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REGULATIONS AND PRACTICES

ON

TECHNOLOGY ACQUISITION

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Country Profile - INDIA

September 30, 1988

K.J. REDDY

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ANNEXURES

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During the past 35 years of planned development, India has made rapid strides in its economic development, particularly in the fields of industry and technology. It has pursued a well-articulated industrial strategy within the framework provided by the Industries (Development & Regulation) Act, 1951, the Industrial Policy Resolutions of 1956, 1970, 1973, 1980 and industrial policy decisions between 1985 and upto date in 1988. The main objectives of these policies have been rapid industrialisation, technological self-reliance, prevention of concentration of economic power, employment creation and regional dispersal of economic activity. The result has been the creation of an increasingly diversified industrial base, strong infrastructure, industrial capabilities and substantial technological mastery over most production and investment activities.

In the field of technology development, the Technology Policy Statement of 1983 provides the main basis and the ground rules for our technology policies since 1983. Even though a strong agricultural and industrial base and a scientific manpower impressive in quality, range and skills exist, it is recognised that frontiers of knowledge are being extended at incredible speed opening up wholly new areas and introducing new concepts. It is necessary to take advantage of these developments. While the main approach would be technological self-reliance, it would not mean self-sufficiency. The over-riding guiding principle would be national interests. Thus, technology acquisition would be permitted where the technology does not exist in the country, where the time taken to develop technology indigenously would delay the realisation of developmental targets and where the need for it is established. The technology import should be of the highest level and will have to be so planned as to have effective transfer of technology and knowhow and to facilitate its further improvement. There should be a firm commitment for absorption, adaptation and advancement through adequate investment in R&D. Here again the results, besides technological mastery over most production activity, are that several industries have been internationally competitive and the country has exported technology in the form of turnkey plants and consulting services to other developing countries.

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The future directions of industrial policy will be to minimise capacity based licensing, exposing Indian industry increasingly to competition in the domestic market initially and eventually to external competition, ensuring cost reduction, productivity and quality improvement, encouraging modernisation and upgradation of technology and extending support to export oriented production. On the technology front, foreign investment would be regarded as a vehicle of technology transfer with equity upto 40% being normally allowed, these being relaxed in areas of high technology and exports.

I. LEGISLATION

(A) FOREIGN INVESTMENTS

1. Laws and Regulations in force

(i) Indian Companies Act, 1957.

(ii) Foreign Exchange Regulation Act (FERA),1973.

(iii) Technology Policy Statement of 1983 pronounced in the Parliament of the country.

The main features are:-

a) foreign investment is viewed as an effective investment for transfer of modern technology and for developing a strong export capability;

b) technology transfer would be permitted in sophisticated and high tech areas, in export oriented or import-substitution manufacture;

c) it would be permitted for enabling Indian industry to achieve economies of scale consistent with international norms;

d) foreign enterprises will be treated at par with their Indian counterparts and will have total freedom for repatriation of profits, dividends, interest, capital, lumpsum payment, royalties etc.;

e) permitting of foreign investment on our terms in a wide range of industry and business within certain percentages of equity;

f) in the matter of ownership and control, there is no discrimination between foreign and Indian companies as all would be subject to the same laws like the Indian Companies Act. Thus where there is investment, adequate representation is provided for in the management of the company like whole time Directors, Managing Directors etc.:

g) there are essentially three levels of foreign equity permitted namely 40%, 74% and 100%. Normally foreign investment upto 40% is allowed. Higher equity upto 74% in high technology areas or where it is closely held or critically needed or export oriented is allowed. 100% is permitted in 100 export oriented units;

h) normally, the major interest, ownership and effective control of an undertaking should be in Indian hands;

i) foreign capital is to be contributed by way of cash remittances and cannot be set off against imports of machinery

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and equipment or payments for know-how, trade marks, use of brand names etc.;

j) while specific areas where foreign investment is favoured have not been identified, a negative list of industries which is reviewed and updated from time to time where foreign collaborations both financial and technical or technical is not considered normally necessary has been drawn up and acts as a guideline in permitting technology import.

2. Registration

Investment proposals are received from Indian companies/entrepreneurs for foreign investment in the prescribed foreign collaboration forms in the Secretariat for Industrial Approvals (SIA) in the Department of Industrial Development of the Ministry of Industry. These are circulated to various concerned departments connected in the decision making. In particular, these are sent to the Administrative Ministry/Department dealing with the item of manufacture or industry, for example, chemicals to the Department of Chemicals and Petrochemicals, electronics to the Department of Electronics, the Directorate General of Technical Development, the Department of Science & Technology, the Department of Environment, the Department of Economic Affairs in the Ministry of Finance, the Planning Commission etc. The Foreign Investment Board (FIB) considers the proposals based on the comments, views, recommen-

dations received from the various departments and either approves or rejects the proposals. The SIA issues letters of approval/rejection.

Proposals for foreign investment are also considered by the Project Approval Board (PAB) where composite applications i.e. for more than one approval namely, letter of intent, foreign collaborations and import of capital goods or a combination of any two are taken up. Similarly, the Special Approvals Committee (SAC) Board for 100% export oriented units also consider proposals for foreign investment. Proposals in the latter case are sent to the Ministry of Commerce.

Approvals are also given by the FTZ authorities in respect of proposals considered by them directly. The basic proposals are processed and approvals given in a time frame of 60 days normally. The basic guiding principles are those already mentioned earlier that the investment would be permitted where the need for the technology is established on various counts and in national interests.

The Indian companies have to apply to the Reserve Bank of India (RBI) alongwith the approval letter and the agreement between the Indian and foreign parties for operating the collaboration proposal. The RBI acts on the approval given by the SIA/other approval committees.

3. Scope

India has had a long history of foreign collaborations and from 1950 had over 12000 out of which 2500 were also with foreign investment.

Our policies in this respect have been open and 54 countries todate have had access to the country. They are also not directed to any specific group of industries excepting being not normally allowed in the negative list mentioned earlier, while emphasis is on high technology and export thrust industries. Similarly there is no governmental direction towards any country or group of countries or regions, nor is there any preference to specific investment partners. The choice of the foreign collaborator is essentially left to the local entrepreneur and company. Barring countries where the country does not have diplomatic relations, foreign collaborations are welcome from any country which has tehnology to offer that the country needs.

