

Fifty Per Cent of What?

India's semiconductor subsidy is quoted as a single number. Its controlling instruments use different cost bases and release support against eligible expenditure, with production obligations attached.

Evidence cut-off: 27 September 2026.

When Micron announced its Sanand semiconductor assembly and test plant in June 2023, the terms were two percentages against an announced project cost. Its audited accounts describe incentives "representing 50 % of the total project cost from the Indian central government and 20 % of the total project cost from the state of Gujarat". India's semiconductor mission puts the investment at "₹22,516 crore (2.75 billion dollars)" with "50 per cent fiscal support on pari-passu basis".[1]

If both percentages applied to all \$2.75 billion, the residual would be \$825 million.[2] That is an arithmetic illustration, not an approved payment. Its denominator is described as *total project cost*.

The scheme that sentence names does not use that phrase.

Two bases wearing one number

The gazette notification of 4 October 2022 that governs Micron's scheme class extends "a fiscal support of 50% of the Capital Expenditure" and defines Capital Expenditure itself.[3] The guidelines issued a week later narrow it: land "shall not be considered towards eligible capital expenditure"; expenditure before the application is acknowledged "shall not be considered"; what remains must fall within five years and be capitalised in the books; and the operative figure is finally whatever the applicant's approval letter says.[4] Across thirty pages of those guidelines the phrase "project cost" appears only inside the application form, twice and nowhere in an operative provision: once as "Total project cost including working capital requirements", a datum reported *separately* from the base on which support is computed, and once in a board resolution the applicant must furnish, for investing "the project cost towards setting up of the project": the applicant's own commitment, not a measure of the government's.

Tata's fab at Dholera sits under a different instrument, whose notification tabulates "Fiscal support as percentage of Project Cost" at "50 %".[5] Its guidelines do define Project Cost, at paragraph 2.12, and the definition is not the same one:[6]

Cost head	Fab (Tata Dholera)	Assembly and test (Micron Sanand)
Buildings, plant, clean rooms, equipment, utilities, including used, second-hand or refurbished	in	in
Research and development	in	in
Transfer of technology	in, but licensing between JV partners excluded	in, no carve-out
Land	in , at the lower of state allotment rate or circle rate	expressly excluded
Interest during construction	in	no such head
Standalone insurance	in , at market norms	not a separate head

Both chains end in an "eligible" figure fixed in an approval letter that is public for neither project. The fab definition names three extra heads, including land and construction-period interest.

Two conditions cut the other way. The fab's eligibility window opens *later* (from approval rather than application acknowledgement) and its guidelines exclude expenditure not routed through a No Lien Account.[7] Without the projects' approval letters and spending records, neither the eligible bases nor their shares of total outlay can be ranked. A greenfield assembly plant may spend little on excluded land and much on qualifying equipment; the denominator distinction could be economically small for Micron.

Official summaries use "project cost" and "eligible project costs" inconsistently; the controlling instruments and approval letters determine the base.[8]

What Gujarat actually promised

The state half of the arithmetic is stranger. The controlling instrument is a Government Resolution of Gujarat's Department of Science and Technology dated 27 July 2022. Its capital-assistance rate is **40 per cent, not 20**; it is applied to the amount of central assistance, not to project cost. The strings "20%", "20 per cent" and "twenty" appear nowhere in the twelve-page document.[9]

On the natural reading of "40 percent ... of the capex assistance given by Government of India", forty per cent of fifty per cent reproduces Micron's reported twenty per cent. Gujarat's next sentence confines assistance to eligible capital expenditure, however, so its exact project-level computation cannot be proved from this resolution alone.[10] The resolution incorporates central eligibility by reference, "as amended from time to time"; the referenced 2021 guidelines are available here only as an unreadable scan. The later central ATMP guidelines exclude land.[11] The instruments describe the state share as additional.[12] Gujarat's clock starts at a state agreement, and its incentives are disbursed over five subsequent annual instalments.[13]

Gujarat also offers a 75 per cent subsidy on the first 200 acres for a fab and 50 per cent on additional land or other ISM-approved projects, restricted to the Dholera Special Investment Region unless extended elsewhere; and it offers stamp-duty reimbursement.[14] The central fab

base already includes land at a capped valuation, while the central ATMP base excludes it. Whether Sanand received a separate land subsidy is unknown in the retrieved record.

So "the government pays seventy per cent" compresses a derived state rate, an eligible cost base, and separate land and stamp-duty benefits. It is no proof of an amount paid.

