# Microchips

Domestic demand of electronic products has seen an 'unprecedented' growth in recent years. manufacturing microchips, thus, has a multiplier effect in the economy.

The demand of electronics is poised to cross $400bn by 2023-24 and India has also increased production from $29 bn (2014-15) to $70bn (2019-20). Still India lacks to realise its potential and hinged into many problems. The production of microchips is ~~centre~~ the 'core' of this sector which can push indian economy in following way :-

(i) Employment Generation - 'Economic survey' 2019-20 calls for 'Assebe in India for world' and posits that it can generate 4cr by 2025 and 8cr by 2030

(ii) import substitution - It is said that India depends heavily on import for most of electronic

components like phone, camera etc. This resulted into miniscle value addition of only about 5 to 15% and India stands $7-10bn out of $2.1 trillion global value addition.

Recent announcement of 48,000 cr package for manufacturing and development of electronic mfg parks through viability gap funding (VGF) is welcome step in this regard.

(iii) Data security – Imported microchips specially from China are prone to data theft, which can threaten India's data sovereignty.

Thus domestic microchips like Shakti & Ajit are vital to ensure data security.

However, ~~lack of~~ various challenges in Indian economy, made it unattractive for escaping MNC's from china such as

(i) lack of Foundry – data shows that even a single foundry can add $15bn to GDP and offset $6bn import

(ii) high gestation period of 18 months and more in case of India, plus high initial capital of around $1.2bn can cause upto 60% depreciation, making it unattractive for investment.

India should act fast in order to realise the opportunity. Recent announcement and schemes like SPECS are appreciable but there is a lot to do to realise Atmanirbharata in electronics