



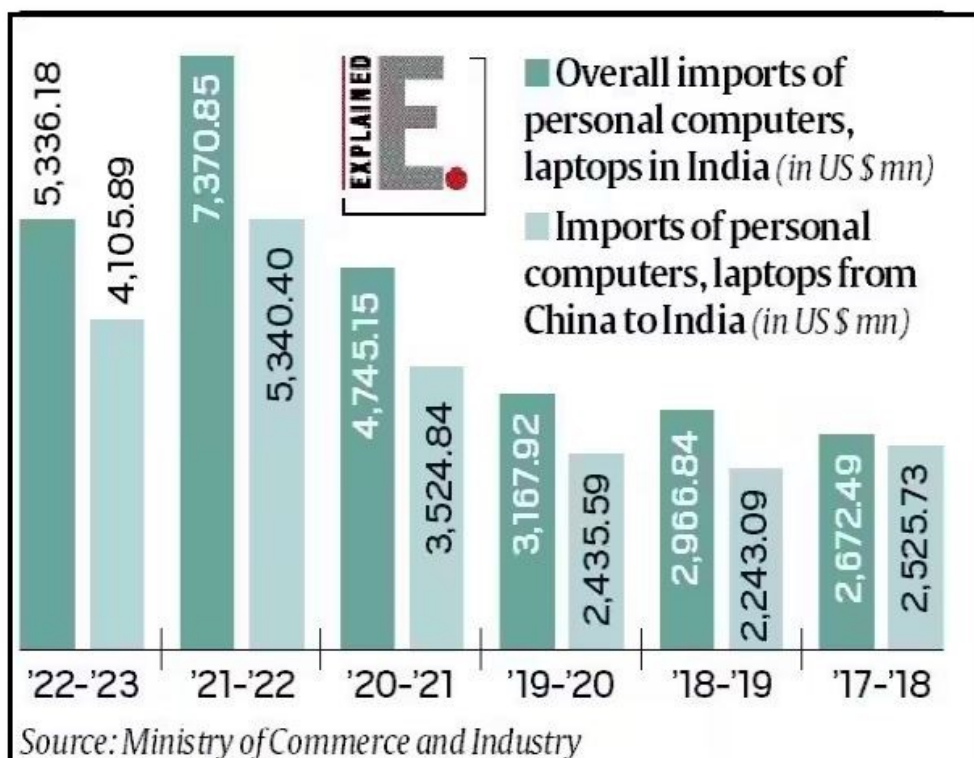
## Import License for Laptops

### Why in news?

The Commerce and Industry Ministry has notified restrictions on imports of laptops, personal computers (PCs), tablets and servers, making it compulsory for importers to secure a licence.

#### Status of India's import in laptop

- In 2022-23, imports of personal computers, laptops, etc. stood at 5.3 billion dollars.
- India imported \$10 billion of computing products last fiscal year.
- China accounts for an overwhelming share of these imports.
- As per a report from think tank Global Trade Research Initiative (GTRI), India's imports from China are predominantly focused on 3 key product categories - electronics, machinery, and organic chemicals



### What is the procedure for obtaining import license?

- **Authority** - All notifications on restrictions, quotas and conditions on the import of goods into India are managed by the Directorate General of Foreign Trade (DGFT).
- The DGFT comes under the Ministry of Commerce and Industry.

- It is responsible for administering laws regarding *foreign trade*, including import regulations.
- **Validity of license** - Import Licenses are valid for
  - 24 months for capital goods
  - 18 months for raw materials components, consumables and spares
- The license term is renewable.
- **Types of licenses** - Export-Import Policy (Exim Policy) outlines guidelines and instructions governing the import and export of products.
  - **Open general license (OGL)** - Allows importers to bring in certain goods without the need for individual licences.
  - **Restricted or specific license** - Issued for goods that must be monitored due to trade agreements, international obligations, or to protect domestic industries
    - Computers and laptops will likely fall into this category.
- **Eligibility for license** - An importer-exporter code (IEC), a unique 10-digit code issued by the DGFT is mandatory for the license.
- However, exemptions extends to
  - Individuals importing or exporting goods for personal use unrelated to trade, manufacturing, or agriculture.
  - Ministries, departments of central government and agencies, and non-commercial PSUs, among others.

*Computers and laptops would fall under capital goods*

## What is the Government move about?

- India has imposed restrictions on the import of personal computers, laptops, tablets, all-in-one PCs, 'ultra-small form factor' computers, and servers falling under HSN code 8741.
- These imports will be subject to a valid license for restricted imports.
- **Aim** - To promote domestic manufacturing of these products and reduce reliance on imports from China.

## Exemptions

- **Baggage rules** - This restriction will not apply to imports under baggage rules.
- **Individual purchase**- Individuals can import one laptop, tablet, all-in-one PC, or ultra-small form factor computer, even purchased from e-commerce portals.
- Duties will still apply to these imports.
- **Capital goods**- Laptops, tablets, all-in-one PCs, and ultra-small form factor computers essential for capital goods are also exempted.
- **Research and development**- It allows upto 20 items import per consignment without a license.
- These items must not be sold and must be either destroyed or re-exported after the intended purpose.

## What is the need for such a move?

- **Global player-** It aims to reduce reliance on foreign markets and to make India a global manufacturing hub.
- **Boost domestic manufacturing-** It shows strong commitment to promote local production, thus giving impetus to “Make in India”.
- **Investment destination-** It will boost top companies around the globe to proactively invest in India.
- **National Security-** Hardware from ‘non-trusted’ sources could come with ‘built-in security loopholes’ endangering sensitive personal and enterprise data.
- This move will curb imports from China and ensure citizen’s security.
- **Boosts PLI -** The government has taken this step to boost the [production-linked incentive \(PLI\) scheme](#) for IT hardware.
- The mandate is also in compliance with the World Trade Organisation

*For target segments, the PLI scheme provides incentive of 4% to 6% on incremental sales over the base year for goods manufactured in India.*

## What are the challenges of the move?

- **Supply shortages-** It will lead to unnecessary disruption in the immediate term, and price surge.
- The consignments were stuck at port and warehouses.
- **Cost disadvantages-** It may force the companies to manufacture in India, but it has its own challenges in terms of price, investment etc.,
- **Bureaucratic discretion-** It could open the door for imposition of similar licensing requirements in other sector.
- **Red tapism-** The importer needs to register with the government and need to then pay 0.1% fee just for application but there is no guarantee if or when approval will be given.
- **Back to license raj-** Since, all business decisions will need government approval, it increases uncertainty and hampers economic progress.
- **Focus on structural changes**
  - Inadequate infrastructure and supply chain,
  - High financing costs,
  - Inadequate skill and power availability etc.,

### Rajaraman Committee

- The Rajaraman Committee Report (1981) set the stage for the import of computers and their parts.
- It led to
  - Computerisation of Indian Railways passenger reservation system
  - Progressive entry of computers into India’s financial sector
  - Catalysed India’s IT revolution
- It proposed concessions for the import of computers against software exports.

## References

1. [Indian Express- Licensing of laptops regressive policy](#)
2. [Business Line- Restricting computer imports by license](#)
3. [The Hindu- licensing regime dents India's credibility](#)
4. [Business Standard | Why India restricted computer imports and who needs a licence](#)



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