The trigger that changed

The December 2021 compound-semiconductor and ATMP scheme required commercial production to begin before support was released. The October 2022 modification instead allows *pari-passu* release after application approval, subject to its other conditions.[15] The release trigger moved from production to eligible spending.

Support is released *pro rata* after the company's corresponding share is deposited in a No-Lien Account, within approval-letter ceilings and against secured claims. Excess is refundable once commercial operation of the entire project is declared.[16] These are spending and safeguard conditions, not measured output targets.

The fab instrument similarly allows release against approved expenditure, but recipients must remain in commercial production for at least three years after the whole project starts production.[17] Its wafer-capacity threshold gates an application; it does not certify Dholera's output.[18] Production, employment and value addition are subjects of periodic review, without a numerical payment target in these guidelines.[19] A breach of scheme terms can trigger recovery, so the three-year undertaking matters.[20] The government's charge on fixed assets is released at commencement of commercial production.[21]

Nor does any of it ask for technological ownership. Eligibility across every manufacturing category is satisfied by owning *or possessing licensed* production-grade technology; used, second-hand and refurbished equipment is expressly eligible for support.[22] The one provision that touches the question directly does so sideways: the fab guidelines exclude from the subsidy base any cost of technology transfer or process licensing *between JV partners*. [23] That is a transfer-pricing control on the relationship, not a preference for domestic technology. In the entire fab instrument there is no domestic-content, local-sourcing or supplier-nationality condition.

The two examined scheme classes subsidise eligible capital formation at Indian sites without requiring domestic ownership of equipment, inputs or process technology. That design can add production capability through international partnerships. It does not, by itself, establish who controls technology or how resilient production would be to an interrupted foreign supply.

A payment the public cannot reconstruct

How much has actually been paid? The sources reviewed here do not establish a project amount. The published scheme material gives no project-level claims, and Micron's FY2025 filing does not break out Indian receipts.

The paying side budgets for the scheme "as a consolidated amount on regular basis and not on project-by-project basis".[24] Project-level claim records exist inside government (the nodal

agency reports monthly), but nothing requires their publication.[25]

The receiving side pools too. Micron's FY2025 Form 10-K discloses the conditions, milestones and clawback of its Indian award only through a single sentence naming four jurisdictions together, while its US CHIPS agreements get two pages of specific terms and a dedicated critical audit matter.[26] Every incentive amount Micron actually recognises (asset reduction, income benefit, receivable, cash proceeds) is consolidated. There is no India-attributed figure anywhere for cash received, income recognised, or asset carrying value reduced.[27] The only India-dimensioned incentive number in the FY2025 filing is a *remaining, unearned, conditional* commitment of \$1,491 million at 28 August 2025, stated to be in addition to amounts already received.[28]

Micron's filing puts two descriptions side by side. Its 10-K repeats that both rates apply to "the total project cost", while its accounting policy recognises incentive against "total expected qualified project cost", a revisable management estimate.[29] Two different bases, in one audited document.

The wedge cannot be measured without an approval letter. Seventy per cent of the announced \$2.75 billion is \$1,925 million, while Micron's FY2024 Form 10-K includes "\$1.8 billion (150 billion Indian rupees)" for Gujarat among commitments *to be received*. It explicitly says those commitments are in addition to receivables and other assets already recognised.[30] Subtracting the two figures would compare an announced maximum with a later remaining commitment. It would reveal neither the eligible base nor under-spend; currency conversion and timing add further uncertainty.

India's long-lived assets on Micron's books were \$449 million at 28 August 2025, or 0.95 per cent of its \$47,326 million total. This is a depreciated carrying value, net of credited incentives and covering all India assets; it does not measure Sanand's spending.[31] Micron describes its Indian operations as component and module assembly and test, not wafer fabrication.[32]

Where the projects actually stand

At the cut-off, every operational unit among the twelve projects approved under Semicon 1.0 is an assembly and test unit, on the government's own classification. Not one of the three approved projects involving wafer fabrication is operating.[33] Dholera was reported as under construction on 17 September 2026 and nothing more; the ASML relationship remains a May 2026 partnership announcement with no definitive agreement, order, delivery or acceptance, and the Sumitomo instrument is itself a memorandum signed on 18 September 2026 to *explore* local materials manufacture.[34]

Micron's Sanand plant is running, and the distinction between what the company and the government say about it matters. Government releases say commercial production commenced; Micron's own quarterly filing says commercial shipments commenced and puts the production *ramp* in the future tense, a sentence it restated verbatim from one quarter to the next.[35] Realised output, shipment volume, qualified capacity and India capital expenditure are all undisclosed.

