

EXPLAINED

How a new govt subsidy plan hopes to create a competitive Indian smartphone brand

The push to build an Indian smartphone brand also signals that the government's ambition for the electronics sector is moving beyond simply attracting factories and boosting assembly.



Children gather around a mobile phone as local residents rest at a railway station to escape the heat in Banda, northern Indian state of Uttar Pradesh, Saturday, June 20, 2026 (AP Photo/Rajesh Kumar Singh)

Written by: **Soumyarendra Barik**

5 min read New Delhi Jul 17, 2026 07:17 AM IST ✓

First published on: Jul 16, 2026 at 10:59 AM IST

India makes almost every smartphone sold in the country. But when it comes to the names on those phones, Indian companies are conspicuously absent. A new Rs 62,500 crore mobile phone manufacturing scheme, approved by the Union Cabinet Wednesday, hopes to change that.

Under the **new scheme**, a five-year follow-on to the Production Linked Incentive (PLI) scheme for smartphone assembly, which helped India successfully localise production, the government is focusing on local sourcing to boost domestic value addition, and on design and R&D by Indian brands, along with incentives linked to the export of smartphones, Union IT Minister Ashwini Vaishnaw said.

For building Indian brands, an additional incentive at the rate of 3% on eligible sales will apply for design and R&D of the product under the scheme.

The push to build an Indian smartphone brand also signals that the government's ambition for the electronics sector is moving beyond simply attracting factories and boosting assembly. Having established India as a major manufacturing base, New Delhi now wants Indian companies to move deeper into the value chain – into product design, research and development, intellectual property, component ecosystems and brand ownership.

STORIES YOU MAY LIKE



Indus Waters Treaty: Why India wants to renegotiate the pact with Pakistan



In a first, EPFO interest for FY26 credited in one go to 35 crore accounts



Publishers sue Google over use of copyrighted books for AI training

Though a long-term plan, what the government is essentially looking to subsidise to help propel an Indian smartphone brand is the immediate cost disability it may have against well-established competitors, particularly from China.

ADVERTISEMENT

“We expect that four or five Indian companies will be interested in building a mobile phone brand that can compete with others on quality and price. But, they may have a cost disability of 10-15% initially, so through the new scheme, the government is looking to bridge at least 5-6% of that,” a senior government official said.

Why an Indian smartphone brand

The push to build an Indian smartphone brand is rooted in a larger gap in India's electronics story. The country has succeeded in attracting global companies to manufacture mobile phones at scale, but much of the value generated by the industry, from product design and intellectual property to branding and technology, continues to be owned by companies headquartered elsewhere, though Indian companies like Tata Electronics and Dixon are establishing themselves in the contract manufacturing sector.

ALSO READ  | [Higher EMIs, rising prices: Why the next iPhone could be a tough buy in India](#)

The government's new mobile phone manufacturing scheme hopes to explicitly address this gap by supporting Indian brands, with the stated objectives of achieving technological sovereignty, capturing a larger share of the economic value generated by the sector and creating Indian patents in design and research and development.

This is important because manufacturing alone does not necessarily translate into control over an industry. A phone assembled in India may still be designed elsewhere, use foreign-owned intellectual property and be sold under a foreign brand. The government now wants Indian companies to move up this value chain. The scheme, with a ₹62,500-crore outlay over five years, is intended to deepen domestic value addition, strengthen supply chains and improve global competitiveness, while providing incentives on eligible mobile phone sales.

The policy also reflects the limits of the first phase of India's mobile manufacturing push. Production-linked incentives helped attract global manufacturers like Apple and expand India's capacity to make phones, with the country emerging as a major manufacturing and export base. But India has not produced a smartphone brand with

comparable scale and global reach. The new scheme is an attempt to fill that gap, to ensure that the next phase of growth is not only about more phones being made in India, but also about Indian companies owning the design, technology and brand behind those phones.

“The scheme’s strong focus on domestic value addition, component sourcing, design-led manufacturing and Indian brands will deepen the electronics ecosystem, strengthen supply chain resilience and enhance export competitiveness. It provides the long-term policy certainty needed to attract fresh investments, foster indigenous technology development and position India as a preferred global destination for advanced mobile phone manufacturing,” said Ashok Gupta, chairman of Optiemus Electronics Limited.

How the Chinese beat Indian smartphone brands

The push also reflects the failure of an earlier generation of Indian mobile brands to capitalise on the country’s rapidly expanding smartphone market. Companies such as Micromax, Karbonn and Lava had established themselves in the feature-phone and low-cost handset segments, but struggled to make the transition to smartphones as the market became more technologically demanding.

India Smartphone Shipments Market Share (%)

Brands	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Vivo	21%	22%	24%	24%	24%	23%
Samsung	13%	17%	15%	13%	13%	17%
Oppo	14%	15%	16%	16%	15%	17%
Xiaomi	15%	13%	13%	13%	12%	12%
Realme	10%	11%	10%	9%	10%	9%
Others	26%	22%	22%	25%	26%	22%

Source – Counterpoint Research

Chinese brands, meanwhile, entered India with a combination of aggressive pricing, frequent product launches, heavy marketing and rapidly expanding distribution networks. Companies such as Xiaomi, Vivo, Oppo and Realme were able to offer better specifications at competitive prices, while investing significantly in retail networks, after-sales service and brand-building. This allowed them to move beyond the initial advantage of low prices and establish a strong presence across different segments of the market.

The result is visible even today. In the first quarter of 2026, Chinese smartphone companies largely dominated India's smartphone market, with Samsung being an exception. According to market intelligence firm Counterpoint Research, Vivo led the India smartphone market with a 21% share, followed by Samsung and Samsung and Oppo, both of which had a 17% market share. Xiaomi and Realme took the final places in the top five, with a market share of 12% and 9% respectively.

CURATED FOR YOU



Hotels, restaurants growing 35% every month, railway subdued: New MoSPI service...



Long before Supreme Court ruling, how Ambedkar grappled with Assam's...

© The Indian Express Pvt Ltd

 **NewsGuard**



Soumyarendra Barik

Follow

Soumyarendra Barik is a Special Correspondent with The Ind... **Read More**

Explained Economics

Express Explained