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Mobile Phone Manufacturing Scheme (MPMS)

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Ten years ago, India imported most of its phones. Today almost every phone sold here is made here. This lesson explains the new Rs 62,500 crore scheme built to push India further.

At a glance

Four key facts on this topic

01 **Rs 62,500 cr**outlay over 5 years

02 **2.25-5%**base incentive on eligible sales

03 **99.2%**phones used in India made at home

04 **60,000**direct jobs expected

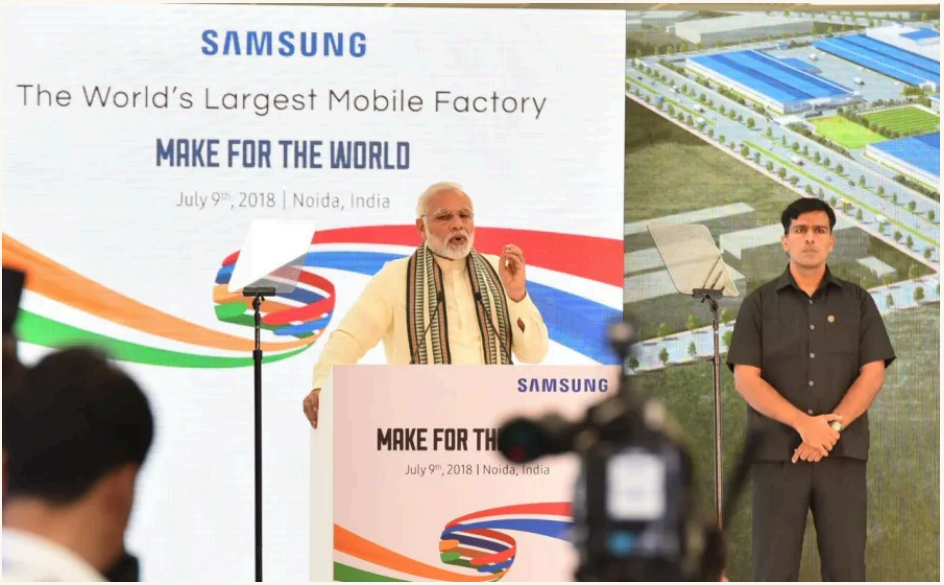
What is the Mobile Phone Manufacturing Scheme?

1 What MPMS is

1.1 What is the Mobile Phone Manufacturing Scheme?

The Union Cabinet approved the **Mobile Phone Manufacturing Scheme (MPMS)** on **15 July 2026**. PM Narendra Modi chaired the meeting. The scheme has an outlay of **Rs 62,500 crore**.

It runs for **5 years**, from FY 2026-27 to FY 2030-31. MeitY notified it on 21 August 2026.



PM Modi at the inauguration of Samsung's Noida mobile factory, 2018. (Government of India, GODL-India, Wikimedia Commons)

1.2 What does it aim to achieve?

- Scale up production and deepen **domestic value addition**.
- Build **Indian brands** with Indian design, patents and R&D.
- Create about **60,000 direct jobs**.

Over the five years, cumulative phone production is expected to reach about **Rs 39,00,000 crore** (Rs 39 lakh crore). Exports are also expected to rise sharply.

> **Quick check 1.** True or false: The Union Cabinet approved MPMS on 15 July 2026. *(True or False?)* See answer ↓

Quick check 2. True or false: MPMS is a three-year scheme. *(True or False?)* See answer ↓

Sources: pib.gov.in; indianexpress.com

2 Two target segments

2.1 What are the two target segments?

MPMS has two tracks. **Target Segment 1 (TS1)** rewards large-scale phone making. **Target Segment 2 (TS2)** supports Indian mobile brands.

The two tracks

	TS1	TS2
Aim	Scale up phone manufacturing	Build Indian-owned brands
Base incentive	2.25% to 5%	5%
Extra for R&D	None	3% for Indian design and R&D
Sourcing bonus	Up to 1.5%	Up to 1.5%
Gestation	None stated	Up to 1 year

Source: PIB, 21 August 2026.

2.2 Why split the scheme in two?

The first track is the successor to the earlier PLI scheme. It keeps big factories growing. The second track tries to create a homegrown brand. India makes phones at scale, but much of the value from design, IP and branding sits with firms based abroad.

11. **Think it through:** Why a separate track for Indian brands?