The official list in a 1 April 2026 parliamentary answer predates two approvals, and the September government releases disagree on whether three or five units have commenced commercial

production.[36][37] The named five in the 17 September release and the mission's later statement support five within the approved-project set, but the conflicting release should remain visible. Announced capacities use incommensurable units and cannot be pooled.[38]

What would settle it

On 31 August 2026 the government notified Semicon 2.0. For the fab class the headline falls from 50% of "Project Cost" to 40% of "eligible capital expenditure"; for assembly and packaging, to 35% or 25%, while the minimum capital threshold rises twentyfold to ₹1,000 crore and a revenue threshold appears where there was none.[39] The notification has no definitions section, no transitional provision, no savings clause and no reference to the 2022 schemes, so what it does to existing approvals is unknown rather than unchanged.[40] It also contains the first clause in this family to condition money on domestic *sourcing* rather than domestic *siting*, though not for the plants this article is about. Category 4(d) pays makers of equipment, sub-assemblies and components *for use in* fabrication and packaging facilities, on their domestically sourced share, under a ceiling of 50 per cent of eligible capex; the fab and assembly classes carry no sourcing condition at all. It reaches the suppliers, not the plants the subsidy was built for: a production-linked incentive on the domestically-sourced share of bill-of-materials value, beginning FY2028-29.[41]

That clause shifts attention up the chain. The two earlier plant schemes examined here did not condition support on domestic sourcing. If the new supplier incentive is implemented as written, its payments will depend on domestic content. That is a distinct test from whether a fab or packaging plant was built in India.

Three observations would sharpen this audit: project-level payments, the approval letter setting each eligible base, and Dholera's first qualified wafer. None is established in the sources reviewed here. A published rate tells us much less than a published denominator and operating result would.

Sources and calculation notes

1. The percentages are quoted from Micron's audited FY2025 Form 10-K, Item 8, Note 20 "Government Incentives", numbered line 01674 of MU_10K_FY2025_mu-20250828.txt. The rupee and dollar investment figures and the central rate are quoted from India Semiconductor Mission's year-end 2023 release, ISMPR-YEAREND-2023.txt L00199-L00200. Sources: Micron FY2025 10-K; ISM 2023 release.

2. Calculation from the reported rates and project cost. $1 - (0.50 + 0.20) = 0.30$; $2,750 \times 0.30 = 825.0$. The announced maxima are derivable from the announced rates on one common base and so carry no independent information about the split. The calculation uses announced headline values; it establishes no approved base, sanctioned amount or payment. Sources: Micron FY2025 10-K; ISM 2023 release.

3. MeitY, Gazette of India Extraordinary Part I Section 1, 4 October 2022, Modified Scheme for Compound Semiconductors / Silicon Photonics / Sensors Fab / Discrete Semiconductors Fab and Semiconductor ATMP / OSAT, para 4.1 and para 7. Sources: 2022 ATMP notification.

4. MeitY, Guidelines for the Modified Scheme for Compound Semiconductors and ATMP, 10 October 2022, paras 2.10.1–2.10.4, 2.11, 4.1–4.3 and Annexure-1 para 3.5.1. Both "project cost" occurrences are in Annexure 1, items 3.5.1 and 3.5.2.1, rather than operative payment provisions. Sources: 2022 ATMP guidelines.

5. MeitY, Gazette of India Extraordinary, 4 October 2022, Modified Scheme for setting up Semiconductor Fabs in India, eligibility table. The phrase "Project Cost" occurs once in the notification and is not defined there. Sources: 2022 fab notification.

6. MeitY, Guidelines for the Modified Scheme for setting up of Semiconductor Fabs in India, 29 May 2023, paras 2.12-2.13. Comparison table is Indiconomics' own, drawn head by head from the two guideline definitions; no instrument states it. Sources: 2023 fab guidelines; 2022 ATMP guidelines.

7. Fab guidelines 29 May 2023 para 4.1 at L00174-00177 ("on or after the date of approval letter issued by the Nodal Agency and within 6 years from the date of approval letter") and para 4.2 at L00178-00179 ("Expenditure / investment incurred from other than No Lien Account shall not be considered"); ATMP guidelines 10 October 2022 para 4.1 at L00171-00175 ("on or after the date of acknowledgement of an application and within 5 years of date of acknowledgement"), whose para 4.2 imposes no routing requirement. Neither instrument states the size of either effect, and no project's figures are public, so the net of the two directions is not computable from the record. Sources: 2023 fab guidelines; 2022 ATMP guidelines.

