

## Corpsec Hotline

June 26, 2003

### LIBERALIZATION OF PAYMENTS UNDER FOREIGN TECHNICAL COLLABORATION AGREEMENTS

As per the extant guidelines on foreign direct investment issued by the Ministry of Commerce and Industry, the Government of India, wholly owned subsidiaries are permitted to make payment of royalty up to 8% on exports and 5% on domestic sales to their offshore parent companies without seeking the prior approval of the Reserve Bank of India (i.e. under the automatic route) without any restriction on the duration of the royalty payments. However, companies which are not wholly owned subsidiaries, were permitted to make royalty payments under foreign technical collaboration agreements for a period not exceeding seven years from the date of commencement of commercial production or ten years from the date of execution of the collaboration agreement, whichever is earlier.

With a view to liberalizing the policy relating to foreign technical collaboration agreements, the Ministry of Commerce and Industry has issued Press Note No. 2 (2003 series) dated 24th June 2003, which permits all companies, irrespective of the extent of foreign equity in the shareholding, who have entered into foreign technology collaboration agreements to make royalty payments at 8% on exports and 5% on domestic sales without any restriction on the duration of the royalty payments.

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## Research Papers

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December 13, 2024

### FAQs on Downstream Investment

December 13, 2024

### Gaming Law 2024

December 12, 2024

## Research Articles

### The Revolution Realized: Bitcoin's Triumph

December 05, 2024

### The Bitcoin Effect

November 14, 2024

### Acquirers Beware: Indian Merger Control Regime Revamped!

September 15, 2024

## 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

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August 26, 2024

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October 31, 2024

### Analysing SEBI's Consultation Paper on Simplification of registration for FPIs

**Scope of judicial interference and inquiry in an application for appointment of arbitrator under the (Indian) Arbitration and Conciliation Act, 1996**

September 22, 2024