Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(Secretariat for Industrial Assistance)

PRESS NOTE NO. 3 (2005 SERIES)

Subject: Clarification regarding Guidelines pertaining to approval of foreign/technical collaborations under the automatic route with previous ventures/tie-ups in India.

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1. The Government, vide Press Note 1 (2005 Series) dated 12.1.2005, notified fresh guidelines for approval of new proposals for foreign/technical collaboration under the automatic route with previous venture/tie up in India. According to these guidelines, prior approval of the Government would be required for new proposals for foreign investment/technical collaboration, in cases where the foreign investor has an existing joint venture or technology transfer/trademark agreement in the same field in India.

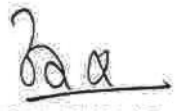
2. The Government had, earlier vide Press Note 10 (1999 Series) notified the definition of "same field" as the 4 digit National Industrial Classification (NIC) 1987 Code. It is hereby reiterated that for the purposes of Press Note 1 (2005 Series), the definition of 'same' field would continue to be 4 digit NIC 1987 Code.

3. It is also clarified that proposals in the Information Technology sector, investments by multinational financial institutions and in the mining sector for same area/mineral were exempted from the application of Press Note 18 (1998 Series) vide Press Note 8 (2000), Press Note 1(2001) and Press Note 2(2000) respectively. Investment proposals in these sectors would continue to be exempt from Press Note 1 (2005 Series).

4. From para 2(i) of the guidelines notified vide Press Note 1 (2005 Series), it is clear that prior Government approval for new proposals would be required only in cases where the foreign investor has an existing joint venture, technology transfer/trademark agreement in the

'same' field subject to provisions of para 2(ii) of the Press Note 1 (2005 Series).

5. For the purpose of avoiding any ambiguity it is reiterated that joint ventures, technology transfer/trademark agreements existing on the date of issue of the said Press Note i.e. 12.1.2005 would be treated as existing joint venture, technology transfer/trademark agreement for the purposes of Press Note 1 (2005 Series).



(UMESH KUMAR)
Joint Secretary to the Government of India

F.No.8/1/2003-FC(Pt.) New Delhi, dated the 15th March, 2005.

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