8. India Semiconductor Mission scheme page ("project cost"); ISM release on the Tata Dholera Fiscal Support Agreement ("eligible project costs"); Micron's FY2025 filing as at note 1. These descriptions are not the controlling scheme text. Sources: ISM Semicon 1.0 page; ISM Dholera FSA release; Micron FY2025 10-K.

9. Government of Gujarat, Department of Science and Technology, Government Resolution No. DST/OTM/e-File/24/2021/0004/IT, 27 July 2022, para 4.2.1.A. Negative controls over all 430 extracted lines return zero occurrences of "20%", "20 percent" and "twenty". Sources: Gujarat resolution.

10. As notes 4 and 8. $40\% \times 50\% = 20\%$ arithmetically; the base is the central scheme's Capital Expenditure, which excludes land. One interpretive step sits inside that: Gujarat's resolution defines no base of its own but, at para 3.3.3, limits Eligible Capital Expenditure for this scheme class to activities described in "section 2.8.1 of File No. W-38/23/2021-IPHW dated 30.12.2021 ... as amended from time to time". The land exclusion the article relies on lives at para 2.10.4 of the 10 October 2022 guidelines, a different paragraph in a later document, and the 30 December 2021 implementation guidelines are in the retrieved corpus only as a two-page image-only scan with no text layer. Reading the reference forward through "as amended from time to time" is a plausible construction, not an observed project-level grant calculation. Sources: Gujarat resolution; 2022 ATMP guidelines.

11. Gujarat GR paras 3.3.3 and 4.2.1.E. Sources: Gujarat resolution.

12. Gujarat GR para 4.2.1.A ("over and above the assistance given by the Government of India") and central ATMP guidelines para 13.7. No combined cap appears in either instrument. Sources: Gujarat resolution; 2022 ATMP guidelines.

13. Gujarat GR paras 4.2.1.B and 4.2.1.F. Sources: Gujarat resolution.

14. Gujarat Government Resolution of 27 July 2022, paras 4.2.2.A (75 per cent on the first 200 acres for a fab project), 4.2.2.B (50 per cent on additional land, upstream or downstream ecosystem, or other ISM-approved projects), 4.2.2.D (Dholera Special Investment Region restriction, with discretion to extend it) and 4.2.3 (stamp-duty reimbursement). Whether the land subsidy was extended to Sanand, and at what rate, is not established in the retrieved record. Sources: Gujarat resolution.

15. MeitY, Gazette notification of 21 December 2021 (compound semiconductors / ATMP), para 11.1, against the 4 October 2022 modified notification, para 11.1. The same modification raised the ATMP rate from 30% to 50% of Capital Expenditure on a base definition that is word-for-word unchanged. Sources: 2021 notification; 2022 ATMP notification.

16. ATMP guidelines paras 2.12, 8.2, 8.5, 8.6, 9.3, 9.7. Sources: 2022 ATMP guidelines.

17. Fab guidelines, paras 12.2 and 13.5, and negative search: "milestone" zero occurrences. Sources: 2023 fab guidelines.

18. Fab guidelines para 3.1, cross-referring to the notification's eligibility table under the heading "Installed Capacity". "Wafer", "40,000" and "40000" return zero occurrences in the guidelines. Capacity is also a negotiated variable under paras 5.1.3 and 7.2. Sources: 2023 fab guidelines; 2022 fab notification.

