

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

**PRESS NOTE NO.1 (2002 SERIES)**

Press Note No.9 of 2000, inter-alia, provides for payment of royalty upto 2% on exports and 1% on domestic sales under automatic route for use of trademark and brand name of the foreign collaborator without technology transfer. In case of technology transfer, payment of royalty subsumes the payment of royalty for use of trademark and brand name of the foreign collaborator. The issue regarding calculation of royalty for use of trademark and brand name has been examined by the Government and it has been decided that the following formula for calculation of royalty for use of trademark and brand name be adopted:

“Royalty on brand name/trade mark shall be paid as a percentage of net sales, viz., gross sales less agents’/dealers’ commission, transport cost, including ocean freight, insurance, duties, taxes and other charges, and cost of raw materials, parts, components imported from the foreign licensor or its subsidiary/affiliated company.”

2. This is for information of investors.

(M.S. SRINIVASAN)  
Joint Secretary to the Government of India

No.8(2)2001-FC.I dated 3<sup>rd</sup>.January 2002