

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No. 8 (2009 Series)

Subject: Liberalization of Foreign Technology Agreement policy

The existing policy of Government of India on the payment of royalties under Foreign Technology Collaboration provides for automatic approval for foreign technology transfers involving payment of lumpsum fee of US\$ 2 million and payment of royalty of 5% on domestic sales and 8% on exports. In addition, where there is no technology transfer involved, royalty up to 2% for exports and 1% for domestic sales is allowed under automatic route on use of trademarks and brand names of the foreign collaborator. Separate norms are available for the hotel sector vide Press Note 18 (1991 Series) and Press Note 1 (1995 Series). Technology transfers involving payments above these limits required prior permission of the Government of India (Project Approval Board, Department of Industrial Policy and Promotion).

2. The Government of India has reviewed the extant policy and it has been decided to permit, with immediate effect, payments for royalty, lumpsum fee for transfer of technology and payments for use of trademark/brand name on the automatic route i.e. without any approval of the Government of India. All such payments will be subject to Foreign Exchange Management (Current Account Transactions) Rules, 2000 as amended from time to time.

3. A suitable post-reporting system for technology transfer/ collaborations and use of trade mark/ brand name will be notified by the Government separately.

4. These guidelines issue in modification of provisions relating to foreign technology proposals/approvals contained in paragraph 3 of Press Note 10 (1991), para 7 of Press Note 11 (1991), para 4 & 5 (a) of Press Note 12 (1991), para 2-6 of Press Note 20 (1991), para 2 of Press Note 5 (1992), para 4 of Press Note 4 (1994), para 3 of Press Note 18 (1997) and paragraphs III and IV of Press Note 9 (2000). These guidelines will issue in supersession of provisions of Press Note 18 (1991), Press Note 4 (1992), Press Note 1 (1995), Press Note 4 (1996), Press Note 1 (2002) and Press Note 2 (2003).

VKM 16/12/2009
(Gopal Krishna)

Joint Secretary to the Government of India

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