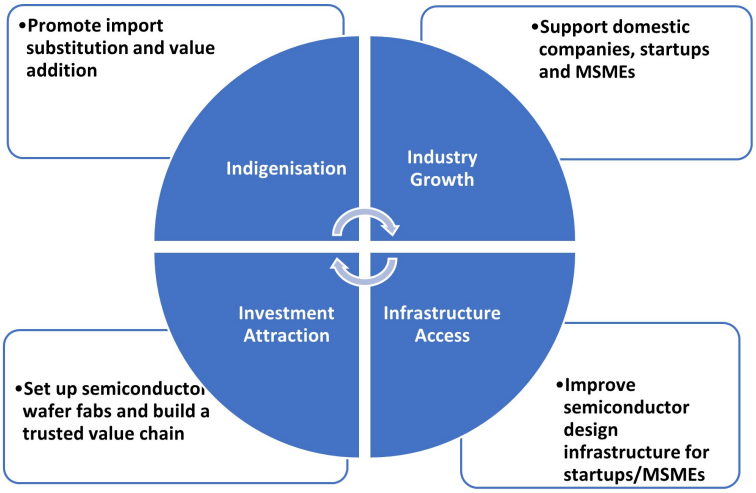
Design Linked Incentive (DLI) Scheme

Prelims: *Current events of national and international importance | Government policies and interventions*

Why in News?

Recently, the Union Minister for Electronics & IT interacted with semiconductor chip design companies approved under the Design Linked Incentive (DLI) Scheme.

- It is a ***central government scheme under the Semicon India Programme.***
- **Aim –** To provide financial incentives and design infrastructure support for semiconductor design.
- It covers Integrated Circuits (ICs), Chipsets, System on Chips (SoCs), Systems & IP Cores and semiconductor-linked design(s) *over a period of 5 years.*
- **Launched in –** 2021.
- **Nodal Ministry –** Ministry of Electronics and Information Technology (MeitY).
- **Implemented by –** Centre for Development of Advanced Computing (CDAC).
- **Objectives –**



- **Eligibility –** ***Domestic companies, startups and MSMEs*** engaged in semiconductor or semiconductor-linked design.

- Must retain domestic ownership (>50% Indian ownership) for three years after availing incentives
- Must meet prescribed threshold and ceiling limits.
- **Components –**
- **Financial incentives –** Up to 50% of eligible costs for design prototyping, scaling-up, and volume production
- **Design infrastructure support –** Electronic Design Automation (EDA) tools and Intellectual Property (IP) cores to help with early prototyping of designs.
- **Deployment incentive –** Incentives of 6% to 4% of net sales turnover over five years for deployment & commercialization of chip solutions.
- **Target –** Enable ***at least 50 fabless semiconductor companies*** in the next phase to build a globally competitive fabless semiconductor ecosystem in India
- **Significance –** Positions India as an emerging global hub for semiconductor design.
- Leverages India's large talent base (20% of global semiconductor design engineers).
- Strengthens trusted supply chains for strategic sectors like defence, space and automotive.
- Advances India's transition from a services-led economy to a product nation.

References

1. PIB | Design Linked Incentive (DLI) Scheme
2. ISM | Design Linked Incentive Scheme

SHANKAR IAS PARLIAMENT
Information is Empowering