

the trademark. Protection is given for seven years, renewable indefinitely for periods of seven years.

Investment

Foreign Investment Policy. All foreign investment in India must be approved by the government. In accordance with the guidelines of the 1980 Industrial Policy, the major criteria by which foreign investment requests are considered include:

- the capacity of the investment to earn foreign exchange through exports;
- its capability of saving foreign exchange through import substitutions; and
- the extent to which the investment transfers needed technology to India. In this case, special consideration is given in the fields of electronics, telecommunications, power and oil and gas.

Foreign investment is governed by the Foreign Exchange Regulation Act (FERA), which was passed in 1973 primarily to exercise control over the movement of foreign exchange in and out of India as well as to regulate the quantity of foreign investment already in India. Such investment was made at different times in various circumstances, and the government wanted to bring it all within a single, uniform framework. Under the law, foreign investment falls into different categories, but with the exception of banks, airlines and shipping companies which are permitted full foreign ownership on a reciprocal basis for Indian companies operating overseas, most others have to dilute their foreign equity holdings to 40 per cent. It is still possible to keep overall control by having the shares widely distributed to the public. Local capital markets normally respond well to well-promoted and sound projects. Manufacturing and industrial undertakings are permitted a higher foreign equity ownership on the following conditions:

- A company which exports its entire production (100 per cent export-oriented units) or is in a Free Trade Zone can retain up to 100 per cent ownership.
- A company whose operations in priority industries (high technology, energy, exports) cover 75 per cent of its turnover, can retain up to 74 per cent ownership of equity.

All proposals for foreign investment, whether technical or financial, must be submitted on prescribed application