

INDIA SEMICONDUCTOR MISSION 2.0

CABINET APPROVAL UPDATE | OUTLAY, BENEFITS AND ELIGIBLE SECTORS

BDO India
2026

On 15 July 2026, the Union Cabinet, chaired by the Prime Minister, approved 'Semicon 2.0' – the second phase of the India Semiconductor Mission (ISM 2.0) – with a fiscal outlay of INR 1,27,500 crore (~USD 13.28bn). The scheme extends the programme lifecycle from five years under ISM 1.0 to 12 years under ISM 2.0 to provide sustained fiscal support to capital-intensive projects such as fabs, ATMP/OSAT units and design ecosystems, and is expected to catalyse cumulative investments of INR 4 lakh crore.



INR 1.27 L Cr
OUTLAY (ISM 2.0)



12 Years*
PROGRAMME TENURE



INR 4 L Cr*
PROJECTED INVESTMENT



12 Units
ISM 1.0 PROJECTS APPROVED

THE SIX STRATEGIC PILLARS OF SEMICON 2.0

ISM 2.0 moves beyond capacity-building (the focus of ISM 1.0) towards vertical integration across the entire semiconductor value chain, structured around six pillars:

CHIP DESIGN

Deepens India's IP and chip/system design ecosystem, building on support already extended to 105+ design startups and MSMEs

ATMP / OSAT

Encourages advanced packaging and testing facilities, positioning India as a global alternative hub for Assembly, Testing, Marking, and Packing (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) operations

MACHINES & MATERIALS

Incentivises domestic manufacturing of semiconductor equipment, specialty chemicals, gases, and high-purity materials

RESEARCH & DEVELOPMENT

Supports progression beyond the current 28nm node via collaboration with leading domestic and global R&D centres, startups and MSMEs

FABS

Attracts additional silicon, compound semiconductor, discrete component and display fabs, building on India's first fab (commissioning 2028)

TALENT DEVELOPMENT

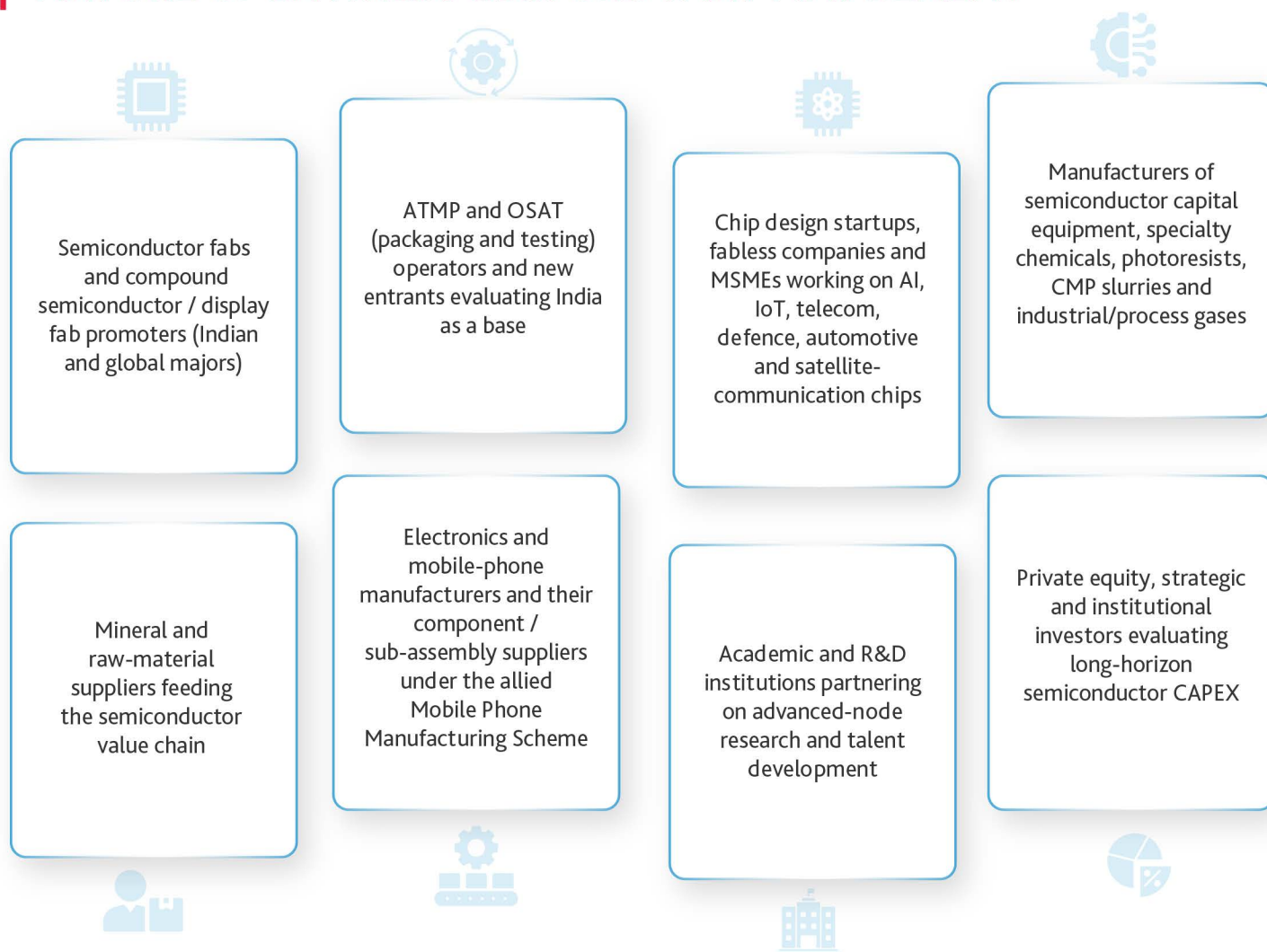
Scales chip-design training (315 universities, 68,000+ students trained) to build a sustained semiconductor talent pipeline

