

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
STARRED QUESTION NO. *9
ANSWERED ON MONDAY, 04TH DECEMBER 2023
AGRAHAYANA 13, 1945 (SAKA)**

OPERATION OF FOREIGN COMPANIES

QUESTION

***9. DR. G. RANJITH REDDY:
SHRIMATI KANIMOZHI KARUNANIDHI:**

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) the reaction of Government on the number of foreign businesses leaving the country surpassing the new entrants since 2018;**
- (b) whether 102 foreign firms started operations as compared to 111 foreign companies that ceased their operations in 2018;**
- (c) whether 64 foreign firms started operations as compared to 78 foreign companies that ceased their operations in 2022;**
- (d) whether between 2018 and 2023 (till March) 469 foreign companies started operations as compared to 559 leaving the country;**
- (e) whether it means that country is not providing the business atmosphere in spite of investors reluctant to go to China, particularly after pandemic; and**
- (f) the remedial measures that the Government is planning to take to address this serious problem?**

ANSWER

The Minister of Finance & Corporate Affairs.

(वित्त और कारपोरेट मामलो के मंत्री)

(SMT. NIRMALA SITHARAMAN)

(श्रीमती निर्मला सीतारामन)

(a) to (f): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION
NO. *9 FOR ANSWER ON 04.12.2023.**

ANSWER

(a) to (d): Foreign companies (incorporated outside India) may establish a place of business in India viz. branch office, project office, liaison office/representative office etc. for specific purposes after complying with the requirements of the RBI regulations and other sectoral requirements, wherever applicable. Within 30 days of establishment of such office, they seek registration from the Registrar of Companies (Delhi and Haryana) by filing necessary documents under Section 380 of the Companies Act, 2013.

The figures given in part (b) to (d) of the question pertain to foreign companies, who have opened or closed their place of business in India under Section 380 of the Companies Act, 2013 from 2018 to 2023 (till January). However, Foreign companies can invest in India not only by way of opening place of business in India but also through Indian subsidiaries, which are Indian companies but subsidiary of foreign holding companies. During the period FY 2018-19 to FY 2022-23 (up to November), 7946 foreign companies have registered their Indian subsidiary company. It is also observed from the data available on the website of DPIIT that overall foreign direct investment in India has increased from USD 62001 million in FY 2018-19 to USD 71,355 million (Provisional figure) in FY 2022-23.

(e) and (f): For a company starting operations through Indian subsidiaries or establishing or closing place of business are matters of commercial business decision. These depend on a host of factors such as viability of operations, sectoral strategy, global priorities, market size, capital and resource allocation within the company as well as the decision of a particular business entity whether to operate in different geographical areas or not.

The increase in the foreign direct investment indicates the confidence of the foreign investors in the business atmosphere of the country.