4. Recent changes

Since 1980 a number of changes have taken place all leading to foreign investment being made attractive. There is a distinct shift towards welcoming foreign investment. Equity upto 40% is permitted freely now as greater involvement of the foreign collaborator on a continuing basis through monetary stake in the domestic company is preferred. There is a well-established legal infrastructure facilitating foreign investment companies functioning freely within the purview of law. There are no restrictions on profits, dividends and royalties and their remittances abroad.

a) While foreign investment is permitted essentially as a vehicle for transfer of technology, certain exceptions have been made in the recent past. Investment from Oil Exporting Developing countries which have large financial resources but not the tech-

nology the country needs is permitted upto 40% in new appendix-I and export oriented ventures, hotels, hospitals etc. Commercial loans on reasonable terms are also permitted. Similarly, non-resident Indians or foreigners of Indian origin are allowed to invest without transfer of technology in schemes based on 40% and 74% repatriation, in sick industrial units, shipping, oil exploration, hotels and hospitals. Investment without repatriation rights will be treated as for resident nationals. Investment in existing companies upto specified limits is also permitted.

b) One major recent development is permitting foreign companies to apply for permission to set up manufacturing facilities accompanied by technology transfer with investment upto 40% by themselves. They are allowed to have their companies in India with out the need to have an Indian partner provided they incorporate a local company under the Indian Companies Act. Foreign collaboration and investment is now allowed in management, technical and financial consultancy services, tourism and hotels. Foreign collaborations with investment are permitted even if indigenous technology is available if it is not proven or to provide competition . Similarly for items in the negative list if local technology is closely held and is not available for others on competitive terms, if technology is required for updating existing technology for meeting higher domestic requirements or to become competitive in export market or for manufacture of items with substantial export potential backed by buy-back guarantees.

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c) In the matter of ownership and control, there is no difference between [illegible] foreign investment companies [illegible] are subject to the same Indian [illegible] Act and other Indian laws. [illegible] fore becomes a function of the [illegible] ownership. With [illegible] practically effective control [illegible] cases it would be the single largest investment, particularly as part of the [illegible] is required to be issued to the public whereby domestic ownership becomes diversified and spread. There is [illegible] representation on the Boards of Management.

d) Yet another change in terms of [illegible] is allowing foreign collaborations even if there are no diplomatic relations. For example number of collaborations have been permitted from Taiwan and [illegible] imports of capital goods and [illegible] etc. take place from Taiwan.

e) It is also now not necessary to submit the agreements entered into between Indian and foreign parties to the administrative Ministries/Departments for [illegible] taking on record before the RBI as to them. All that is required is the SIA clearance for the collaboration and the RBI straightaway acts on this. The [illegible] ments if any are to be remitted by the directly.

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f) A major development of the recent past is permitting foreign investment in existing Indian companies. Equity participation upto 25% of the paid up capital was first permitted with the approval of Cabinet Committee on Economic Affairs (CCEA) subject to certain conditions namely that the price of shares will be settled to the satisfaction of the Controller of Capital Issues, the collaborator will not be permitted to disinvest shares within the duration of the period of transfer of technology and the item to be manufactured with the new tehnology will contribute atleast 51% to the total production in the company or be instrumental in contributing to atleast 50% of profits of the company. The CCEA approval will be based on FIB recommendation. Later on powers were delegated to FIB to clear the cases upto a monetary ceiling of Rs.100 million. CCEA now will consider investment upto 50% by foreign collaborators in existing Indian companies. The CCEA have very recently further delegated to the FIB powers to approve investment upto 40% subject to the monetary ceiling of Rs.100 million.

B. INDUSTRIAL PROPERTY

1. Laws and Regulations in force

i) Patents Act 1970
ii) Patents Rules 1972.
iii) Trade & Merchandise Marks Act 1958.
iv) Trade & Merchandise Marks Rules 1959.
v) Emblems & Names (Prevention of Improper Use) Act 1950.

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The main features of Indian law:-

a) Patents are granted [illegible] to secure their being worked [illegible] scale to the fullest [illegible] delays and not to enable patentee to enjoy monopoly for the [illegible] article.

b) There are special provisions in the field of food and drugs whereby only [illegible] and not product patents are permitted. Besides the life of patents in this area is only 7 years from the date of the patent [illegible] the date of sealing whichever is earlier.

c) Provide for a 'licence of Rights' after three years of the grant of the patent to [illegible] commercial exploitation [illegible].

d) Every patent granted [illegible] that the same can be worked without hindrance for R&D and educational purposes.

e) There are compulsory [illegible] which are broad based to ensure [illegible] of patents.

f) The Indian Trade Mark [illegible] trade mark only and there is [illegible] of foreign trade mark [illegible] discrimination [illegible] all trade mark.

g) Foreign brand name [illegible] for domestic sales while they can be used for sales in the foreign markets.

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2. Scope

i) Patents

a) Universal novelty is required.

b) the invention must be useful and refer to a process or manner of manufacture, to a machine, apparatus or article or to a substance produced by manufacture.

ii) Trade Marks

a) Trade Marks for goods.

b) Certification trade marks for goods.

c) Marks include a device, brand, heading, label, ticket, name including any abbreviation, word, letter, signature, numeral or any combination thereof.

iii) Design

The design must be original and comply with national novelty.

3. Recent changes:

a) Pa

There are two major issues:

i) India joining the Paris Convention.

ii) Removal of certain restrictive provisions in the Act.

In regard to the former, pending a deeper examination of the various issues,

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we may not join. There is a difference between the basic approach between us and the Paris Convention. The latter provides for a monopoly to the patent holder and if it is not worked, nothing can be done. It would mean continued imports of the patented article to the detriment of indigenous development besides charging high prices because of the monopoly. We have to be careful in view of the sensitivities and the size of our market. On the other hand, our Act provides for its commercial exploitation by providing for 'License of Rights'. This is necessary because of our need for self-reliance in technological development. In other words, our law enunciates the principle that patents are not granted merely to enable the patent holders to enjoy monopoly for the importation of the patented article into the country.

On the restrictive provisions, our Act does not permit product patents in food, drugs and medicines and chemical sectors. "Process patents" only are allowed. Secondly, in the above sector, the term of the patent is 7 years as against a norm of about 16 years. Industrialised nations want product patents to be permitted and the patents to be given for at least 14 years. Thirdly, the developed countries also want our License of Rights to be scrapped. But this is essential to us as it enables commercial exploitation of patents within a reasonable time and this is in conformity with that of other developing countries.

