

Govt 'looking' at the future of IT hardware import regime

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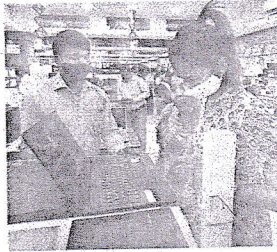
After the import authorisation regime kicked in in October 2023, shipments of seven IT hardware items, including personal computers, laptops and tablets, have declined about 3.4 per cent in 2023-24 to \$8.4 billion compared to imports worth \$8.7 billion in the previous fiscal with the share of China, the country in focus, at about 60 per cent.

The Ministry of Electronics and IT (MeitY) is scrutinising the import data and holding industry consultations to determine if the import monitoring system, which is set to end on September 30, should be continued in its present liberal form or more stringent checks should be applied, an official tracking the matter told *businessline*.

The third option is to revert to the free import regime.

IMPORT DECISION

"Once the MeitY decides on the preferred import regime for the seven IT hardware items beyond September 30, it will communicate its decision to the Directorate General of Foreign Trade (DGFT), following which fur-



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ther action will be taken," the official said.

On October 1, 2023, the DGFT, under the Commerce Department, imposed import restrictions on seven IT hardware items, which also included ultra-small form factor computers, servers, mainframe computers and automatic data processing machines, requiring importers to apply for government authorisation to import.

The regime, however, was not prohibitive as it allowed importers to bring in whatever quantities they wanted after applying to the DGFT for automatic authorisation. The idea was not as much to reduce the quantum of imports as to monitor the imports.

"There has hardly been any rejection of import applications except for perhaps a couple due to technical reas-

ons and not for any intention to contain imports," the official said.

SECURITY PRIORITY

The bigger idea behind the import authorisation system, as explained by India at the WTO where some countries such as the US had raised concerns, was to ensure supply chain resilience and address national security concerns.

"While no country has been officially named, the government wants increased vigilance on China as there could be both security risks and the threat of dumping associated with imports from the country."

"The future of India's Production Linked Incentive (PLI) scheme that incentivises domestic manufacturing could be at stake if there is a spurt," the official said.

TRADE STATISTICS

Imports from China of the seven IT hardware items in 2023-24, approximately valued at \$5 billion, were almost at the same level as the previous year and accounted for 58-60 per cent of total imports, the official pointed out.

Imports from American companies such as Dell and Apple in 2023-24 were much lower than China, at about \$500-600 million.