(j) The Government reserves the right to verify the antecedents of the foreign collaborators and domestic promoters including their financial standing and credentials in the world market. Preference would be given to original equipment manufacturers or design establishments, and companies having a good track record of past supplies to Armed Forces, Space and Atomic energy sectors and having an established R and D base.

(k) No minimum capitalisation for FDI purposes.

(l) The standards and testing procedures for equipment to be produced under licence from foreign collaborators or from indigenous R and D will have to be provided by the licensee to the Government nominated quality assurance agency under appropriate confidentiality clause.

(m) The licensing authority would satisfy itself about the adequacy of the networth of the foreign investor, taking into account the category of weapons and equipments that are proposed to be manufactured.

(n) Capacity norms for production will be provided in the licence based on the application as well as the recommendations of the Ministry of Defence, which will look into existing capacities of similar or allied products.

(o) Purchase preference and price preference may be given to the Public Sector organisations as per guidelines of the Department of Public Enterprises.

(p) Arms and ammunition produced by the private manufacturers will be primarily sold to the Ministry of Defence. These items may also be sold to other Government entities under the control of Ministry of Home Affairs and State Government with the prior approval of Ministry of Defence. No such item shall be sold within the country to any person or entity. The export of manufactured items will be subject to guidelines as applicable to ordinance factories and defence public sector undertakings. Non-lethal items will be permitted for sale to person/entities other than the Central or state government with the prior approval of Ministry of Defence.