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Mobile Phone Manufacturing Scheme: Deepening India's Electronics Value Chain

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ECONOMY

GS3

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WHY IN NEWS

On , the **Union Cabinet** approved the **Mobile Phone Manufacturing Scheme (MPMS)** with an outlay of **Rs 62,500 crore**, running from **FY2026-27 to FY2030-31**. Administered by the **Ministry of Electronics and Information Technology (MeitY)**, it succeeds the mobile-phone *Production Linked Incentive (PLI)* scheme (<https://ujjyari.com/terms/production-linked-incentive/>) and marks a deliberate pivot from final assembly toward **domestic component and sub-assembly value addition**.

India has, in less than a decade, moved from being a marginal importer-assembler of handsets to the **world's second-largest mobile phone manufacturer**. Yet the story carries an uncomfortable footnote: a large share of the value inside every “Made in India” phone, the display, the camera module, the printed circuit board, the connectors and the mechanics, is still imported, much of it from China. The MPMS is the government’s answer to the recurring critique that India has mastered “**Assemble in India**” but not yet “**Make in India**”. It seeks to pull the electronics story deeper into the value chain, where the real margins, jobs and technology reside.

From PLI 1.0 to a Component Ecosystem

The original mobile-phone PLI, launched in 2020, was spectacularly successful at one thing: making India an assembly hub. Global majors set up lines, exports crossed record levels, and the trade profile of electronics improved sharply. But assembly captures only a thin slice of the final value. The **MPMS** consciously rebalances the incentive structure toward **component and sub-assembly manufacturing**, so that a rising share of the bill of materials is sourced and built domestically. This is measured through **Domestic Value Addition (DVA)**, the metric that tells us how much of a product’s worth is genuinely created within India rather than merely screwed together here.

Targets and Ambition

The scheme is explicitly **outcome-linked rather than input-subsidised**, tying incentives to production and value-addition milestones over its five-year window.

PARAMETER	DETAIL
Scheme name	Mobile Phone Manufacturing Scheme (MPMS)
Approval	Union Cabinet, July 15, 2026
Outlay	Rs 62,500 crore
Tenure	FY2026-27 to FY2030-31 (five years)
Administering ministry	MeitY
Cumulative production target	~Rs 39 lakh crore over five years
Direct jobs target	~60,000
Predecessor	Mobile-phone PLI scheme
Focus shift	Assembly to component and sub-assembly value addition

The Trade-Deficit and Jobs Debate

Two anxieties drive the policy. First, **import dependence**: even as finished-phone imports have collapsed, imports of components, especially from China, have swelled, keeping the electronics trade balance fragile. Deepening the component base is therefore as much a **strategic autonomy** (<https://ujiyari.com/terms/strategic-autonomy/>) goal as an economic one. Second, **quality employment**: component fabrication, unlike screwdriver assembly, demands engineers, precision-tooling operators and process specialists, promising more durable, higher-skill jobs than the assembly lines alone.

The MPMS should be read alongside **Semicon 2.0**, the semiconductor mission cleared the same day. Together they signal a two-track push: chips at the deepest layer of the stack, and mobile components in the middle. Semiconductors and phone components are distinct interventions, but they converge on the same objective, an integrated, self-reliant electronics manufacturing base.

UPSC RELEVANCE

GS Paper 3: Indian economy, mobilisation of resources, growth and employment; effects of liberalisation on the economy, changes in industrial policy; manufacturing and Make in India.

Prelims pointers:

- MPMS outlay: **Rs 62,500 crore**; tenure **FY2026-27 to FY2030-31**; nodal ministry **MeitY**.

- India is the **world's second-largest mobile phone manufacturer**.
- MPMS is the **successor to the mobile-phone PLI scheme**, focusing on **component and sub-assembly value addition**.
- **Domestic Value Addition (DVA)** is the key metric; **Semicon 2.0** was approved the same day.

Mains question: “India has succeeded at assembling mobile phones but not yet at manufacturing their components.” Critically examine how the Mobile Phone Manufacturing Scheme (MPMS) seeks to deepen domestic value addition, and assess the challenges to achieving genuine self-reliance in electronics. (15 marks, 250 words)

FACTS CORNER

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MPMS outlay: Rs 62,500 crore over five years (FY2026-27 to FY2030-31).

Nodal ministry: MeitY (Ministry of Electronics and Information Technology).

Production target: ~Rs 39 lakh crore cumulative; jobs target: ~60,000 direct.

Rank: India is the world's second-largest mobile phone manufacturer.

Core shift: from final assembly (PLI 1.0) to component and sub-assembly value addition, raising Domestic Value Addition (DVA).

Related: Semicon 2.0 (semiconductor mission) was approved by the Cabinet on the same day, July 15, 2026.

Debate: “Make in India vs Assemble in India”; component import-dependence on China; electronics trade deficit.

Sources: *Press Information Bureau (PIB)* (<https://pib.gov.in/>), *MeitY* (<https://www.meity.gov.in/>), *The Hindu* (<https://www.thehindu.com/>), *Indian Express* (<https://indianexpress.com/>), *LiveMint* (<https://www.livemint.com/>)

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