How India's Rs 62.5k cr scheme aims to scale mobile manufacturing, build domestic brands

Soumyarendra Barik
New Delhi, August 22

AFTER TURNING India into a major assembly hub for global smartphone makers, the Centre's new Rs 62,500 crore phone manufacturing scheme is attempting to tackle two unfinished parts of the country's electronics story: keeping large-scale production growing after the first smartphone production linked incentive (PLI) scheme has run its course, and creating Indian smartphone brands that can compete with the foreign companies dominating the domestic market.

The five-year scheme, which will run from FY 2026-27 to FY 2030-31, has consequently been split into two distinct tracks.

The first is designed as a successor to the earlier PLI programme, offering incentives to large manufacturers and electronics manufacturing services (EMS) companies for expanding production, while increasingly linking benefits to the domestic sourcing of components. The second sets aside a separate incentive structure for Indian smartphone brands, offering higher support for companies that not only manufacture in the country but also keep their intellectual property, management control, design and research and development capabilities in India.

Keeping the PLI engine running

The first component is the direct successor to the smartphone PLI and is aimed at companies manufacturing at scale, including EMS companies.

To qualify, a manufacturer must have recorded at least Rs 10,000 crore in turnover in FY 2025-26. For existing brands, sales must increase by at least Rs 5,000 crore over FY26 levels in the first year, with the threshold rising cumulatively to Rs 10,000 crore in FY28, Rs 15,000 crore in FY29, Rs 20,000 crore in FY30 and Rs 25,000 crore in FY31. Unlike the original PLI, the baseline itself will also move every year: it will be calculated as the preceding financial year's sales plus 15%.

Incentives will then be paid on sales above this baseline, subject to the annual threshold being met. The thresholds are calculated on a brand-wise basis, and the sales counted towards them can include exports.

"The new mobile phone manufacturing scheme builds on the central premise of PLI for smartphone makers: India will support manufacturers that can demonstrate scale and meaningful incremental production. Incumbents that have already built manufacturing capacity in India are therefore naturally positioned to benefit," Dhruv Shekhar, lead of manufacturing and supply chains at the Delhi-based consultancy firm Koan Advisory Group, told *The Indian Express*.

The quest for India's own Apple & Samsung

One of the more consequential aims of the new scheme is to incentivise the creation of a homegrown smartphone brand, a clear signal that the government's ambition for the electronics sector is moving beyond simply attracting factories and boosting assembly.

To qualify as an Indian brand under the scheme, a company must be incorporated in India; its trademark and intellectual property must be held in India; Indian citizens must exercise management control and hold more than 51% of the entity; and it must have in-house design and R&D capabilities in the country.

"The more interesting shift in the new scheme is that the government is no longer looking only at how many phones India can manufacture, but at who actually owns and develops the product... The Indian-brand track is an attempt to address that gap and, in some ways, rebuild the kind of domestic product capability that India had before foreign brands came to dominate the market," Shekhar said. As per the scheme details, eligible Indian brands will receive a 5% incentive on incremental sales.

Products designed and developed in India can receive an additional 3% for design and R&D, apart from the domestic-sourcing incentive of up to 1.5%. Companies can also opt for a one-year gestation period, and the scheme leaves room for additional non-fiscal government support, which will be determined by a separate empowered committee.

The higher incentive structure is intended to offset some of the cost disadvantage a new Indian entrant would initially face against established global brands. **FULL REPORT ON WWW.INDIANEXPRESS.COM**

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