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Ref.No.MAIT/PY/2437

February 15, 2022

Shri Santosh Kumar Sarangi, IAS
Director General
Directorate General of Foreign Trade

Sub: Critical issues of immediate concern regarding Ministry of Commerce Notification dated 09 February 2022

Ref: DGFT Notification No.54/2015-2020 dated 09th February 2022

Respected Sir,

I am writing to you on behalf of Manufacturers' Association for Information Technology (MAIT). MAIT is the apex Industry association comprising IT hardware, Telecom and White Goods manufacturers of the country. Founded in 1982, MAIT works in a collaborative manner with the Government and the Industry so as to promote manufacturing in India.

I am writing to raise an issue of immediate and urgent concern for the Industry with reference to the Ministry of Commerce & Industry Notification referred above dated 9th February 2022. In the referred notification, policy on various import items has undergone revision. Most importantly, many items that the IT Industry has been importing freely since years have now been positioned under "Restricted" Category. This means that these are now importable against 'Authorization'.

Further, while these changes have been implemented without prior industry consultation and participation, it also comes at a time when supply chains are already under stress due to COVID and has the potential to impact the industry adversely. Complying with the aforesaid Notification at such short notice is sure to cause disruption in trade and hardships to the Industry and end-customers/consumers in the country. From the notification, it is evident that items / components that are meant for manufacture, local sale or aftersales support have been classified as 'Restricted'. In this regard, I would like to draw your attention to items classified under HS Code 8524 – Flat Panel Display Modules and HS Code 8525 – Cameras. Both these items are essential for manufacture and were included in the 'Restricted' category without any lead compliance time which would have enabled manufacturers to plan in advance. And this even applies for import of such items for sale to local customers and for aftersales services and spares support.

It is pertinent to mention here that Supply Chains for items that are under production, items that are in-transit and those which have landed have fallen under the Restricted Category. By the time the Industry aligns to the new process, in-country customer needs will be heavily impacted. It is also very difficult for the Industry to process Import Licenses at such short time and produce the same to Customs for clearance.

Sir, while the Govt has taken multiple initiatives to enhance the "Ease of Doing Business" this sudden critical change is impacting the IT Industry adversely. We sincerely request you to kindly grant us six months to implement the change and better prepare ourselves to comply with the aforesaid Notification. We assure you that we are seeking this as a one-time measure that would enable us to align component supply chains effectively.

With regards,

George Paul
Chief Executive Officer

CC: Shri Gaurav Masaldan, IRS, Jt. Secretary-Customs, Ministry of Finance