

PC, LAPTOP IMPORT RESTRICTIONS

Govt hints at breather; no date for curbs

SURAJEET DAS GUPTA

New Delhi, 22 September

The Ministry of Electronics and Information Technology has proposed that companies that import laptops, tablets, PCs, and small servers should register on the Directorate General of Foreign Trade (DGFT) platform from November 1.

WHAT THE GOVT SAYS



■ Laptop, tablet, PC, and small server makers need to register on DGFT platform starting Nov 1

■ Import of these products will be linked to the value of – IT hardware imports in the previous year, domestic production, and the firm's electronic product exports

■ Firms will be given credit against their exports and domestic production, which can be used for imports

■ The government has also said the norms can be reviewed if there is a sudden supply chain disruption, or an unanticipated high demand for these products

While they will face no restriction on imports for a certain period after registering, when restrictions will start is being debated.

While the ministry had suggested a deadline of September 1, 2024, the industry is pushing for more time because it says that, by then, many of those eligible under the Production-Linked Incentive (PLI) scheme will start producing in India as well as possibly exporting.

When there are no restrictions, the import of these products will be linked to three criteria: The value of IT hardware imports in the previous year, the value of domestic production, and the value of the export of electronic products.

In simple terms, companies will be given credit against their exports as well as their domestic production, which can be used for imports. The formula for this is being worked on by the government.

In case companies fail to assemble in India or even export, the amount they can import would come down year on year.

The formula was discussed on Thursday in what was the second meeting between stakeholders and Minister Rajeev Chandrasekhar following strong opposition to the idea of what was being called “going back to the licence raj”. Even the US government opposed the move, which, it said, was done without consulting stakeholders.

of March 2023, data for non-banking financial companies indicated improvements in their profitability and risk-taking behaviour. Further, according to the Reserve Bank of India's July 2023 estimates, there has been consistent and broad-based growth in the non-food bank credit of scheduled commercial banks since April 2022," it added.

Govt hints at breather; no date for curbs

The government has said the "import management system" will have enough wiggle room to review the norms in case there is a sudden supply-chain disruption or there is a high and unanticipated requirement of these products.

Secondly, the government has made it clear that it is looking at companies to diversify their imports of these products from various regions and states rather than risk domination by one country.

Stakeholders say that the next step is to work on the details of what information companies will have to provide for registration.

The ministry said the DGFT website will be available for players to test out soon.

Many IT hardware players, however, say they might be in different phases of domestic production. Therefore, their ability to assemble locally is different and this should be considered while formulating the 'import management system'.

These players argue that, under the 2.0 PLI for IT hardware (in which over 48 companies have shown an interest), they can choose the first year of the scheme either in FY24 or even FY25.

The government has reassured individual companies who face any issue because of this factor that

they can always get it redressed.

GCCs go beyond Tier-I cities, chasing cost and talent

The hub-and-spoke model with one central office hub and smaller spokes (satellite offices) provides greater flexibility as employees can go to an office close to their homes.

Considering that many people have relocated from metros to nearby suburbs in response to the pandemic, several organisations have set up "spokes" in Tier-II and -III cities. This approach not only spares employees from lengthy daily commutes but also preserves the organisation's work culture.

The improvement in technology infrastructure in Tier-II and -III cities is also driving the expansion of GCCs in these locations.

"The focus has now shifted from metro cities to other regions due to various reasons. Low competition, an abundance of the untapped talent pool, infrastructure, and expansion potential remain the major factors pulling captive centres increasingly towards Tier-II and -III cities like Vadodara, Nashik, Coimbatore, and more," said Sachin Alug, chief executive officer of NLB Services, a talent solutions company.

According to an NLB Services' report on GCCs titled India Captivating, 78 per cent of GCCs have chosen India to augment talent.

"The country has no dearth of capable talent in niche technology domains. Some of the areas where skills will be in focus are artificial intelligence/machine learning, cybersecurity, Cloud computing, data science, blockchain, etc," added Alug.