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b) Trade Marks

The Indian Trade Marks Law provides for equal protection for all trade marks registered under the Act. It provides for a national treatment for all trade marks whether Indian or foreign.

Our foreign collaboration approval contains a clause that no foreign brand name will be used for domestic sales. The main reasons are that there are socio-economic implications leading to "elitist consumerism" and distortion in the consumption patterns. Secondly, the monopolistic advantage that the use of foreign brand names can give to these companies can adversely affect the growth of domestic industry particularly the small scale sector. However, there is no discrimination against foreign trade marks in the matter of protection. There are also no cases of infringement of foreign trade marks in India. Nor are there any serious cases of counterfeiting of foreign trade marks in India. In fact, out of a total number of trade marks registered as on 31.12.87 of 102642, 29083 are foreign trade marks. Again out of a total number of 11918 patents in force as on the same day 8493 are foreign patents.

In any case, the matters are being further examined to see if compatibility between our Acts and Paris Convention can be provided. Nevertheless, certain actions have been taken. In order to make available complete patent documents from advanced countries, Government has taken steps to get patent specifications from countries like U.S.A, U.K., Japan, France, West Germany, Holland, East Germany, Australia and render

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such published patents accessible through a Patent Information System. Further, any interested person can obtain a state of the art search report to assess the details of existing technology. To avoid delays, through arrangement of advance payment system, subscribers can order their requirements through telegram/telex.

C. TECHNOLOGY TRANSFER

1. Laws and regulation in force

i) Technology Policy Statement of 1983.
ii) Foreign Exchange Regulation Act, 1973.
iii) Import Export Policy 1988-91.
iv) Guidelines for foreign collaborations.

For main features on (i) & (ii) above, see under A. Foreign Investment. The main features of Import-Export Policy are:-

a) The policy will have a validity of three years to lend stability to the policy and facilitate long term planning and investment. The main objectives are to stimulate industrial growth by providing easy access to essential imported capital goods, raw materials and components; to sustain the movement towards modernisation, technological upgradation, efficient import substitution and impetus to export growth. This is sought to be achieved by improving the quality of incentives and their administration and through a simplified and rational policy and procedures.

b) Open general licences will also have a validity of three years though licensing will be on an annual basis.

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c) Considerable delegation has been introduced for instance, the powers of the licensing authorities and Regional Advance Licensing Committees for the grant of licences has been enhanced from Rs.5 million and Rs.10 million to Rs.10 million and Rs.20 million respectively. The new policy has also been rationalised to a good extent and a number of unnecessary schemes and procedures have been abolished/eliminated to reduce multiplicity.

The main features of the Guidelines for foreign collaborations are:-

a) Payments for technology and knowhow can be made in the form of royalty or as lumpsum or both. The lumpsum payment may include payments for know-how, basic and detailed engineering, for designs, for training of personnel and use of expatriate technician services. When all these are involved, payment is usually limited to 8% of the net ex-factory value of production taken over a period of ten years. The payments include compensation for use of patent rights until the expiry of the life of the patent. Further, there would be no provision for payment of interest on delayed payments.

b) Royalty payments are usually limited to 5 for 5 years, calculated on the basis of ex-factory selling price, net of excise duties, less landed cost of imported and standard bought out components and subject to Indian taxes with no minimum guaranteed royalty being allowed.

c) Lumpsum payments are usually payable in three standard instalments, 1/3rd being paid after the foreign collaboration approval and agreement

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is filed with the RBI and CG if any obtained, 1/3rd after transfer of documents etc. and the last 1/3rd after commencement of commercial production or 4 years after the agreement is filed with the RBI whichever is earlier.

d) Collaboration agreements are approved normally for a period of 8 years with royalty limited to 5 years from the date the agreement is filed with the RBI and extensions are considered on merits.

e) Payment terms and durations can be relaxed and higher payments and longer duration allowed for obtaining high, closely held state of the art technology. Certain guidelines are followed like that the sources for technology are limited and are not readily available, that it is the lastest and best technology established on the basis of international competitive bids whenever feasible, the indigenisation to be achieved is of a faster rate, the technology package includes designs and drawings for building and fabrication of custom built capital goods and the presence of a strong export angle.

f) The collaboration should explore to the fullest possible extent possible alternate sources of technology, services and terms & reason why a particular technology and source is preferred.

g) Where technology payments are more than Rs.20 million, the companies must submit a Technology Absorption, Adaptation and Improvement (TAAI) plan within 6 months of approval to monitor transfer of technology and to ensure that the Indian company will set up R&D facilities

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continued dependance on foreign collaboration beyond the approved duration.

4. Regulation

The Indian companies which were permitted collaboration are required to enter into an agreement with the foreign collaborator in accordance with the terms and conditions approved by the Government. It is necessary to provide for the approval letter as part of this agreement. The foreign collaboration approval says that any clauses or provisions in the agreement which are either contrary to the approval or repugnant to it are not binding on the Government. Payments start after the agreement is filed with the RBI.

5. Scope

A foreign collaboration agreement covers license rights for the manufacture of items, knowledge for setting up a plant, process know-how, engineering drawings & designs, inspection manuals, all required specifications, training of personnel and provision of various forms of technical assistance and support services. It includes break up and details for various payments.

There is no sectoral differentiation of regulatory framework. The guidelines mentioned earlier apply uniformly to various types and classes of contract by and large. The proposals are generally scrutinised by the administrative Ministries concerned and the Technical Evaluation Committee (TEC) of the Directorate General of Technical Development. The TEC is an inter departmental inter-disciplinary committee constituted solely for the purpose of evaluation of the collaboration proposals. The evaluation takes

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into account the availability or not of indigenous technology, the need for the technology the status of the collaborator, the nature of the technology i.e. if it is the best or state of the art, whether it satisfies the various norms and specifications like productivity, consumption parameters, energy efficiency yields etc., the payment terms, the ability of the Indian partner to absorb the technology, arrangement made for transfer of technology and so on. Every proposal for collaboration has to be looked into by the TEC.

4. Restrictive practices

The collaborations should not restrict exports except where the foreign collaborator has existing licensing arrangements for manufacture and his own manufacturing facilities. In the latter case, the countries concerned shall be specified. There should be no tied imports of capital goods, components and raw materials and imports are subject to PMP approval. There should be no restrictions on sub-licensing, though the terms are subject to the mutual agreement of all parties concerned.

