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MEITY

Mobile phone makers can apply for incentives from October 15

MeitY's Target Segment-1 guidelines set brand-wise sales thresholds, incentive rates of 2.25% to 5%, and up to 1.5% more for components sourced in India.

THE MINISTRY OF Electronics and Information Technology (MeitY), IPHW Division, issued the Scheme Guidelines for the "Mobile Phone Manufacturing Scheme", "Target Segment-1: Incentivising Mobile Phone Manufacturing", dated October 6, 2026 and signed by Sushil Pal, Joint Secretary. The scheme was notified by Gazette notification CG-DL-E-21082026-275648 dated August 21, 2026, and the guidelines are laid down in pursuance of its paragraph 13; where the two are inconsistent, the notification prevails. The scheme has two target segments: TS-1, incentivizing mobile phone manufacturing, and TS-2, supporting Indian mobile phone brands. These guidelines cover TS-1. The incentive period is five consecutive years starting from FY 2026-27, and the overall incentive outlay, including TS-2, is ₹62,300 crore, fungible between the two segments and administered as fund limited.

KEY FACTS

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An applicant is a mobile phone manufacturer registered in India, including an Electronics Manufacturing Services (EMS) company, with a minimum global turnover, including its group companies, of ₹10,000 crore in FY 2025-26. Where the applicant or the brand is owned or controlled, directly or indirectly, by an entity or person from a country sharing a land border with India, the application goes through the same compliance processes as under the Foreign Direct Investment (FDI) policy and is considered on terms the Government may specify. An applicant may file one application under each target segment. The application window runs from October 15, 2026 to March 31, 2029, on an online portal whose details MeitY will publish separately; applications submitted after March 31, 2027 are eligible for incentive from the date of approval, and the window may be extended or reopened. The application fee is ₹10,00,000 (ten lakh rupees), paid electronically and non-refundable. Applicants submit authorization from each brand, brand-wise sales for FY 2023-24 to FY 2025-26, projections and a localization plan. Projects with an estimated incentive above ₹100 crore are approved by the Minister for Electronics and Information Technology, and those up to ₹100 crore by the Secretary, MeitY, on the recommendation of an Empowered Committee.

Incentives are computed brand-wise on the eligible sales of mobile phones manufactured in India. Baseline sales for a year are the brand's total domestic sales in the preceding year plus 15%, so the baseline moves each year; eligible sales are total sales less the baseline. An existing brand, one with domestic manufacturing and sales of mobile phones in FY 2025-26, is eligible for a year only if its sales exceed its FY 2025-26 total by at least that year's threshold, from ₹5,000 crore in FY 2026-27 to ₹25,000 crore in FY 2030-31. A new brand becomes eligible once its total sales in India exceed ₹10,000 crore in a financial year and must then meet the yearly thresholds; a new brand owned by an existing brand or its group companies does not count as new. Two rates apply: the part of eligible sales "upto the difference between the average sale of FY 2025-26, FY 2024-25 and FY 2023-24 and the Baseline Sales" earns 2.75% in FY 2026-27 and FY 2027-28, falling to 2.25% in FY 2030-31, and the remaining eligible sales earn 5%, falling to 4%, on the same steps. Where more than one applicant makes a brand, the incentive is shared

in proportion to their manufacturing, or in another manner MeitY or the Project Management Agency prescribes.

An additional incentive of up to 1.5% of eligible sales is paid for domestic sourcing of five components or sub-assemblies: display module 0.30%, camera module 0.30%, enclosure 0.50%, batteries including cells 0.20%, and USB cables including connectors 0.20%. The applicant must localize at least 25% of the total quantity of the component in the year. Components made in India for the brand's global operations count toward the 25%, but the incentive is paid only on phones manufactured in India with domestically sourced components, pro rata. A minimum manufacturing process must be done in India: for display modules, the complete sub-assembly, including Film on Glass (FOG) and Chip on Glass (COG) processes as applicable, with the cover glass made in India from the second year; for camera modules, the complete sub-assembly, including surface mounting, Front on Line (FOL) and End of Line (EOL) processes as applicable; for batteries, battery packs assembled from cells made in India; and for USB cables, cable assembly using connectors made in India. For display and camera modules, final assembly from a semi-assembled product does not qualify. If either of the enclosure's two parts, the back cover or the mid-frame, mid-plate, chassis or case front, is localized, 0.25% is given for that part, and the enclosure's localization is to be reviewed after 2 years. The additional incentive applies to both target segments.

The Empowered Committee sets each brand's incentive ceiling at approval from the applicant's cumulative annual commitment and the budget, and if the budget is limited near the end of the scheme, incentives are paid pro rata. Claims may be filed quarterly with a statutory auditor's certificate and must be submitted within 9 months of the end of the financial year. An applicant may claim early disbursement before reaching the threshold against an equivalent bank guarantee, and up to 80% of the incentive attributable to related-party sales or investment, in claims filed before Form 3CEB is due, may be considered for disbursal against an indemnity bond. Excess incentive, or incentive obtained by misrepresentation, is repaid with interest at the 3-year SBI MCLR or base rate, compounded annually. Approved applicants file self-certified Quarterly Review Reports within 30 days of the end of each quarter, and incentives are withheld until an Integrity Pact undertaking is given. The guidelines do not identify the Project Management Agency or give the portal's address, and do not set out the terms that may apply to applicants with ownership from a country sharing a land border with India.

Issued by	Ministry of Electronics and Information Technology (MeitY), IPHW Division
Document	Scheme Guidelines, "Mobile Phone Manufacturing Scheme", "Target Segment-1: Incentivising Mobile Phone Manufacturing"
Dated	October 6, 2026
Scheme notified by	Gazette notification CG-DL-E-21082026-275648, August 21, 2026

Applies to	Mobile phone manufacturers registered in India, including EMS companies, with a global turnover, including group companies, of at least ₹10,000 crore in FY 2025-26
Application window	October 15, 2026 to March 31, 2029; applications after March 31, 2027 are eligible for incentive from the date of approval
Application fee	₹10,00,000, non-refundable
Incentive period	Five consecutive years from FY 2026-27
Baseline sales	The brand's total domestic sales in the preceding year plus 15%
Incentive rates	2.75% to 2.25% on the first part of eligible sales and 5% to 4% on the rest, by year
Domestic sourcing	Up to 1.5% more on eligible sales, with at least 25% of a component's quantity localized
Total outlay	₹62,300 crore, including Target Segment-2
Claims due	Within 9 months of the end of the financial year
Land-border ownership	Same compliance processes as under the FDI policy; approval on terms the Government may specify
Signed by	Sushil Pal, Joint Secretary

Threshold sales and incentive rates by financial year

Financial year	Threshold sales over FY 2025-26 total sales (₹ crore)	Rate on the first part of eligible sales (%)	Rate on the remaining eligible sales (%)
2026-27	5,000	2.75	5
2027-28	10,000	2.75	5
2028-29	15,000	2.5	4.5
2029-30	20,000	2.5	4.5
2030-31	25,000	2.25	4

The scheme guidelines (PDF, 4.5 MB)

Source: MeitY's own copy.

Checked against the official copy on October 27, 2026.

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Read online: indusdesk.com/meity/insights/mobile-phone-makers-can-apply-for-incentives-from-october-15/