

Corpsec Hotline

January 13, 2005

FOREIGN / TECHNICAL COLLABORATIONS BY FOREIGN COMPANIES HAVING PREVIOUS VENTURES / TIE-UP, NOW UNDER AUTOMATIC ROUTE

The Indian Government has, with a view to further liberalize foreign direct investment, notified vide Press Note No.1 dated January 12, 2005 that any new proposal for foreign investment or technical collaboration by a foreign investor, who has or had any previous joint venture or technology transfer / trademark agreement in the same or allied field in India, will be allowed under the automatic route. This route is however subject to the sectoral policies.

The said Press Note No. 1 has narrowed down the scope of the earlier Press Note No.18 (of 1998) which was applicable to the 'same' and 'allied' field. The Press Note No. 1 now requires prior Government approval only in cases where the foreign investor has an existing joint venture or technology transfer or trademark agreement in the 'same' field. The onus to provide requisite justification as also proof that the new proposal would or would not jeopardise the existing joint venture or other stakeholders would lie equally on the foreign investor or technology supplier and the Indian partner.

Even if the foreign investment is falling in the 'same' field, the Government has carved out following exceptions, for which no prior Government approval is required:

- Investments are made by Venture Capital Funds registered with the Securities Exchange Board of India.
- The existing joint-venture investment by either parties is less than 3%.
- The existing joint-venture or collaboration is defunct or sick.

Hopefully, the changes envisaged through the implementation of Press Note 1 would create the balance in achieving a liberalized environment in India and at the same time protecting to the joint-venture partners to safeguard their interests.

You can direct your queries or comments to [Siddharth Shah](#) or [Kishore Joshi](#)

Source: Press Note No.1 (2005 Series) dated January 12, 2005

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

M&A In The Indian Technology Sector

February 19, 2025

Unlocking Capital

February 11, 2025

Fintech

January 28, 2025

Research Articles

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Key changes to Model Concession Agreements in the Road Sector

January 03, 2025

Audio

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

Arbitration Amendment Bill 2024: A Few Suggestions | Legally Speaking With Tarun Nangia | NewsX

February 12, 2025

What India's Transition to New Data Protection Law Means for Global Businesses

January 23, 2025

India 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 16, 2025