- 19.** Fab guidelines para 12.1. Sources: 2023 fab guidelines.
- 20.** Fab guidelines para 13.9 and related recovery provisions. The instrument applies 3-year SBI MCLR under two different compounding conventions and two different reference dates without reconciling them. Sources: 2023 fab guidelines.
- 21.** Fab guidelines paras 13.13, 13.12 and 13.5. Sources: 2023 fab guidelines.
- 22.** Semicon 2.0 notification, operational-experience rows for Categories 5-8; fab guidelines para 2.12.1 and ATMP guidelines para 2.10.1 on used and refurbished equipment. Sources: Semicon 2.0 notification; 2023 fab guidelines; 2022 ATMP guidelines.
- 23.** Fab guidelines para 2.12.3. Sources: 2023 fab guidelines.
- 24.** ATMP guidelines para 9.5. The quoted phrase spans a page-layout line break. Sources: 2022 ATMP guidelines.
- 25.** ATMP guidelines para 9.4; fab guidelines para 9.4. Sources: 2022 ATMP guidelines; 2023 fab guidelines.
- 26.** Micron Technology, Form 10-K for the fiscal year ended 28 August 2025, Note 20 opening paragraph, against the US CHIPS disclosure and critical audit matter in the same filing. Sources: Micron FY2025 10-K.
- 27.** As note 26. The negative is established by parsing every inline-XBRL fact in the filing and resolving each context: of 1,851 facts across 401 contexts, exactly three carry the country: IN geographical dimension: the \$1,491m remaining commitment and \$449m of long-lived assets at 28 August 2025, and \$338m of long-lived assets at 29 August 2024. A fourth is India-tagged on a different axis, mu:IndiaCentralGovernmentFundingMember, and carries the 50 per cent award rate. None of the four is cash received, incentive income recognised, or asset carrying value reduced. Sources: Micron FY2025 10-K.
- 28.** FY2025 10-K, Note 20 government-assistance table, India row, with the lead-in stating the amounts are in addition to receivables, other non-current assets and cash already received. A remaining unearned commitment is not a receipt. Sources: Micron FY2025 10-K.
- 29.** FY2025 10-K, Note 20 ("the total project cost") and Note 1 significant accounting policies ("total expected qualified project cost"). Sources: Micron FY2025 10-K.
- 30.** Micron FY2024 Form 10-K, Item 8, "Government Incentives" note, printed page 82, paragraph on government incentive commitments. The lead-in says these commitments are *in addition to* receivables and other noncurrent assets in the preceding table and subject to performance conditions. The \$1.8 billion / INR 150 billion Gujarat item is therefore not established as the original total award. It cannot be subtracted from an announced maximum to measure the eligible-base wedge or under-spend. The FY2024 and FY2025 India figures also carry different XBRL tags on different axes; neither can be subtracted to infer receipts. Sources: Micron FY2024 10-K.
- 31.** FY2025 10-K, long-lived assets by geography. $449 \div 47,326 = 0.949\%$. The net-of-incentive caveat is Micron's own policy, with the group-wide reduction of \$5.04 billion stated in Note 20. The figure is a carrying value net of depreciation, includes operating-lease right-of-use assets, and is the India total rather than the Sanand facility. Sources: Micron FY2025 10-K.
- 32.** FY2025 10-K, Item 2 Properties. Sources: Micron FY2025 10-K.
- 33.** Press Information Bureau, 17 September 2026. Note an unreconciled conflict in the official record: a release of 22 September 2026 states three facilities have commenced commercial production where the 17 September release describes five operational units. The named 17 September set and the mission's later five-project statement support five within the approved-project universe; the 22 September count remains an unresolved conflict. Sources: PIB 17 Sep release; PIB 22 Sep release; ISM website.
- 34.** Tata Electronics and ASML announcements of 26 September 2024, 16 May 2026 and 18 September 2026, and Tata Electronics' press listing as at the cut-off. Sources: Tata-PSMC agreement; ASML announcement; Tata-Sumitomo MoU.

- 35.** Micron Form 10-Q for the quarter ended 28 May 2026, against ISM and PIB releases of 28 February 2026 and 1 April 2026. The ramp sentence is word-identical to the preceding quarter's filing. Sources: Micron FY2026 Q2 10-Q; Micron FY2026 Q3 10-Q; ISM 28 Feb release; Parliamentary answer, 1 Apr.
- 36.** Lok Sabha unstarred question answer, Annexure-I, 1 April 2026, listing ten approved manufacturing projects; two further approvals followed. The subsequent approvals are reflected in the September 2026 PIB releases. Sources: Parliamentary answer, 1 Apr; PIB 17 Sep release.
- 37.** Press Information Bureau releases of 17, 19 and 22 September 2026; the first two state five operational units and the 22 September release states three facilities with commercial production. India Semiconductor Mission's site repeated five on 24 September 2026. The discrepancy is unresolved, but the named 17 September set and later mission statement provide stronger support for five at the specified cut-off. Sources: PIB 17 Sep release; PIB 19 Sep release; PIB 22 Sep release; ISM website.
- 38.** Wafer starts per month, packaged units per week, units per day, chips per annum, square metres of display panel per annum and glass panels per month. Apparent inter-document discrepancies for one project resolve as monthly-versus-annual statements of the same figure. Sources: Parliamentary answer, 1 Apr; PIB 17 Sep release.
- 39.** MeitY, Gazette notification, 31 August 2026, Semicon 2.0, Categories 5 and 8. Sources: Semicon 2.0 notification.
- 40.** Semicon 2.0, verified negative searches across all 896 extracted lines for "supersession", "supersede", "repeal", "Modified", "2022", "tenure", "outlay", "defined". Sources: Semicon 2.0 notification.
- 41.** Semicon 2.0, Category 4(d). The instrument states five rates and a five-year period from FY2028-29 but does not state which rate applies in which year; a descending annual sequence is the obvious reading and is not stated. Sources: Semicon 2.0 notification.