Mobile Phone Manufacturing Scheme: India’s Push for Homegrown Smartphone Brands

July 17, 2026 • vajiramandravi.com

Mobile Phone Manufacturing Scheme Latest News

- The Union Cabinet has approved the Mobile Phone Manufacturing Scheme (MPMS) with an outlay of ₹62,500 crore.
- The scheme aims to move India beyond assembly-line manufacturing toward deeper value addition, indigenous technology, and globally competitive Indian smartphone brands.

What Is the New Scheme?

- The MPMS will run for five years, from FY 2026-27 to FY 2030-31, as a follow-on to the Production Linked Incentive (PLI) Scheme for Large Scale Electronics Manufacturing, which concluded on March 31, 2026.

Incentive structure

- Manufacturers get incentives ranging from **2.25% to 5%** on eligible sales.

- An additional incentive of up to **1.5%** applies for sourcing key components and sub-assemblies domestically.
- Indian brands investing in product design and R&D get an extra **3% incentive**.
- The scheme focuses on local sourcing to boost domestic value addition, along with design, R&D, and export incentives for Indian brands.

Targets Set Under the Scheme

- Cumulative mobile phone production is expected to reach approximately ₹39 lakh crore over five years, with a significant rise in exports.
- The scheme is projected to generate around 60,000 direct jobs.
- It aims to strengthen India's position in global electronics supply chains.

Why Build an Indian Smartphone Brand?

- India manufactures nearly every smartphone sold domestically, yet Indian company names are largely absent from the market.
- Manufacturing alone does not guarantee control over an industry: a phone assembled in India can still be designed abroad, use foreign intellectual property, and be sold under a foreign brand.
- The scheme's stated objectives are to:
    - Achieve **technological sovereignty;**
    - Capture a larger share of the economic value generated by the sector;
    - Create **Indian patents** in design and R&D;
    - Encourage Indian companies to move deeper into the value chain, into design, R&D, intellectual property, component ecosystems, and brand ownership.
- **Bridging the cost gap**: Four or five Indian companies are expected to build competitive smartphone brands, but may face an initial cost disadvantage of 10-15% compared to established players. The scheme aims to **bridge at least 5-6% of that gap through subsidies**.

Why Indian Brands Failed Earlier

- Companies like **Micromax, Karbonn, and Lava** had established themselves in the feature-phone and low-cost handset segment but struggled to transition to smartphones as the market grew more technologically demanding.
- Chinese brands, by contrast, combined aggressive pricing, frequent product launches, heavy marketing, and expanding distribution networks.
- Companies like Xiaomi, Vivo, Oppo, and Realme offered competitive specifications and invested in retail networks, after-sales service, and brand-building, allowing them to dominate beyond just low pricing.

India's Mobile Manufacturing Success Story So Far

- The new scheme builds on a decade of growth under the Make in India initiative:
    - Mobile phone **production** rose from ₹18,900 crore in 2014-15 to ₹6.27 lakh crore in 2025-26, a 33-fold increase.

    - Mobile phone **exports** rose from ₹1,566 crore in 2014-15 to ₹2.60 lakh crore in 2025-26, a jump of more than 165 times.
    - India is now the world's **second-largest** mobile phone **manufacturer by volume**, with nearly 99.2% of mobiles used domestically manufactured within the country.
    - Smartphones have become **India's largest export product category**, surpassing traditional leaders like diesel fuel and cut diamonds.
- **The PLI legacy**: The preceding PLI Scheme attracted over ₹20,600 crore in investments, generated production worth more than ₹11.62 lakh crore, and drove exports exceeding ₹6.53 lakh crore, laying the groundwork for the MPMS.

Broader Significance

- A stronger electronics manufacturing sector can help India reduce import dependence, attract global investment, create high-skilled jobs, and strengthen its position in global supply chains.
- Industry experts note that the scheme's focus on domestic value addition and design-led manufacturing provides the long-term policy certainty needed to attract fresh investment and position India as a preferred hub for advanced mobile manufacturing.
- If successful, the scheme could support India's broader ambition of becoming a global electronics powerhouse, aligned with the vision of a **Viksit Bharat**.

Conclusion

- The MPMS signals India's ambition to move beyond being the world's assembly line for smartphones toward owning their design, technology, and brand value.
- Its success will depend on whether Indian companies can close the cost and innovation gap that let Chinese brands dominate the domestic market for over a decade.

Source: IE | N18
