

# Firms to seek 3-mth reprieve from import curbs

Immediate implementation of the licensing requirement for imported electronics could lead to shortages and increased prices, cautions industry

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Personal computer (PC) companies are planning to request the Directorate General of Foreign Trade (DGFT) to provide 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. The order places laptops, tablets, and ultra-small form factor computers on the “restricted list”, now requiring valid licences for import with immediate effect.

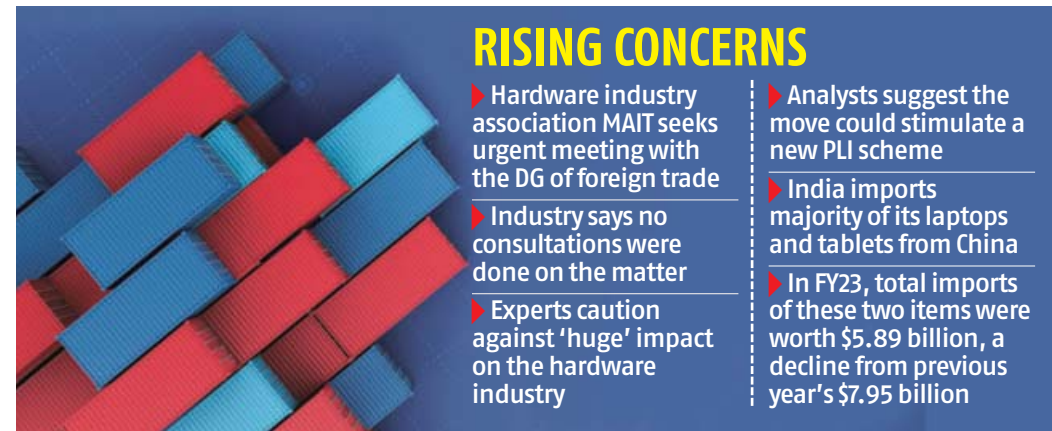
Manufacturers’ Association for Information Technology (MAIT), the hardware industry association, shot off an email on Thursday to the director general (DG) of foreign trade saying that the order “has come as a surprise to the industry as no consultations were done with the industry on the matter.” They have said that as the harmonised system (HS)

codes brought under the restricted list cater to a wide spectrum of products. It further added that the industry needed time to discuss the change and “provide nuanced inputs towards the same and avoid immediate disruption of business”.

MAIT has requested that a delegation from the association was seeking urgent appointment from the DG to apprise him of the “industry concern” as the impact on the hardware industry would be “huge” and “lots of businesses will be impacted”. The email also says that the move would “additionally impact the consumers who will not be able to buy the products”.

PC companies warn that this sudden requirement could halt PC imports — which account for 90 per cent of all sales in the country — prompting a significant shortage in the market and a sharp increase in prices.

An executive from the India Cellular & Electronics Association (ICEA) stated that the industry



## RISING CONCERNS

- ▶ Hardware industry association MAIT seeks urgent meeting with the DG of foreign trade
- ▶ Industry says no consultations were done on the matter
- ▶ Experts caution against ‘huge’ impact on the hardware industry
- ▶ Analysts suggest the move could stimulate a new PLI scheme
- ▶ India imports majority of its laptops and tablets from China
- ▶ In FY23, total imports of these two items were worth \$5.89 billion, a decline from previous year’s \$7.95 billion

would meet to discuss the next steps after further deliberations with the government. .

The ICEA acknowledged the government’s policy in a statement, saying: “The policy announcement seems to be based on the premise of providing secure digital access to the citizens in the country. We are confident that valid licences will be pro-

vided to trusted industry partners which will enable ease of doing business and unrestricted access to trusted brands for digital consumers.”

In 2020, the government made a similar move to promote domestic industry by restricting the import of fully built television sets. The policy affected brands like TCL, Vu, and high-end TV models of Samsung,

LG, and Xiaomi, even though most of their other models were already manufactured in India. The imports which came under scrutiny was around ₹7,000 crore to ₹8,000 crore, which was a small percentage of total sales. But PC imports present a different situation as the majority of the products are imported.

The restriction is seen as a sig-

nificant boost for domestic Electronic Manufacturing Services (EMS) players, as global companies might shift from imports to assembling laptops in India.

Analysts suggest that this could stimulate the new production-linked incentive (PLI) scheme 2.0, which offers incentives for both finished products and components made in the country. As a result, shares of companies like Dixon Technologies ended 8 per cent higher, despite an overall market downturn.

A senior executive of an EMS company, and planning to apply under the new PLI scheme, which ends at the end of the month, stated: “With the new PLI 2.0, we will be able to localise and build the supply chain faster in India. For instance, currently, the motherboards, which account for a substantial portion of a laptop’s cost, are imported. We can now make them in India.” He also said that the licensing policy in imports had helped the TV industry

— where even high end 85 inch TVs were now being assembled in the country.

India imports the majority of its laptops and tablets from China. In FY23, total imports of these two items were worth \$5.89 billion, a decrease from the previous year’s \$7.95 billion. However, domestic assembly of these two items still generated sales of ₹3,000 crore last year.

The revised PLI scheme on hardware aims to significantly reduce India’s dependence on imports. Communications minister Ashwini Vaishnaw stated that companies like HP, Dell, Acer, and Asus have shown interest in partnering with Indian EMS players to assemble their products in India under the PLI scheme, both for the local market and for exports. He also clarified that Lenovo, one of the country’s top three players and controlled by the Chinese, was also welcome to operate in India as long as it collaborates with Indian home-grown EMS players.