5. Recent changes

i) An important recent change is to permit payment of "Disclosure Fees" even before approval of collaboration as an enabling facility to obtain certain essential information from the prospective collaborator subject to certain conditions. Further certain norms and guidelines for 'unpacking of technologies' have been issued.

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2) In order to accelerate grant of clearances powers have been delegated to administrative Ministries for approving collaboration proposals if the payments do not exceed Rs.1[illegible] millions and there is no foreign investment. Another step in this direction is the delegation [illegible] large number of powers to the Member Secretary of the FIB for effecting various amendments to the FC approval given.

3) A very recent and important change is doing away with the need to get the prior approval of the concerned Administrative Ministry for engaging the services of foreign technicians. Under the latest dispensation the company can straightaway approach RBI who will clear the requests subject to certain guidelines. Also now there is no need for foreign technicians travelling by Indian carriers. This requirement has also been relaxed. Deputation of Indian personnel for training abroad [illegible] the approval [illegible].

4) Technology Development Fund. The scheme for existing companies for modernisation, upgradation and fuller utilisation of capacity has been in existence from 1976. Its scope which was confined to a few select industries has been greatly expanded to cover all industries and to avail facilities of know how, import of designs and drawings, foreign consultancy, import of capital goods, engagement of expatriate services etc. and to cover cost reduction, quality improvement, enhancement of exports, energy conservation and product mix rationalisation. The scheme now offers the benefits of [illegible] exchange allocation, institutional finance to fund the cost of the proposed modernisation

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etc. proposal waiver of advertisement procedure for import of capital goods, permission for package of imported inputs, issue of import licences by CCI&E within a [illegible] schedule etc. The monetary limit [illegible] increased from Rs.10 million to Rs. [illegible] and is available every year separately. This scheme is specially mentioned in the [illegible] of 1988-1991.

5) Import of designs and drawings [illegible] procedure:

In order to strengthen indigenous design capabilities and to facilitate utilisation of existing fabrication capacities in machinery manufacturing industry, design & drawings and other related technological inputs are permitted to all scheduled industries. The monetary ceiling has been enhanced from Rs.2.5 million to Rs. [illegible] million and it is available [illegible] basis. The [illegible] 1973 provided for in the [illegible] the years 1988-1991.

6) Taxation

While all approvals of payment terms for foreign collaboration are normally subject to Indian taxes, [illegible] net of taxes are liberally considered [illegible] the Indian party is agreeable to bear the taxes.

7) Validity

The initial validity period for foreign collaboration [illegible] tive steps like entering into an agreement and filing it with the RBI are to be taken. There-

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after requests for extension are considered on merits by the Administrative Ministry for another two years and thereafter requests have to come to the SIA. In order to simplify procedures, the initial validity period is extended straightaway to two years. Thereafter requests for further extension are considered on merits by the SIA.

8) Payment of royalty on products manufactured by sub-contractors are now permitted provided the product is not a standard item of imported component and have been manufactured based on the know-how, design and drawings provided by the foreign collaborator.

9) Other changes observed in actual practice is the relaxation of the condition of capital goods clearance before release of the first instalment of lumpsum payment, payment of [illegible] more than two instalments [illegible] phasing out the payments over [illegible] various stages of transfer of technology.

10) The duration of the agreement can be for longer periods subject to certain limitation on the payment of royalties. This could be particularly so in the case of [illegible].

11) A corollary of the above is flexibility in the matter of phased manufacturing programme (PMP) with longer period upto 7 years allowed for transfer of technology than the standard period of 5 years and extension of the period of PMP for good reasons.

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12) A very recent practice is to allow arbitration in the case of disputes by the inter-country Chambers of Commerce like the Indo-American or Indo-German Chambers.

13) In the matter of exports and export obligations, a more rational and feasible approach is adopted. Export obligations are no longer imposed in a routine manner. An examination of the foreign exchange balance, the possibility of the product being exported, the capability of the Indian company and the foreign collaborator for effecting exports, is made and only then export obligations imposed.

14) Preparation of periodical review and updating a restricted list of broad areas in respect of which import of technology would not normally be allowed is undertaken by the TEC, DGTD.

D. OTHER REGULATIONS

A. IMPORT POLICY

a) Import of capital goods will be either on O.G.L. licensible or restricted. Essentially the policy will be [illegible] not available in India. However, here also in practice imports can be permitted even if there is indigenous angle, if the delivery is very long or prohibitively costly or there is only a single supplier. Capital goods can be imported by other means like through REP licences. Import of second hand capital goods not more than 7 years old with a residual life

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of at least 5 years are also permitted. There are special facilities for import of capital goods by exporting units, non-resident Indians and small scale units.

b) Similarly, import of raw materials, components and consummables is allowed fairly freely through an expanded OGL. These items can be imported by Export houses and Trading houses against additional licences which are of the nature required by a large number of actual users and in small quantities. Other channels are through supplementary licences, [illegible] REP licences. Special provisions exist for import of components etc. by capital goods manufacturer, non-resident Indians and for import of spares, emergency spares etc.

c) The new policy provides for grant of licences to public sector undertakings and Export Trading Houses for bulk import of [illegible] basis for distribution [illegible] increased value of licences.

d) The import replenishment scheme has been modified so as to replenish the raw materials/components used in the manufacture of goods exported so as to be an important instrument in export promotion. Coverage has been [illegible] to enable diversification of production and exports as well as in the number of exporters. The licences will be freely transferable with an automatic flexibility for the import of items in the limited permissible and canalised list.

e) A more rational canalisation policy has been introduced and only items which are [illegible] or there are a large number of small actual

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users or there are distinct advantages have been retained in the canalised list while 35 items have been decanalised.

B. Expatriates:

a) As has been mentioned earlier, considerable procedural simplification has been introduced recently in the matter of engagement of expatriate services. Double taxation avoidance agreements exist with a number of countries and in many cases they are exempt from income tax. Under the new procedure, applications from Indian firms/companies willing to engage the services of foreign technicians/non-technical personnel can be made straight to RBI who would give the necessary approvals under Section 30 of FERA within certain guidelines.

b) One of the sources for inflow of technology into the country is the engagement of foreign technicians without the need for prior collaboration approvals. This can be done with the prior approval of the RBI under S 30 of FERA. For stays in both cases above three months, a security clearance of Ministry of Home Affairs and the clearance of Department of Economic Affairs for stays over 12 months will be required. However, payments in either case for technical clearance is no longer mandatory.

c) Foreign technicians can enjoy tax holiday for four years without the tax liability being treated as a perquisite. Similarly remuneration received for sole orientation in the country and that received abroad from the foreign employer in foreign currency is also exempt.

