

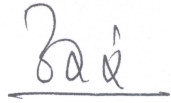
Government of India  
Ministry of Commerce & Industry  
Department of Industrial Policy & Promotion  
(Secretariat for Industrial Assistance)

Press Release

Under the extant policy, FDI up to 100% is permitted under the automatic route in most sectors/activities. Similarly, automatic route is also allowed for foreign technology collaboration where the payments are within 5% for domestic sales and 8% for exports. No approval of the Government is required in such cases.

2. Only cases not covered under the automatic route need approval of the Government through the Foreign Investment Promotion Board (FIPB) or Project Approval Board (PAB) for FDI and/or Foreign Technology collaboration respectively. It has been observed that sometimes proposals are submitted for prior Government approval even though the cases are eligible for the automatic route.

3. The investors are hereby advised to access the automatic route where the policy so permits. Henceforth, whenever prior approval of the Government is sought for activities or royalty payments eligible for the automatic route, the investors would need to indicate specific reason for seeking prior Government approval while submitting their proposals.



(Umesh Kumar)  
Joint Secretary to the Government of India

-----  
F.No. 5(19)/2005-FC

New Delhi dated the 23<sup>rd</sup> December 2005

Forwarded to the Press Information Bureau to give wide publicity to the contents of the above Press Release.

Press Information Officer, PIB, New Delhi  
IP&ID Cell for posting the revised formats of the application on the website.