POSSIBLE BENEFITS UNDER ISM 2.0

CATEGORY	INDICATIVE BENEFIT
Chip Design	Fiscal incentives in the form of Grants/capital investment support for design-linked IP, chip and system development
Equipment, Materials, Chemicals & Gases	Fiscal incentives for domestic and multinational manufacturers setting up or upgrading facilities
Fabs / Compound Semiconductor / Display Fabs	Continued capital support structured over a longer, 12-year programme horizon to de-risk large CAPEX commitments
ATMP / OSAT	Incentives to draw advanced packaging and testing technology and capacity into India

*Cabinet approves Rs 1.27 lakh crore for India Semiconductor Mission 2.0 | Capital Market News - Business Standard

NATURE OF ENTITIES / SECTORS THAT MAY BENEFIT



HOW BDO INDIA CAN SUPPORT YOUR CLAIM JOURNEY

Drawing on experience gained through ISM 1.0 incentive claims, **BDO India** can support eligible entities across the full lifecycle of scheme participation:

- 01 Eligibility assessment & scheme mapping – evaluating fit against ISM 2.0 pillars, MPMS and related state incentive policies
- 02 Application & Detailed Project Report (DPR) preparation, including financial modelling and CAPEX/ OPEX projections
- 03 Government liaison and single-window clearance facilitation with MeitY, ISM and state nodal agencies
- 04 Structuring and advisory on joint ventures, technology partnerships and cross-border investment into fab/ATMP projects
- 05 Design of internal controls, MIS and documentation frameworks to support incentive disbursement milestones
- 06 Periodic claim computation, certification support and audit-readiness for pari-passu and grant disbursements
- 07 Ongoing compliance monitoring, condition tracking and government correspondence management
- 08 Post-disbursement assurance, due diligence and dispute/ query resolution support





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US\$16 BN
GLOBAL REVENUE



+94,900
PEOPLE



870

OFFICES WORLDWIDE

169

COUNTRIES & TERRITORIES

*AS OF SEPTEMBER 2025

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12,500+
STAFF*



14
CITIES



20
OFFICES



350+
PARTNERS
DIRECTORS

*INCLUDES EMPLOYEES FROM BDO RISE AND BDO EDGE

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