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C. Foreign Exchange Regulation Act, 1973 (FERA)

a) FERA provides the statutory basis for exchange control. For administering the [illegible] rules, notifications and orders [illegible] the Government of India and the RBI from time to time. All transactions involving international financial implications are regulated by Foreign Exchange Control. The RBI has been entrusted with the regulation of Exchange Control. RBI authorises a number of Banks and other institutions called "Authorised Dealers" to deal in foreign exchange and exercise powers delegated to them.

b) The important sections/provisions of FERA which concern foreign investment and technology transfer are:

i) S.19 - Regulation of export and transfer of securities.

ii) S [illegible] - Restrictions [illegible] in India associating themselves with [illegible] participating in concerns outside India.

iii) S 28 - Restrictions on the appointment of certain persons and companies as agents or technical or management advisors in India.

iv) S [illegible] Restrictions on [illegible] place of business in India.

v) S 30 - Prior permission of RBI required for taking up employment etc. in India by foreign nationals.

vi) S 31 Restrictions on acquisition, holding etc. of immovable property in India.

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c) S - 29 in particular seeks to regulate the activities of branches of foreign companies operating in India and Indian companies having more than 40% non-resident shareholding. RBI's permission is required for carrying any activity. Guidelines have been issued from time to time from December, 1973. Proposals for [illegible] collaboration and investment are approved by Government of India and remittances of [illegible] due to foreign collaborators are permitted by RBI in accordance with the terms approved by Government of India.

TAXATION

a) The tax liability of a foreign investor or his income from a technical/financial arrangement in India will depend upon whether the foreign party is a company or an individual. The tax liability will also depend on the nature of the income like dividends, royalties, lump sum, interest fees for technical services, use of trade marks, patents or [illegible] plants etc. In all agreements, it is to indicate on how to meet tax liability.

b) The important sections of the Income Tax which deal with the above or S-4, S-5, S-6, with its various sub-sections S-10, S-44, S-[illegible], S-90, S-91, S-[illegible], S-[illegible], defines the profit assessable under it, it does not bring into the tax net income [illegible] which cannot be reasonably attributed to operations carried out in India.

c) To provide relief and for avoidance of double taxation, S-[illegible] of the Income Tax Act empowers the Government to enter into double taxation agreements with foreign countries. Similarly,

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S-24 A of the Companies (Profits) Surtax Act of 1964 also provides various reliefs from double taxation. The Wealth Tax Act and Gift Tax Act also contain provisions for [illegible] agreement with foreign countries [illegible] double taxation. Apart [illegible], S-91 provides for giving unilateral relief.

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PRINCIPAL ISSUES IN REGULATORY PRACTICES ON TECHNOLOGY TRANSFER

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1. RESTRICTIVE PRACTICES

The following restrictions are imposed generally in approving foreign collaboration proposals:

i) There should be no provision in the agreements for a minimum guaranteed royalty. The royalty is also limited to the licensed or registered capacity - [illegible] thereof. Royalty is also not payable beyond the [illegible]. Further, where equity participation is permitted royalty allowed should normally be at reduced rates and no royalty should normally be admissible if the technology was coming to a subsidiary company in the country from its parent company abroad. However, in actual practice, except in the case of minimum guaranteed royalty where no exception is made, there is no rigidity in other matters and a [illegible] is adopted. [illegible] orders were executed after the period but booked during the period and if technical assistance is available on a continuing basis even after the agreement period expired. Similarly with prior approval of Government, royalty for period in excess of what is provided is also permitted. [illegible] of sale, but also as a fixed amount per unit of production.

ii) Similarly, though lumpsum is payable in three standard instalments, there is no rigidity about the condition and payments can be phased out to suit the convenience of the contracting parties and in line with the [illegible] technology. The important thing in these matters is that technology transfer takes place effectively.

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iii) While again the conditions require that there should be no tied purchase of capital goods, components or raw materials, exceptions are always possible, for instance in the case of proprietory items or cost is made to suit the particular [illegible] or in the case of phased manufacturing programme, raw materials/components can be obtained from the collaborator.

iv) There is a condition requiring freedom for the Indian company to sub-license technology to another local party. This, however, remains on paper only as it is subject to all the parties concerned including the foreign collaborator agreeing and such should not operate as an inhibiting factor.

v) On exports, there should be no restrictions excepting where the collaborator has the manufacturing or licensing arrangements. However, here again exceptions have been made depending on the need to acquire the particular technology.

vi) [illegible] an Indian firm as prime consultant wherever this is required. Here again, if foreign firms are unavoidable and considered necessary, it is permitted though an Indian firm is also asked to be associated preferably as a prime consultant.

vii) There should however be no interest payments for delayed payments/remittances and this has not been conceded. [illegible] are continued to being done. Similarly, no additional payments are admissible for use of patents/trade marks if any and the Indian firm is free to manufacture that item during the period of the agreement and after the expiry of the patent. Similarly, the Indian firm will have the right to manufacture the product for which it [illegible] after the expiry of the period of agreement. No foreign brand names are permitted for use on domestic sales.

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viii) Certain norms and guidelines are issued in respect of "unpackaging of technology" with a view to minimise outgo of foreign exchange. These would require use of Indian Engineering/Consultancy/Project Management Teams/firms, carrying out of detailed design engineering in the country, and making maximum use of local fabrication facilities.

ix) While repetitive imports of technology is to be discouraged, there is no ban as such. In fact, this is permitted to bring about competition among the technology suppliers, besides ensuring that in this manner the best of technology and the latest state of the art is made available to the country. Similarly, efforts are made to get technology on a centralised basis after a proper evaluation of available technologies. This has certain advantages like lower overall costs, proper monitoring and supervision of technology transfer and support to smaller and medium entrepreneurs who are not in a position to locate and negotiate for technology.

x) [illegible] like the DGTD is no longer mandatory in the case of delegated powers cases as well as in the cases of engagement of technicians. A more simplified and fast track mechanism is followed is clearance of import of designs and drawings, TDF and technology upgradation schemes where the views of TEC are not necessary. The views of concerned directorates of DGTD and other technical authorities are sufficient. [illegible] with local partners in joint ventures, where there is no equity and with Indian holding distributed widely, effective control can be with the foreigner. Further foreign companies are now permitted to set up Indian companies of the parent company without the need to have an Indian joint venture partner with the balance equity being issued to the Indian public. In this case, the management and control rests with the foreign companies.

