

forms to the Secretariat for Industrial Approvals. Applications take about 3 months to process.

Industrial Collaboration. The Indian government currently allows foreign corporations to collaborate with Indian firms in some basic ways:

- straight sales agency agreement;
- licensing of technology with no equity participation by the foreign firm for local manufacture;
- joint-ventures with foreign equity participation (usually no more than 40 per cent foreign ownership) combined with technology transfer; and
- technical collaboration in the form of designs and drawings.

Royalties are normally permitted for a period of seven years (to begin no later than three years after approval of collaboration). Technical know-how fees are permitted as a price of technology transfer. Total remittances cannot exceed six to eight per cent of cumulative net sales over the period of the agreement. "Sales" for this purpose are defined in a particular way. Contact PST for more details.

Repatriation of Capital and Remittance of Funds. Any foreign capital invested in India for industrial projects with the approval of the Indian government can be repatriated from India. Similarly, profits and dividends can be remitted without restrictions, but the transfer of profits is subject to Reserve Bank authorization. The Reserve Bank has been known to allow profits to be transferred even when the amount of tax due was in dispute. If profits are retained for longer than a year, they are looked upon as having been reinvested; transfer would then require special Reserve Bank approval.

Business Organization. In India, a business enterprise may be organized in the form of a sole proprietorship, a partnership, a corporation or a branch office (of a foreign company). A limited company is the most common form of business entity adopted by foreign investors. The Indian government does not favour the establishment of branches of foreign companies. All businesses must be registered with the Registrar of Companies. A company's application must be accompanied by the Memorandum and Articles of Association and a list of directors.