Design Linked Incentive (DLI) Scheme for domestic semiconductor chip design

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In news- Recently, the Ministry of Electronics and Information (MeitY) has invited applications from 100 domestic companies, start-ups and MSMEs under its Design Linked Incentive (DLI) Scheme.

About DLI scheme for Semiconductor Chip Design-

- Under this scheme**, financial incentives and design infrastructure support will be extended to domestic companies, startups and MSMEs across various stages of development** and deployment of semiconductor design for Integrated Circuits (ICs), Chipsets, System on Chips (SoCs), Systems & IP Cores and semiconductor linked design for over a period of 5 years.
- **The scheme is a part of Rs.76,000 crore ($10 billion) package** that the government announced in December 2021.
- **It aims to nurture at least 20 domestic companies** involved in semiconductor design and facilitate them to achieve turnover of more than Rs. 1500 Crore in the next 5 years.
- **C-DAC** (Centre for Development of Advanced Computing), a scientific society operating under MeitY, will serve as **the nodal agency for implementation of the DLI scheme.**
- **The approved applicants that claim incentives under the scheme will be encouraged to retain their domestic status** (*i.e., more than 50% of the capital in it is beneficially owned by resident Indian citizens and/ or Indian companies, which are ultimately owned and controlled by resident Indian citizens*) for a period of three years after claiming incentives under the scheme.

- The DLI Scheme will also take a graded and pre-emptive approach to identify the Products of national priorities and implement strategies for their complete or near complete indigenisation & deployment thereby taking steps towards the import substitution & value addition in strategic & societal sectors.

Three Components of the scheme-

- **Under the Chip Design infrastructure support,** C-DAC will set up the India Chip Centre to host the state-of-the-art design infrastructure and facilitate its access to supported companies.
- **Under the Product Design Linked Incentive component,** a reimbursement of up to 50% of the eligible expenditure subject to a ceiling of Rs.15 Crore per application will be provided as fiscal support to the approved applicants.
- **Under the Deployment Linked Incentive component,** an incentive of 6% to 4% of net sales turnover over 5 years subject to a ceiling of Rs.30 Crore per application will be provided to approved applicants whose semiconductor design for ICs, Chipsets, SoCs, Systems & IP Cores and semiconductor linked design are deployed in electronic products.