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xi) It is also expected that all developments/improvements in technology for the item concerned will be passed on during the currency of the agreement.

Thus, it would be seen from the above explanation that many restrictive practices are not followed and there is considerable flexibility in their application.

2. REMUNERATION

1. The payment for technology is as has been mentioned earlier by way of lumpsum and royalties. Payments can also be made separately for drawings, engineering both basic and detailed, technical services fees, for training of personnel and for use of technical personnel in the matter of erection, supervision, commissioning test runs and for achieving performance guarantees. The royalty and lumpsum payments will include full compensation for trade marks, patents and franchise fees if any. Technology payments are usually settled through negotiations between the parties and are rarely interfered with if they are in conformity with the prevailing guidelines.

2. It is however well known that the international technology market is an imperfect market and technology recipients are in an unequal bargaining position vis-a-vis foreign technology suppliers. Judicial governmental intervention becomes sometimes necessary to restore the balance and strengthen the technology recipient. Moreover, this centres round on the quality of the technology and its relevance to Indian conditions, the status and capability of both the supplier and the recipient and the arrangement for transfer and absorption of technology.

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3. DURATION

1) Issues in this regard have been discussed in the earlier statements. There are guidelines [illegible] only that royalty payments be limited [illegible] years and the duration limited to [illegible] years with a three years for implementation after approvals are obtained. However there is no rigidity in this matter and current practice is to have longer periods for payment if the technology acquisition requires so. The duration can also be longer in cases where there is equity participation and periods upto 10 years can be given without difficulty if required and asked for. In cases like tourism and hotel industry periods varying upto 10 to 15 years are also conceded.

2) Usually where there is a manufacturing programme, like particularly in electrical, eletronic, engineering, chemical and pharmaceutical industries, involving import of components, raw materials, intermediates, [illegible] and technology involved is sophisticated and complex and speeding up would hamper proper absorption and adoption longer period upto 7 to 8 years is possible. Further extensions are also given if technology absorption has not taken place fully and effectively or for getting new improvement or for new items. Similarly renewals are also [illegible] out.

4. GUARANTEES

It is expected that the agreements for technology transfer will contain provisions for the necessary guarantees for the various parameters in the manufacture of the goods like commissioning of plant and equipment, achievement of rated output, performance of the machinery, capacity build up, consumption and yield norms, energy conservation, quality specification etc. These are usually left to the contracting parties. In the evaluation procedures these

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are specifically looked into and ensured. Wherever required conditions are imposed in the sanction letters to take care of omissions in the above regard to safeguard the interests of the technology recipient. There are no sspecial rules or regulations for this, but are generally taken care of in the course of evaluation and approval of foreign collaborations.

5. TRAINING OF LOCAL PERSONNEL

While here again there are no special provisions or regulations, these are suggested in the guidelines. Care is taken to provide for this in the agreements when collaborations are evaluated. This is one of the main things looked into while examining the arrangements made for transfer of technology. This is also monitored in the TAA plan.

6. IMPORT DEPENDENCE AND EXPORT PROMOTION

1) Technology acquisition is encouraged in areas of import substitution to reduce import dependence. To ensure this wherever possible a phased manufacturing programme is worked out in consultation with the DGTD etc. and this is monitored, with import of components/ raw material/intermediate being permitted only as per this programme. However for good reasons the PMP can be relaxed. Generally through the means of PMP import dependence is brought down. Here again while the earlier practice has been to insist on 100% indigenisation over a period of about 5 years, this is no longer necessary and import dependence can continue even after the period of agreement if it is not possible or worthwhile to indigenise completely.

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2) In the matter of exports, an export obligation is imposed on certain categories of technology like electronics, certain engineering industries etc. This is also dependent on the extent of foreign exchange outgo. However, exports are not insisted on a routine manner and an application of mind is necessary about the feasibility of exports. But it has to be borne in mind that exports now have not only become a major focus but also thrust of our policies. It must be recognised that a rapidly growing and modernising economy will need a growing volume of imports and an expanding inflow of technology. We can pay for these imports only if we can export. Government has given and will be giving sustained support to exports. Technology import and foreign investment even of higher percentages are encouraged in export oriented industries. Lot of fiscal and other incentives are available for export industries and exports.

7. TAXATION AND REMITTANCE OF PAYMENTS FOR TECHNOLOGY TRANSFER

These have been discussed earlier. The legal provisions are contained in our FERA, and the Income Tax Act and the Indian Companies Act. In the case of lumpsum and royalty, the rate is uniform at 30%. In the case of lumpsum, this could be net of taxes. There are different rate for others. Remittances are made on the terms approved by the Government either in the Department of Economic Affairs (DEA) of the Ministry of Finance or Department of Industrial Development in the Industry Ministry. Remittances are allowed by the RBI on applications made by the Indian Companies/firms.

It must be said that there are now no restrictions whatsoever on the quantum of profits/dividends. All payments are allowed without any restrictions and India

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has an excellent record of meeting all its payment obligations on time and without any deferment.

II. INSTITUTIONAL ARRANGEMENTS

1. COMPETENT APPROVING AUTHORITIES

Foreign collaborations are cleared by the following Boards Committees:-

i) Foreign Investment Board (FIB)
ii) Project Approval Board (PAB)
iii) Special Approval Committee (SAC)
iv) 100% Export Oriented Units Board (EOU)
v) Technology Development Fund Committee (TDF)
vi) Import of Designs & Drawings Committee
vii) Free Trade Zone Committees (FTZ)
viii) The Committee of Secretaries for Fertilisers and Petroleum (COS)
ix) The Administrative Ministries (AMS)

The 100% Export Oriented Units Board and the FTZ Committee is chaired by the Additional Secretary in the Ministry of Commerce on behalf of the Secretary(Commerce) and clears proposals for setting up industrial units including cases of foreign collaborations where they are applied for. The Committee of Secretaries for Fertilisers and Petroleum clear proposals for [illegible] the above sectors including foreign collaborations and they are chaired by the respective Secretaries of the above departments. They consist of Secretaries of Department of Industrial Development, Economic Affairs, Environment, Planning, Company Affairs, Commerce and in the case of Fertilisers, Agriculture in addition to their own.

