

**PRESS NOTE NO. 18
(1998 SERIES)**

Government of India
Ministry of Industry
Department of Industrial Policy & Promotion
Udyog Bhawan,

SUBJECT: Guidelines pertaining to approval of foreign/technical collaborations under the automatic route with previous ventures/tie-up in India.

1. The Government have reviewed the present Guidelines relating to approval of foreign/technical collaborations under the automatic route and after careful consideration it has been decided that foreign financial/technical collaborators with previous ventures/tie-up in India would be subjected to the following guidelines:

- I. Automatic route for FDI and/or technology collaboration would not be available to those who have or had any previous joint venture or technology transfer/trade-mark agreement in the same or allied field in India. RBI, therefore, have to stipulate necessary declaration before applications for the automatic route are taken on record.
- II. Investors of Technology to the suppliers of the above category therefore will have to necessarily seek the FIPB/PAB approval route for joint ventures or the technology transfer agreements (including trade-mark) giving detailed circumstances in which they find it necessary to set-up a new joint venture/enter into new technology transfer (including trade-mark).
- III. The onus is clearly on such investors/technology suppliers to provide the requisite justification as also proof to the satisfaction of FIPB/PAB that the new proposal would not in any way jeopardize the interests of the existing joint venture or technology/trade-mark partner or other stakeholders. It will be at the sole discretion of FIPB/PAB to either approve the application with or without conditions or reject in toto duly recording the reasons for doing so.

2. The above procedure will form part of the approval procedures contained in the "Manual on Industrial Policy & Procedures in India" published by SIA, Ministry of Industries, Government of India, which shall stand clarified accordingly in respect of foreign/technical collaborators with previous joint ventures/tie-up in India.

Sd/-

(I. SRINIVAS)

DIRECTOR

New Delhi, dated the 14th December, 1998

(ASHOK KUMAR)

Joint Secretary to the Government of India