

Three-month breather set to light up Diwali season

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Original equipment manufacturers (OEMs) heaved a sigh of relief after the government decided to delay the licensing mandate for the import of personal computers by nearly three months. With this, import restrictions are not expected to dampen PC (including laptops, desktops, notebooks, and workstations) shipments ahead of the upcoming festival season.

The licensing mandate for imports of PCs is now effective from November 1. Still, the government's move will increase the compliance burden on original equipment manufacturers, affecting certain companies more than others.

Following Thursday's notification (which was to be implemented with immediate effect), companies such as HP, Apple, and Samsung were in fix over imports. Its deferral on Friday, however, gave them some breathing room.

According to a government notification, import consignments can be cleared until October 31 without a licence and a government permit would be required for the clearance of imports from November 1.

A government official ruled out the possibility of large-scale hoarding and escalated imports during the three-month transition period. "It is not easy to increase production at a rapid pace in electronic items. Also, since technology gets outdated very soon in this industry, hoarding may not be an option," he said.

The Directorate General of Foreign Trade (DGFT) has prepared an online portal where companies can apply for a licence, which will be issued within two days, provided that the applicant submits all the details required. Meanwhile, the three-month extension is expected to give respite to OEMs ahead of the upcoming festival season. PC sales during the period are likely to remain upbeat. "Festival season normally accounts for 20 per cent of sales for consumer electronics and is a very crucial period for OEMs," said Tarun Pathak, research director, Counterpoint Research. Import restrictions notwithstanding, PC shipments are expected to go up by at least 9-10 per cent, fuelled by festive purchases and a pick-up in enterprise demand, Counterpoint estimates suggest.

"OEMs need to localise their assembling plans. In the long term, it's good for the 'Make in India' programme as the PC segment's local assembling contribution was only 35 per cent until now, as against 100 per cent in smartphones and TVs," Pathak said. Domestic assembly of laptops and tablets in India generated sales of ₹3,000 crore last financial year (FY23).

Faisal Kawoosa, founder and chief analyst at Techarc, a market research firm, said the move would neither trigger hoarding by OEMs nor lead to a glut of products in the market.

WHY THE REPRIEVE MATTERS

■ Festival season months normally account for 20% of the sales for consumer electronics, according to Counterpoint Research

■ PC shipments are expected to go up by at least 9-10% fuelled by festive purchases, Counterpoint estimates suggest

■ Domestic assembly of laptops and tablets in India generated sales of ₹3,000 cr in FY23



IMAGING: AJAY MOHANTY

WTO dispute unlikely in near future, say officials

ASIT RANJAN MISHRA
New Delhi, 6 August

India does not expect countries to raise a dispute at the World Trade Organization (WTO) in the near future over the curbs on import of laptops, tablets and personal computers. "Disputes don't come in so early. If anyone finds a problem after implementation, they can raise specific trade concerns in committees like import licensing, market access, and the Council for Trade in Goods. Only if issues are not resolved do they go to disputes. Usually it's a 3-4 year cycle," a government official said.

India needs to give a notification to the WTO at the Committee of Import Licensing, though a date for this has not been decided yet. While officials had cited "security risk" to citizens as one of the primary reasons for the import curbs, the official notification did not note any such reason. "This notification does not need a lot of justification really. The specific trade concerns, which will be raised, will be about implementation, not the reason. Import licensing is allowed, according to the agreement, with usual caveats such as it should not be more trade restrictive than necessary, plus some guidelines on how to run such a system," the official said.

After coming up with the curbs on import of seven electronic items with

immediate effect on Thursday, the government provided a three-month transition period to the industry with November 1 as the effective date of implementation. In FY23, India imported \$8.8 billion of the seven items brought under the licensing regime, out of which \$5.1 billion (58 per cent) worth of products were sourced from China.

The Directorate General of Foreign Trade (DGFT), which issued the notification, has clarified that airline passengers travelling back to India can carry such items purchased abroad.

The move comes at a time when India is seeking to establish itself as a major electronics manufacturer. It has, in fact, already rolled out a production-linked incentive (PLI) scheme for IT hardware to boost domestic manufacturing of such items.

Exemption from the import licensing norm has been provided for up to 20 such items per consignment for the purpose of research and development, testing, benchmarking, evaluation, repair, re-export, and product development.

"Import shall be allowed subject to condition that the imported goods shall be used for the stated purposes only and will not be sold. After the intended purpose, the products would either be destroyed beyond use or re-exported," the notification said.

