

# THAT '70S SHOW: THE HINDU EDITORIAL ON INDIA'S RESTRICTIONS ON IMPORTS OF LAPTOPS, PCS, TABLETS AND SERVERS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

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August 10, 2023 12:20 am | Updated 07:46 am IST

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Marking a sudden and sharp shift in India's foreign trade policy, the Commerce and Industry Ministry on August 3 [notified restrictions](#) on imports of laptops, personal computers (PCs), tablets and servers, making it compulsory for importers to secure a licence. The curbs were to kick in with immediate effect, rattling the entire supply chain (including shipments in transit) and igniting fears of shortages and price surges, especially ahead of the festive season. The government sought to suggest this was primarily driven by security concerns — imported devices could be used for surveillance, just as mobile phones could have spyware. It was also a rather blunt nudge for IT hardware producers to set up manufacturing bases in India by tapping a production-linked incentive scheme which has found few takers. But complex PC component value chains cannot crop up overnight, and concerns also flared up about how this may hit India's software and IT-enabled services export prowess. Sensing a backlash, the government went into damage control, [deferring the curbs till November 1](#) and promising expeditious approvals to licence requests, while Ministers asserted this was not a return to the "Licence Raj" era.

Even if import licences will be issued in minutes, as indicated, the entire spectacle is a hark back to the early days of India's IT industry that was gradually freed up through the 1970s and 1980s, and industry players are likely to remain on edge till the licensing criteria become clear. Would importers need to justify imports of cutting-edge devices, or a software firm need to submit proof of new hires or fresh export orders to secure licences? If PC and tablet imports, which fell almost 28% in 2022-23 to \$5.3 billion, are causing security fears because many come from China, the government can mandate testing norms to verify shipments. If the intent is to spur investments, it is difficult to bully global majors into committing large outlays at virtual gunpoint when they have other "easier to do business" alternatives around the world. Any increase in costs or limitations on device options would also imply collateral damage for India's consumers. For many households and small enterprises, this is not just about crossing the digital divide but also access to government services increasingly going online in a Digital India. Taken together with some recent policy ploys — such as the 28% GST on gaming bets, the freeze in prices of 'deregulated' petroleum products — this development makes for an ominous flashback for investors. Unpredictable policies, excessive taxation and a return to maximum government, can derail India's reform story.

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