

Government Notifies India's First Chip Fabrication Plant at SEZ Dholera

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Government has notified that an SEZ to be set up by M/s. Tata Semiconductor Manufacturing Private Limited exclusively for Electronic Hardware and Software including IT/ITES at Dholera, Gujarat. The SEZ will be spread over 66.166 hectares of land and is poised to provide employment to 21000 persons. The SEZ is designed to support electronic hardware, software, and IT-enabled services, and includes enabling infrastructure and a dedicated approval mechanism to streamline operations and logistics. This is India's first chip fabrication plant.

Earlier, Government had taken several significant steps to strengthen India's semiconductor and electronics manufacturing ecosystem through progressive reforms in the Special Economic Zones (SEZ) law and targeted approvals of sector-specific SEZs. In line with the Government's focus, these reforms are aimed at promoting high-value, capital-intensive investments, fostering innovation, and enhancing ease of doing business on developing a globally competitive semiconductor ecosystem.

Key amendments to the SEZ Rules, 2006 were carried out through the notification dated 03.06.2025 to address the unique requirements of semiconductor and electronics manufacturing, including reduction in minimum land requirement from 50 hectares to 10 hectares, flexibility in encumbrance norms, inclusion of free-of-cost supplies in Net Foreign Exchange calculations, and permitting domestic sales in the Domestic Tariff Area (DTA) on payment of applicable duties.

Following through on these reforms, the Board of Approval for SEZs has accorded approvals to major proposals of setting up of SEZs for semiconductor and electronics. Notably, Micron Semiconductor Technology India Pvt Ltd is establishing an SEZ for semiconductor Assembly, Testing, Marking and Packaging in Sanand, Gujarat, with an estimated investment of ₹13,000 crore, while Aequs Group is setting up an electronic component manufacturing SEZ in Dharwad, Karnataka. These projects are expected to catalyse the development of domestic value chains, generate high-skilled employment, and reduce import dependence. List of SEZs approved after the said regulatory easing, is as below:

Sl. No.	Name of the entity	Date of notification	Land Area (in hectares)	Proposed Investment (in ₹ crore)	Proposed Employment (direct/indirect)	Type of Operation

1.	M/s Micron Semiconductor Technology India Pvt. Ltd	23rd June, 2025	37.64	13,000	20,786	Assembly, Testing, Marking and Packaging Unit
2.	M/s. Hubballi Durable Goods Cluster Private Limited	23rd June, 2025	11.549	100	4,360	Electronics Components Manufacturing and services
3.	M/s CG Semi Pvt. Ltd.	23rd September, 2025	11.541	2150	1,911	Outsourced Semiconductor Assembly and Testing for Semiconductor chips
4.	M/s Kaynes Semicon Pvt. Ltd.	26th September, 2025	18.44	681	2,020	Outsourced Semiconductor Assembly and Testing (OSAT) Unit
5.	M/s. Tata Semiconductor Manufacturing Private Limited	9th April, 2026	66.166	91,000	21,000	AI enabled Semiconductor Fabrication facility

These SEZs are envisaged to contribute to the gradual build-up of a robust, competitive, resilient, and future-ready semiconductor ecosystem. These initiatives, together with industry participation and policy support, are facilitating and paving a way for the creation of integrated manufacturing clusters, strengthening domestic capabilities, and positioning India as an emerging hub for semiconductor and electronics production.

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