The present guidelines provide for approval under the automatic route for all foreign direct investment proposals relating to the Information Technology sector, with the exception of Business-to-consumer (B2C) e-commerce, subject, inter alia, to the following:

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 (Clause 1(1) of Press Note 18 dated 14.12.1998).

2. Considering the special nature and needs and with a view to further simplifying the approval procedures and facilitating greater investment inflows into the IT sector in the country, it has been decided that FDI proposals relating to the IT sector will, with immediate effect, be exempt from the condition cited above.

( M.S. SRINIVASAN )

Joint Secretary to the Government of India

F.No. 5(24)/2000-FC.I New Delhi, the 29th August, 2000.