

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:5595  
ANSWERED ON:29.04.2010  
LAW VIOLATED BY FOREIGN COMPANIES  
Singh Rajkumari Ratna;Singh Shri Ijyaraj

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

- (a) whether the Government is aware that many foreign companies have violated Indian Company Law;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) number of complaints received in this respect during the last three years;
- (d) the number of cases investigated so far and the number of cases in which any action has been taken against any foreign company;  
and
- (e) the nature of the action taken against such companies?

**Answer**

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) to (e): Foreign companies are companies incorporated outside India which establish their place of business in India after obtaining permission from Reserve Bank of India (RBI). Thereafter, they have to file registration particulars regarding such place of business with the Registrar of Companies, Delhi within 30 days from such permission. Only few provisions of the Companies Act, 1956 are applicable to the place of business of such foreign companies. No such violation requiring investigation has been brought to the notice of this Ministry. However, while doing their business in India, foreign companies have to comply with the guidelines of RBI and other applicable laws such as the Foreign Exchange Management Act, 1999, etc., and failure to make the compliance of relevant guidelines/ laws is actionable.