities, and contribute to both the state and national economy. IESA congratulates the Government of Madhya Pradesh, MPSEDC, officials, and industry stakeholders on this GIS and Semiconductor Policy milestone and looks forward to witnessing the growth and development of the ESDM sector in the state.

# લોકમિત્ર

## કેન્દ્રીય બજેટ ૨૦૨૫-૨૬ પર IESA તરફથી પ્રથમ ટિપ્પણીઓ

અમદાવાદ, કેન્દ્રીય બજેટ ૨૦૨૫-૨૬ ઇલેક્ટ્રોનિક્સ સિસ્ટમ ડિઝાઇન અને મેન્યુફેક્ચરિંગ (ESDM) ક્ષેત્ર માટે ઘણા પરોક્ષ લાભો રજૂ કરે છે, જે IESA ની મુખ્ય ભલામણો સાથે સુસંગત છે પરંતુ મોટી જાહેરાતો પર મૌન રાખવામાં આવ્યું છે. સ્ટાર્ટઅપ્સ, સંશોધન અને વિકાસ, કૌશલ્ય, નિકાસ સપોર્ટ અને સતત સેમિકન્ડક્ટર ઉત્પાદન પ્રોત્સાહનો પર અમારું ધ્યાન બહુવિધ યોજનાઓ દ્વારા આંશિક રીતે સંબોધવામાં આવ્યું છે:

બજેટમાં MSME સપોર્ટ, કૌશલ્ય અને AI માં સ્ટાર્ટ અપ (૫ વર્ષનો સમાવેશ અને ભંડોળનો ભંડોળ) સેન્ટર્સ ઓફ એક્સેલન્સ (CoEs) અને ડિસ્પ્લે પેનલ્સ અને લિથિયમ-આયન બેટરી પર ઘટાડેલી બેઝિક કસ્ટમ્સ ડ્યુટી (BCD) માટે જોગવાઈઓ EV અને મોબાઇલ ઉત્પાદન, IT હાર્ડવેર, નિકાસ પ્રમોશન યોજનાઓ, ઇલેક્ટ્રોનિક્સ ઉત્પાદન માટે કર નિશ્ચિતતા, રાષ્ટ્રીય ઉત્પાદન મિશનની સ્થાપના, ઇલેક્ટ્રોનિક્સ ઉત્પાદન સપોર્ટ પર અનુમાનિત

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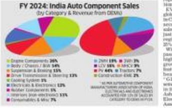
(by Category & Revenue from OEMs)



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## Will Trump's semiconductor tariffs disrupt India's global supply chains?

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Representative Picture

Rimjhim Singh | New Delhi
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