

Govt curbs import of PCs, laptops over 'security risk'

Move coincides with India's efforts to become a major electronics maker

SHREYA NANDI &
ASIT RANJAN MISHRA
New Delhi, 3 August

Citing "security risks", the government has imposed import restrictions on laptops, tablets, personal computers, and other similar data-processing units.

Although China was not mentioned, the restrictions would mean such items could be sourced only from "trusted partners" via a licensing regime.

In FY23, India imported \$8.8 billion worth of the seven items now under the licensing regime. In that amount, products worth \$5.1 billion (58 per cent) were sourced from China.

The Directorate General of Foreign Trade (DGFT) issued the notification, clarifying that airline passengers returning to India could still carry such items purchased abroad.

"The said restriction shall not be applicable to imports under baggage rules, as amended from time to time," it stated.

Exemption will also apply to purchases of such items from e-commerce portals, by post or courier.

"Imports shall be subject to payment of duty as applicable," the DGFT said.

The move coincides with India's efforts to become a major electronics manufacturer. The government has initiated the production-linked incentive (PLI) scheme for information technology hardware to encourage domestic manufacturing of such items.

SKEWED TRADE



Figures for FY23, in \$ million

Item	Total imports	Imports from China	China's share in total imports (%)
Personal computers (laptops or tablets)	5,336	4,106	76.9
Computers systems	136	92	67.3
Other personal computers	553	351	63.5
Super computers	179	99	55.3
Data processing units	2,580	470	18.2
Total	8,786	5,118	58.3

Note: Figures rounded off; total also includes imports of micro computers and mainframe computers to the tune of \$1.20 mn and \$ 0.16 mn
Source: Commerce department

PC companies to seek 3-month reprieve

Personal computer (PC) companies are planning to request the Directorate General of Foreign Trade to provide for a three-month grace period before implementing the newly imposed import licensing requirement, even as their associations have asked for an urgent meeting with the officials on the contentious order. This order, places laptops, tablets, and ultra-small form factor computers on the "restricted list", now requiring valid licences for import with immediate effect. **SURAJEET DAS GUPTA** writes

10 ▶

A senior government official said the decision was primarily driven by the need to ensure citizens' security.

"Our digital citizens need an ecosystem where they are not exposed to machines that might pose a security risk. Some hardware could potentially compromise sensitive and personal data," he said.

Arpita Mukherjee, professor at the Indian Council for Research on International Economic Relations, pointed out the provision's compatibility with World Trade Organization (WTO) norms, unless challenged by any country.

"Countries have used the 'national security' carve-out at the WTO time and again," she said.

For a smooth transition, the official noted that if the bill of lading was before the date of the notification, such consignments would be allowed into the country.

"We're also making provisions for those who opened LCs (letters of credit) before today's date (August 3). They will be allowed to import their products until August 31. After that, they can only do so with licensing conditions," he added.

Turn to Page 6 ▶

“Public investment will gradually diminish as the government must remain cognisant of fiscal deficit targets. While the private sector is not currently very aggressive in investments due to global uncertainty and the upcoming general elections, the government's interventionist investment strategy, such as the production-linked incentive scheme and increasing capacity utilisation across sectors, will help revive private investments going forward,” he added.

Imports of laptops...

An exemption from the import-licensing norm has been granted for up to 20 items per consignment intended for research and development, testing, benchmarking, evaluation, repair, re-export, and product development. The notification states the goods must be used only for these

purposes and cannot be sold. After their intended use, the products should either be destroyed beyond use or re-exported.

If the items form an essential part of a capital good, the licensing requirement will also not apply. “An exemption is also provided for re-importing such items repaired abroad,” the notification added.

Another government official said the measure, implemented at a time when India had already developed a sufficient domestic capability, was expected to protect investors from excessive imports of electronic items.

Pankaj Mohindroo, chairman of the India Cellular and Electronics Association, expressed confidence that valid licences would be granted to trusted industry partners, promoting ease of doing business and unrestricted access to trusted brands for digital consumers.

With inputs from Sourabh Lele