See answer ↓

Quick check 3. True or false: TS2 supports Indian mobile phone brands. *(True or False?)* See answer ↓

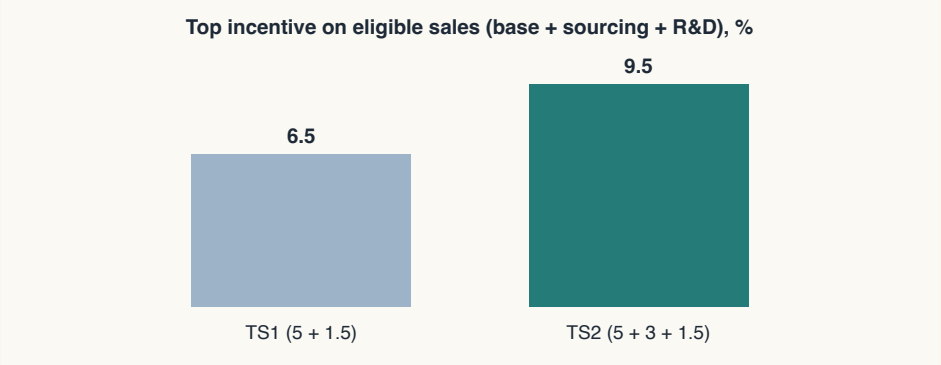
Sources: pib.gov.in; indianexpress.com

3 Incentive rates and bonuses

3.1 How are the incentives layered?

The incentive is paid on **eligible sales** of phones made in India. The base rate for TS1 runs from **2.25% to 5%**. Two bonuses can sit on top.

- Up to **1.5%** more for buying key components and sub-assemblies in India.
- **3%** more for design and R&D behind Indian brands.



Adds the top rates in the PIB release: TS1 base 5%, TS2 base 5%, R&D 3%, sourcing up to 1.5%. Actual payout depends on the applicant.

Sales and incentives are worked out **brand by brand**.

3.2 What must a firm do to earn the sourcing bonus?

The components must be localised for at least **25%** of all phones the firm makes in a financial year. This rewards deep local sourcing, not just assembly.

> **Quick check 4.** True or false: MPMS's extra 3% incentive is tied to design and R&D for Indian brands. *(True or False?)* See answer ↓

> **Quick check 5.** True or false: The 1.5% bonus is paid for exporting finished phones. *(True or False?)* See answer ↓

Who can apply, and how does it differ from PLI?

4 Who can apply

4.1 Who can apply?

Applicants must be phone makers registered in India. Electronics Manufacturing Services (EMS) firms can apply too.

- **TS1:** turnover of at least **Rs 10,000 crore** in FY 2025-26.
- **TS2:** turnover of at least **Rs 1,000 crore** in FY 2025-26, and the firm must be an Indian brand.

4.2 What counts as an Indian brand?

- Registered or incorporated in India.

- IP and trademark held within India.
- Management control with Indian citizens.
- **More than 51%** shareholding held by Indian citizens.
- In-house R&D and design capability in India.

4.3 How do the growth thresholds work?

Existing brands must add **Rs 5,000 crore** of sales a year over their FY 2025-26 sales. A new brand becomes eligible only after total annual sales of Rs 10,000 crore in India. After that it must meet the same yearly threshold.

The baseline also moves. It is the previous year's sales plus **15%**. Incentive is paid only on sales above it.

> **Quick check 6.** True or false: An Indian brand under TS2 needs more than 51% Indian-citizen shareholding. *(True or False?)* See answer ↓

5 From PLI to MPMS

5.1 What did the earlier PLI scheme achieve?

MPMS succeeds the **Production Linked Incentive Scheme for Large Scale Electronics Manufacturing (PLI-LSEM)**. That scheme began in 2020. Its tenure ended on **31 March 2026**.

- It catalysed about **Rs 96,000 crore** of investment in mobile manufacturing.
- Domestic value addition rose to **23%** in FY 2023-24.
- India moved from a net importer of phones in 2014 to a net exporter.

5.2 How is MPMS different from PLI?

- A **dedicated bonus** for Indian-brand design and R&D.
- A **moving baseline** each year instead of a fixed one.
- A bonus linked to domestic sourcing of key components.

The reward shifts from assembly volume alone toward genuine domestic ownership. It pushes makers up the value chain.

> 12. **Think it through:** Does MPMS replace the electronics push?
>
> See answer ↓

> **Quick check 7.** True or false: MPMS succeeds PLI-LSEM, whose tenure ended on 31 March 2026. *(True or False?)* See answer ↓

Sources: pib.gov.in

Where does India stand in phone manufacturing?

6 Where India stands today

6.1 How far has India come?

Electronics manufacturing has grown **7 times** and exports **11 times** since FY 2014-15. India is now the world's **second-largest** mobile phone maker by volume. About **99.2%** of phones used in India are made at home.



Inaugurating Samsung's Noida plant, once billed as the world's largest mobile factory. (Government of India, GODL-India, Wikimedia Commons)

6.2 What about exports?

Smartphones became India's single largest exported product category in **2025**. They overtook diesel fuel and cut diamonds. In FY 2025-26 they were India's top exported individual commodity, up from outside the top 100 in 2014.

Some plants employ more than 5,000 people at one site. A few reach 20,000.

6.3 What is the assembly-versus-value trap?

Much of a phone's value comes from design, IP and brand, not assembly alone. MPMS tries to move India beyond assembly. That is why the Indian-brand track exists.

