

Govt to start project to become electronics repair hub, relax trade rules

Following a push by an industry group for IT and electronics manufacturers, MAIT, the Indian government will test changes to lower the time required for necessary approvals for imports and exports

ReutersNew Delhi



2 min read Last Updated : May 30 2023 | 4:04 PM IST

India will start a pilot project this week to establish itself as an electronics repair hub by relaxing cumbersome import-export rules, a move that could draw tech majors such as Flex to expand such operations in the country.

Prime Minister Narendra Modi has promoted electronics manufacturing in India and attracted the likes of Apple and Xiaomi, but the country still lacks an industry for repair outsourcing which is estimated to be worth \$100 billion globally and currently dominated by China and Malaysia.

Following a push by an industry group for IT and electronics manufacturers, MAIT, the Indian government will test changes to lower the time required for necessary approvals for imports and exports to a day from as much as 10 days.

MAIT Director General Ali Akhtar Jafri said the government has agreed to ease the approval process for timely clearances with the tax authorities so that devices can easily enter India for repairs and then be shipped back quickly.

Bottlenecks in India also include an e-waste mandate that bans companies from locally disposing non-repairable products - adding to their logistics costs as they have to be sent back.

The government will now allow recycling of 5% of imported goods domestically on a trial basis.

In the pilot phase, which will see participation from companies including Lenovo and Cisco, India will also permit re-export of the imported electronics goods to countries different from the original one - currently it is banned under foreign trade rules.

Flex, Lenovo and Cisco did not immediately respond to Reuters' requests for comment. India's IT ministry also did not immediately respond.

"Repair outsourcing will incentivise electronic manufacturers to further expand their production capabilities in India. This is a critical step towards ensuring resilience to supply chain shocks," said Jafri, who estimated the repair industry in India to be worth \$20 billion in five years.

High repair costs in regions such as Europe and the United States are compelling companies to send goods overseas, Jafri said. He added that cheaper labour costs in India give it a total cost advantage of 57% over China and 26% over Malaysia - some of the biggest hubs for repairs at present.

(Reporting by Munsif Vengattil in New Delhi; Editing by Jacqueline Wong)