

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

PRESS NOTE NO. 1 (2001 SERIES)

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

As per Press Note No. 18 of 1998, automatic route is not open for those foreign investors who have / had a previous financial / technical / trademark collaboration in an existing domestic company engaged in the same or allied activity. All such proposals are considered by FIPB on merits.

2. International Financial Institutions such as Asian Development Bank (ADB), International Finance Corporation (IFC), Commonwealth Development Corporation (CDC), Deutsche Entwicklungs Gesellschaft (DEG), etc., normally pick up equity stake from time to time in domestic companies. Keeping in view the investment made by International Financial Institutions without an element of technical /trademark collaboration, government has decided that the provisions of Press Note No. 18 will not be applicable to the investments made by these international institutions in Indian companies. Accordingly, International Institutions like ADB, IFC, CDC, DEG, etc., may invest in domestic companies through the automatic route, subject to SEBI/ RBI regulations and sector-specific caps on FDI.

(M.S. SRINIVASAN)

Joint Secretary to the Government of India

No. 7(1)/2001-IP dated 2nd January 2001