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2. The SIA services and acts as the Secretariat for the FIB, PAB, SAC, EOU Board, TDF, Designs and Drawings Committee and the AMS and thus coordinates the functions of the various committees. SIA is thus a nodal agency in respect of majority of the proposals for foreign collaborations. In the other cases, the concerned Ministries receive the applications and give the sanctions. Copies of sanction letters are sent to the SIA who maintain a centralised account of all the approvals. The procedure for receipt of applications, distribution of copies to the concerned departments, preparation of summaries, putting up to the various committees and issue of sanction letters by SIA has been discussed earlier. The above committees are final authorities to decide on the foreign collaboration proposals including investments.

3. Even though number of departments/institutions are involved, the guidelines apply uniformly to all and the same people in the various departments in these cases of any given type of proposals go to different approval committees. This ensures a uniform and consistent application of guidelines and norms and also in coordination. For instance the main nodal agency for technical evaluation is the Technical Evaluation Committee which therefore provides uniform standards of evaluation and coordination.

4. In SIA, the transfer of technology registry, is the central point in the existing institutional framework. All the applications are received by this section, circulated to concerned departments by it and processed by it before and after the Committee meetings. It maintains a centralised register of all approvals. There is also a time-frame within which the applications are processed. The outer limit is 60 days for giving the sanction or rejection letters. Time

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is fixed for various scrutinising agencies as well as for receipt of comments/recommendations, submission of cases to the Committees etc..

5 In regard to electronic and telecommunication industries an initial scrutiny is done by an inter-ministerial Standing Committee chaired by the Secretary, Department of Electronics and consisting of representatives of Department of Electronics, the DGTD, Department of Science & Technology, Deptt. of Telecommunications etc..

6. The import of capital goods required in the implementation of projects based on foreign collaborations are approved by the:-

i) Capital Goods Committee;

ii) Capital Goods Adhoc Committee;

iii) Regional Committees of the Chief Controller of Imports and Exports;

iv) The Empowered Committees for identified industries of capital intensive and import of secondhand plant [illegible] years old;

v) The Project Approval Board, Special Approval Committee, 100% Export Oriented Units Board, the Free Trade Zones Board, the Committee of Secretaries for Fertilizers and Petroleum and Technology Development Fund Committee;

7) The SIA again acts as the Secretariat for most of the above Committees and processes the applications for imports. In the case of CG Adhoc and Regional Committees, the proposals are received by the CCI&E and its regional offices. In the case of FTZ and EOUs for Fertilizers and Petroleum by the Commerce Ministry, the Fertilizer and Petroleum Ministries. The DGTD is in almost all the cases is expected to scrutinize the proposals from essentiality

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and indigenous angles.

3) The information to be furnished is contained in the various Forms. In the case of foreign collaboration, the essential information consists besides the usual details of the name of the company etc, the item of manufacture, the investment involved in plant and equipment - imported and indigenous, the raw materials and components, both imported and indigenous, the values thereof, values of ex-factory production, details of the phased manufacturing programme, the capacity build up, all over a 5 year period. In addition the foreign exchange balance showing foreign exchange inflow through foreign investment, exports and import substitution and outgo on all counts like technology fees, royalty, dividends, capital goods, raw material/components over a 5 year period has also to be given.

4) Information on the status of the collaborator, the nature of the process or know-how, break up of payments, arrangements for know-how transfer etc. are given. A brief description of the process and end-use or applications is also furnished. The annual reports of the companies giving the technology, list of the products and other relevant information is also given. In the case of import of capital goods besides essential information of the company and item of manufacture, information regarding the advertisement procedure, response to the advertisement, details of equipment, proforma invoices, competitive bidding information, description of the machines etc. are provided.

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5) It is the experience that information is not given fully in the first instance. There is always a need for calling for additional information on the item of manufacture, the process, the status of the collaborator, the manufacturing programme, the terms of payment etc. The tendency is to start with a very high percentage of imports and this aspect is looked into critically. In important and major collaborations involving high payments discussions are held with the parties and the collaborators before finalising recommendations. Unacceptable provisions in the contract are asked to be removed.

2. STAFFING PATTERN OF THE REGULATORY AGENCIES

In the Dept. of ID, the two regulatory units and the registry of Secretariat for Industrial Approvals SIA. It is headed by Joint Secretary level Officer. The following staff are directly involved in the registration and processing of applications for foreign collaboration and other instruments involved in foreign collaboration. There are 4 senior level officers, [illegible] Secretary/head SIA. They are of the rank of Director or Deputy Secretary. These in turn are assisted by 4 Under Secretaries supported by 10 Section Officers and 70 other staff including Investigators, Analysts and Assistants. Included in the above is a Division headed by a Director and assisted by an Under Secretary and consisting of 2 Sections - Foreign Collaboration-I and Foreign Collaboration-II

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with 2 Section Officers, 2 Senior Investigators and 8 other Assistants which constitutes the core for registry of foreign collaborations. The pattern of work in the Foreign Collaboration Section is as under:-

i) Foreign Collaboration-I Section

Scrutiny of foreign collaboration applications, getting them evaluated and preparation of summaries for consideration of Foreign Investment Board.

ii) Foreign Collaboration-II Section

Putting up the above summaries to Foreign Investment Board and issue of communications to the Indian entrepreneurs as per the decision of Foreign Investment Board.

2) The staffing pattern in foreign collaboration has to take into consideration the entire set up of the Directorate General of Technical Development which is integrally and intimately connected in regard to transfer of technology and all the connected acivities including evaluation of technology, import of capital goods, [illegible]. The DGTD which is a part of the Deptt. of I. is headed by a senior level Officer of the rank of Secretary to Government of India. It has 4 Divisions, each Division being again headed by a Deputy Director General who is assisted by a host of highly qualified engineering, chemical and other technical Officers. These Officers are of various levels starting from the juniormost Assistant Development Officer to Development Officer, Additional Industrial Adviser

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and Industrial Adviser. There are other technical Officers starting from Junior Analysit to Assistant Director, Research Officer, Deputy Director, Joint Dirctor, Director and Advisors. The total number of technical Officers are over 500 and they are supported by over Two other office staff.

3) While the above are in the main Ministry directly dealing with technology transfer and associated activities, every Administrative Ministry has [illegible] complement of staff who will be involved with the applications of foreign collaboration, as Administrative Ministries are expected to [illegible] recommendations. The technical staff is of considerable strength in Departments like Electronics and Telecommunication. In fact in the case of Deptt. of Electronics it has close to 400 Scientists and Engineers including Ph.D, M.Tech. and B.Tech. The Department of Steel & Mines and Food Processing also have some complement of technical staff of their own. In addition to the above, [illegible] mind the technical staff of the Deptt. of Science & Technology, NIA and the Planning Commission who are all involved in some manner or the other in the decision making of applications of foreign collaboration.