> **Quick check 8.** True or false: As of 2026, about 99.2% of mobile phones used in India are made domestically. *(True or False?)*
>
> See answer ↓

> **Quick check 9.** True or false: By 2025, smartphones had become India's single largest exported product category. *(True or False?)*
>
> See answer ↓

> **Quick check 10.** True or false: India's phone industry has barely changed since 2014. *(True or False?)* See answer ↓

Sources: electronics.economictimes.indiatimes.com

Exam Practice

Remember this

- **Scheme:** MPMS, approved 15 July 2026, Rs 62,500 crore, FY 2026-27 to FY 2030-31
- **Rates:** base 2.25-5%, plus up to 1.5% sourcing, plus 3% Indian-brand design and R&D
- **Tracks:** TS1 big manufacturers, TS2 Indian brands
- **Origin:** successor to PLI-LSEM, which ended 31 March 2026

Explain it back: In three sentences, say how MPMS differs from the earlier PLI scheme.

Practice MCQs

1. The Union Cabinet approved the Mobile Phone Manufacturing Scheme (MPMS) on which date?

A. 1 January 2027

B. 31 March 2026

C. 15 July 2026

D. 1 April 2026

See answer ↓

2. What is the total budgetary outlay approved for MPMS, and over how many years?

A. ₹40,995 crore, over 5 years

B. ₹1 lakh crore, over 5 years

C. ₹62,500 crore, over 3 years

D. ₹62,500 crore, over 5 years

See answer ↓

3. Besides its base incentive on eligible sales, MPMS offers an extra 3% incentive tied to which activity?

A. Domestic sourcing of components

B. Exporting finished phones

C. Setting up new factories

D. Design and R&D for Indian brands

See answer ↓

4. MPMS succeeds which earlier scheme, whose tenure ended on 31 March 2026?

A. The National Electronics Policy

B. The Digital India Programme

C. The India Semiconductor Mission

D. PLI-LSEM (PLI Scheme for Large Scale Electronics Manufacturing)

See answer ↓

5. As of 2026, what share of mobile phones used in India are manufactured domestically?

A. 99.2%

B. 85%

C. 75%

D. 60%

See answer ↓

6. According to the same 30 July 2026 reply, smartphones -- absent from India's top 100 exported commodities in 2014 -- have now become what?

A. Banned from export

B. A minor export, ranked outside the top 50

C. India's top exported individual commodity

D. Only exported to neighbouring countries

See answer ↓

Answer Key

1. **C.** The correct answer is **15 July 2026**. The Union Cabinet, chaired by the PM, approved MPMS on that date. 1 April 2026 and 1 January 2027 are not scheme dates. 31 March 2026 is when the old PLI-LSEM ended. Memory hook: approved mid-July, 15 July. ↑ Q1
2. **D.** The correct answer is **Rs 62,500 crore, over 5 years**. The tenure is FY 2026-27 to FY 2030-31. Rs 40,995 crore, a 3-year term and Rs 1 lakh crore are wrong. Memory hook: Rs 62,500 crore, five years. ↑ Q2
3. **D.** The correct answer is **design and R&D for Indian brands**. The 3% extra goes to Indian brands for design and R&D. The up-to-1.5% bonus is for domestic sourcing of components. Exports and new factories carry no such bonus. Memory hook: 3 for design, 1.5 for sourcing. ↑ Q3
4. **D.** The correct answer is **PLI-LSEM**. Its tenure ended on 31 March 2026, and MPMS follows it. The India Semiconductor Mission, Digital India and the National Electronics Policy are different programmes. Memory hook: PLI ends, MPMS begins. ↑ Q4
5. **A.** The correct answer is **99.2%**. About 99.2% of phones used in India are made at home. India is the second-largest phone maker by volume. 60%, 75% and 85% are too low. Memory hook: 99.2, almost all. ↑ Q5
6. **C.** The correct answer is **India's top exported individual commodity**. Smartphones were outside the top 100 exports in 2014. They topped the list in FY 2025-26, passing petroleum and gems and jewellery. They are not banned and not a minor export. The PIB release is dated 29 July 2026. Memory hook: from outside the top 100 to number one. ↑ Q6

Quick-check answers

1. **True.** The outlay is Rs 62,500 crore over five years. ↑ 1
2. **False.** It runs five years, from FY 2026-27 to FY 2030-31. ↑ 2
3. **True.** It offers a 5% base incentive and 3% more for Indian design and R&D. ↑ 3
4. **True.** The sourcing bonus is separate and goes up to 1.5%. ↑ 4
5. **False.** It is paid for domestic sourcing of key components and sub-assemblies. ↑ 5

6. **True.** It also needs IP, trademark and in-house R&D in India. ↑ 6
7. **True.** PLI-LSEM was the 2020 scheme for large-scale electronics manufacturing. ↑ 7
8. **True.** India is also the second-largest phone maker by volume. ↑ 8
9. **True.** They overtook diesel fuel and cut diamonds. ↑ 9
10. **False.** India moved from net importer in 2014 to net exporter, with smartphones now the top export. ↑ 10
11. **Think it through.** A new Indian brand starts with a cost disadvantage against global giants. A higher 5% base rate and a 3% R&D bonus offset part of that. ↑ 11
12. **Think it through.** It sits inside the wider electronics manufacturing push. It builds on it. ↑ 12

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