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MAGAZINE NOTES

Mobile Phone Manufacturing Scheme (MPMS): Beyond PLI

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Mobile Phone Manufacturing Scheme (MPMS): Beyond PLI

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Feature analysis for PIB July 2026, built from verified PIB and ministry data.

On 15 July 2026 the Union Cabinet, chaired by Prime Minister Narendra Modi, approved the **Mobile Phone Manufacturing Scheme (MPMS)** with a budgetary outlay of **Rs 62,500 crore**. Running for five years from **FY 2026-27 to FY 2030-31**, MPMS is the designated successor to the mobile phone Production-Linked Incentive (PLI) scheme that transformed India into the world's second-largest mobile manufacturer. What makes MPMS worth studying is not the headline number but the **redesign of the incentive itself**: it moves the reward from mere assembly toward **component depth, local sourcing and home-grown brands**.

WHY IN NEWS

India's mobile PLI succeeded spectacularly at scaling up **assembly** and exports, but a familiar critique lingered: much of the value, chips, displays, camera modules and other high-value components, was still imported. MPMS is engineered to close that gap. Its incentive structure deliberately pays more for **domestic value addition** and for **Indian brands that invest in design and research**, addressing the exact weakness of the earlier phase.

THE INCENTIVE ARCHITECTURE

The scheme offers manufacturers **incentive support on eligible sales of mobile phones made in India at differentiated rates ranging from 2.25 per cent to 5 per cent**. Two additional layers reward the behaviour the government wants to encourage.

INCENTIVE LAYER	RATE	PURPOSE
Base incentive on eligible sales	2.25% to 5%	Reward domestic manufacturing
Local component and sub-assembly sourcing	Up to 1.5% extra	Deepen backward integration and value addition
Indian brands with design and R&D investment	3% extra	Build home-grown intellectual property

This tiered design is the intellectual leap over flat PLI. A firm that simply assembles imported kits earns the base rate; a firm that sources sub-assemblies in India and invests in its own design earns materially more. The policy thus **prices the externality** the country cares about, which is domestic value addition.

TARGETS AND IMPACT

The government expects MPMS to drive cumulative mobile phone production of approximately **Rs 39 lakh crore** over its five-year tenure and to generate around **60,000 direct jobs**, with a much larger indirect employment footprint across the components ecosystem. The scheme's stated objectives are to **scale up production, deepen domestic value addition, strengthen supply-chain resilience, enhance global competitiveness and promote Indian mobile phone brands**.

For context, mobiles and components worth several lakh crore had already been produced under the earlier PLI, so MPMS is not starting from zero. It is a **deepening play** on an established base, aimed at moving India up the value curve from assembler to component maker and brand owner.

SIGNIFICANCE FOR THE ECONOMY

Electronics is one of India's fastest-growing manufacturing sectors and a major export earner. By tying incentives to **local sourcing and design**, MPMS aims to build a **resilient component supply chain** at home, reducing exposure to external shocks and geopolitical disruption. The R&D-linked incentive is a signal that the government wants India not only to make the world's phones but to **design and brand them** too, capturing higher-value activity and reducing the perennial trade deficit in electronics.

UPSC ANGLE

- **GS3 (Economy):** Changes in industrial policy, effects on industrial growth, and the evolution from PLI to value-addition-linked incentives. MPMS is a ready example of **second-generation industrial policy**.
- **Prelims:** Outlay **Rs 62,500 crore**; tenure **FY 2026-27 to FY 2030-31**; production target about **Rs 39 lakh crore**; roughly **60,000 direct jobs**.
- **Mains way forward:** Discuss how incentive design can be used to correct the shallow value-addition problem, the risk of subsidy dependence, and the need for parallel investment in component R&D and skilling.

Facts Corner: MPMS succeeds the mobile PLI; incentives range from 2.25 to 5 per cent, with up to 1.5 per cent extra for local sourcing and 3 per cent extra for Indian brands investing in design and R&D; approved 15 July 2026.

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