3. EVALUATION METHOD AND TECHNIQUES

A Technical Evaluation Committee (TEC) in the [illegible] has been constituted to evaluate foreign collaboration proposals and make recommendations to the appropriate committees. The Secretary(TD) and DCTD is the Chairman and has representatives from the Department of Science & Technology, Council for Scientific & Industrial Research, National Reconstruction and Development Corporation,

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Defence Science Organisation, Development Commissioner (Small Scale Industries), Central Financial Institutions and Technical Adviser from the Administrative Ministry. The Dy.DGTD is the Member Secretary and the [illegible] provides the Secretariat. Proposals received in the SIU are sent to the DGTD/TEC for scrutiny and examination.

Specialists from National Laboratories and Experts in specific areas are also invited to the meetings as and when required. The main objectives of the Committee are that different disciplines of technological expertise can interact and evaluate the need for import, its merits as well as acceptability.

Applicants/collaborators are also invited to its meetings for seeking clarifications, suggesting improvements in the proposals, suggesting suitable amendments in the restrictive clauses in the proposal.

The Committee provides a good forum for meaningful interaction between the various [illegible] concerned and also [illegible].

Some of the main facets of the proposal which are examined by the Committee are as under:

- Need for technology import from the point of view of its availability from indigenous sources or otherwise, its priority, technological gaps and other factors.
- Contemporariness of the technology.
  Input/Output norms in terms of its raw material and components, energy inputs etc.
- Capability to compete effectively in national and international markets.

  Environmental impact of the application of technology.

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- Productivity and cost effectiveness.
- Recurring and non-recurring foreign exchange requirements such as those required for import of plant and machinery, raw materials and [illegible].
- Standing of the foreign collaborator - [illegible] in the technology proposed to be imported.
- Reasonableness of the payments proposed vis-a-vis the technology proposed to be obtained.
- Nature of technology transfer - whether [illegible] comprehensive or peripheral.
- Competence of the Indian entrepreneur to absorb and adapt the technology.
- Possibilities of export of the goods or services produced.
- In case of request for extension of collaboration, the extent of [illegible] that [illegible] be taken by the applicant [illegible] and improvement including their R&D set up and R&D plans are critically looked into.

PREFERRED PAYMENT TERMS

It is preferred that payment [illegible] to ensure comprehensiveness of the [illegible] and continued interest of the technology supplier. Therefore, payment in the form of royalty is generally preferred.

- The total lumpsum and royalty payments should not normally exceed 8% of the [illegible] over a period of 5 years.

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- Where total payments on account of technology are more than Rs.2 crores, it is desirable that at least 50% is paid in the form of royalty.

TECHNOLOGY ABSORPTION AND MONITORING

- The D.G.T.D. undertakes technology audit studies in selected units covering both engineering and chemical industries. The exercises are undertaken by the expert Groups with representatives from DSIR, NPC and specialists on the subject. The main objectives of such studies are to evaluate effectiveness of technology transfer in the areas of production, adaptability to indigenous conditions, [illegible] technology gaps, problems faced in technology transfer and need for further technology import. These exercises have provided valuable inputs both to the Government and the entrepreneur.

- With a view to accelerate meaningful adaptation and absorption of imported technologies by Indian entrepreneurs and their [illegible] are more than Rs.20 million during the [illegible] foreign collaboration, Indian companies are required to submit time bound programmes for technology absorption, adaptation and improvement (TAAI). These plans are examined in detail by a Committee under the Chairmanship of Secretary (Technical Development), with Members from DSIR, [illegible] Ministries and others. While examining these [illegible] there is a close interaction with the [illegible]. The Committee would also monitor the implementation of the plans.

In respect of large and medium scale units, effectiveness of technology transfer is monitored through their indigenisation programme. The production achieved as a result of technology transfer is also

monitored through monthly production returns submitted by the applicants.

DIFFICULTIES EXPERIENCED BY THE COMPANIES IN SUBMITTING THE PROPOSALS FOR COLLABORATION

- Unable to provide realistic estimate of import content.
- precise estimate of foreign exchange balance sheet.
- due to lack of a data base on technology suppliers the applicants are not sure whether they were able to reach an optimum technology package agreement in terms of the payments and [illegible] of technology.

DIFFICULTIES EXPERIENCED BY I.E.C.

- Details on standing of the collaborator are not furnished by the applicant.
- Exact scope of collaboration is generally not furnished. Realistic import content is not indicated figures of cif to cif basis are [illegible].
- Difficult to make a realistic assessment [illegible] exchange balance sheet.

CONCLUSION

The last few years have witnessed changes in various areas of policy pertaining to industry and technology. While [illegible] proceeded in the direction of liberalisation, [illegible] pragmatism has been adopted in actual implementation. A [illegible] outcome of these policies is seen in the changed environment. Increased market competition has come to be accepted as a fact of life leading to greater attention being paid to such neglected areas as cost and quality. A sustained and high rate of growth of industrial investment and output, competition from imports, awareness of quality and price will all in the future ensure sustained demand for techno

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logy. The Indian entrepreneur is now in a position to choose his technology source from one of several options - a significant change from a situation when choice was limited to a few options having been an occasional buyer of technology.

We are, it seems, at the cross roads and will need a programme for technology development. As part of the programme, a certain degree of pricritisation will be necessary in view of various constraints such as financial resources, ability to keep pace with developments abroad, absortion capacity between different sectors, gaps [illegible] technology in use and levels aimed at, impact on existing [illegible] etc. Since we cannot leap-frog from existing levels [illegible] art in all areas as well as afford R&D expense of the [illegible] a certain degree of phasing and sequencing will also be necessary. One shot upgradation of technology also cannot be the objective and continuous upgradation will be an integral part of objectives and policy.

Thus the following can be one formulation of our technology objectives and goals:

i) Across the board upgradation of technology.
ii) Acquisition of technology for new investments [illegible] evaluation of alternatives.
iii) Ensuring effective transfer and absorption of technology; and
iv) Maintaining through upgradation/acquisition the level of technology in use in step with the world technology.

India is emerging as an important area of opportunity and the environment for technology is much more active and exciting than at anytime in the past. Keeping this [illegible] made to achieve the above objectives.

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