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**EDITORIAL ANALYSIS**

# India's Smartphone PLI Success — A Blueprint for Manufacturing Transformation

 **INDIAN EXPRESS**

3 April 2026

**ECONOMY****REPORTS & SCHEMES****GS3**

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# India's Smartphone PLI Success — A Blueprint for Manufacturing Transformation

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## INTERVIEW ANGLE

*"What structural factors explain the PLI scheme's success in smartphones, and what reforms are needed to replicate this model in textiles and footwear?"*

## THE CORE ARGUMENT

The Production-Linked Incentive (PLI) scheme for electronics — specifically smartphones — has delivered **\$64 billion in production** and **1.5–2 lakh direct jobs** between 2020 and 2025, making it the most successful industrial policy instrument in post-liberalisation India. The Indian Express credits four design elements for this success: an **export-first strategy**, **downstream assembly entry** (allowing companies to start with assembly before deep localisation), **rational tariff structures** that made Indian manufacturing cost-competitive with Vietnam and China, and effective **government-industry coordination** through a dedicated task force. The editorial argues this proven model must now be systematically replicated in **labour-intensive sectors** — textiles, footwear, leather, and furniture — which have far greater employment multiplier effects per unit of investment.

## PLI SCHEME — DESIGN AND RESULTS

FEATURE	DETAIL
Launched	April 2020 (smartphones); expanded to 14 sectors
Incentive structure	4–6% of incremental sales above a base year, paid over 5 years
Total outlay (all sectors)	~₹1.97 lakh crore
Smartphone PLI outlay	~₹41,000 crore
Companies approved	Apple (Foxconn, Pegatron, Wistron), Samsung, Lava, Micromax, Dixon, others
Production achieved	\$64 billion (2020–25)
Jobs created	1.5–2 lakh direct
Export growth	India’s smartphone exports grew from near-zero to \$12+ billion

## WHY SMARTPHONES SUCCEEDED

The editorial identifies four success factors:

- ❶ **Export focus:** Companies were incentivised to export — not just sell domestically — aligning India with global supply chains
- ❷ **Phased localisation:** Companies could begin with assembly (screwdriver model) and deepen local content over time — reducing entry barriers
- ❸ **Tariff architecture:** Import duties on components structured to make Indian manufacturing 5–8% cheaper than importing finished phones
- ❹ **Ease of doing business:** Single-window clearances, dedicated manufacturing zones, fast customs

## THE REPLICATION CHALLENGE — TEXTILES AND FOOTWEAR

SECTOR	EMPLOYMENT INTENSITY	PLI CHALLENGE
Garments/Apparel	~12 million workers	Labour law rigidity; smaller firms can't meet turnover thresholds
Footwear/Leather	~4 million workers	Fragmented; dominated by MSMEs who can't absorb PLI compliance costs
Furniture	~3 million workers	Raw material (timber) supply chain constraints
Electronics	~5 lakh direct (smartphones)	Fewer workers but higher value addition

**Key insight:** Labour-intensive sectors need **modified PLI designs** with lower thresholds, MSME-friendly compliance, and cluster-based (not individual-firm) incentives.

## INDIA'S MANUFACTURING AMBITION — STRUCTURAL GAPS

Despite PLI success, India's manufacturing GDP share remains stuck at ~15–16% (compared to China's ~28% at peak). Structural barriers:

- **Labour laws:** Multiple state-level regulations make mass-employment factories complex; new Labour Codes being implemented slowly
- **Land acquisition:** Delays in setting up greenfield manufacturing zones
- **Logistics costs:** 13–14% of GDP vs. 8% in China — reducing competitiveness
- **Component ecosystem:** India imports 70–80% of electronic components; deep localisation still nascent

## UPSC RELEVANCE

### GS Paper 3 — Economy:

- Industrial policy — PLI vs. import substitution vs. export promotion
- India's manufacturing share in GDP — structural reasons for under-performance
- Make in India, AtmaNirbhar Bharat — sectoral outcomes
- FDI in manufacturing — Apple's India expansion as case study
- Employment elasticity — which sectors create most jobs per unit of investment

## UPSC RELEVANCE

“PLI’s smartphone success demonstrates that well-designed industrial policy can overcome India’s structural manufacturing disadvantages — but scaling this to employment-intensive sectors requires addressing land, labour, and logistics constraints with equal urgency.”

## FACTS CORNER

- **PLI launched:** April 2020 for mobiles/electronics; subsequently expanded to 14 sectors including pharma, textiles, auto, food processing, telecom, white goods, solar PV
- **Apple in India:** iPhone 15 and 16 manufactured in India (Foxconn, Tamil Nadu; Tata, Karnataka); India now accounts for 12–14% of global iPhone production
- **Vietnam comparison:** India directly competes with Vietnam for electronics manufacturing FDI; PLI has partly closed the gap
- **SPECS scheme:** Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors — complements PLI by incentivising upstream component production
- **National Textile Policy:** Government target to grow textile sector to \$350 billion by 2030 (from \$155 billion in 2022)
- **Labour Codes:** India consolidated 29 central labour laws into 4 Labour Codes (Wages, Industrial Relations, Social Security, Occupational Safety) — implementation still pending in most states

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