GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE

RAJYA SABHA

STARRED QUESTION NO. 97.
TO BE ANSWERED ON FRIDAY, THE 10TH FEBRUARY, 2023.

CLOSING DOWN OF MNCS IN THE COUNTRY

***97. SMT. JEBI MATHER HISHAM:**

Will the Minister of **Commerce and Industry** be pleased to state:

(a) how many Multinational Companies (MNCs) with registered offices or subsidiaries in India have closed down their operations in the country in the past three years, the company-wise details thereof;

(b) the circumstances under which the MNCs decided to close down their operations in the country;

(c) whether Government has compiled the data on the loss incurred due to the closing down of MNCs in the country, if so, the details thereof; and

(d) the measures taken to tackle the closing down of MNCs, the details thereof?

ANSWER
THE MINISTER OF COMMERCE & INDUSTRY
(SHRI PIYUSH GOYAL)

(a) to (d): A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 97 FOR ANSWER ON 10TH FEBRUARY, 2023

(a) The Companies Act, 2013 does not define "Multinational Companies". However, there are two types of foreign entities registered in India,

(i) Companies which have registered a liaison/branch office/ Project Office in India but incorporated outside India

(ii) Subsidiaries of foreign companies incorporated in India. These subsidiary companies are registered in India under the provisions of Companies Act, 2013.

1,330 foreign companies and subsidiaries of foreign companies have closed during the past three years. In the same period, 4,994 new foreign companies and subsidiaries of foreign companies have registered in India. There are 17,432 active foreign companies and subsidiaries of foreign companies operating in the country.

(b) The closing of operations is a matter of private commercial business decision. It depends on a host of factors such as viability of operations, availability of resources, market size, infrastructure, political and macroeconomic climate as well as the decision of a particular business entity to operate in the country.

Common reasons for closure:

i. Completion of business objectives for which liaison office/branch office/project office was opened in India.
ii. After seeing the prospects / business opportunity in India, Management's decision to incorporate it as a private company
iii. Completion of project in India
iv. Restructuring by the Parent company level
v. Parent Company discontinued the Business hence decided to close the Liaison Office in India.
vi. Non-renewal of RBI License.
vii. On account of closure of principal business activities by Parent company in all other countries.
viii. No business activities carried out by branch offices. Company has applied for strike off action u/s.248 (2) of Companies Act 2013, as no business activity is carried out for the last two years.
ix. Suo moto closure of Companies by ROC u/s. 248(1) of Companies Act 2013, if the companies are not carrying on any business activities and defaulted in filing its statutory returns with ROC.
x. Company would have got "Amalgamated" with other company in India.
xi. Company would have got "Converted into LLP"

(c) The data on the loss incurred due to closing down of foreign companies and their subsidiaries in the country is not maintained.

(d) The Government has always intended to make India an investor friendly destination for which it has put in place its FDI policy, wherein most sectors except certain strategically important sectors, are open for 100% FDI under the automatic route. Almost 98% of FDI equity inflow is coming under automatic route during the current financial year 2022-23 (up to September, 2022). FDI policy is reviewed on an ongoing basis, to ensure that India remains attractive and an investor friendly destination. Changes are made in the policy after detailed consultations with stakeholders including apex industry chambers, associations, representatives of industries/groups and other organizations. In recent past, several reforms in FDI policy have been undertaken in sectors such as Defence, Petroleum & Natural Gas, Telecom, Insurance etc.

The reforms taken by Government have resulted in increased Foreign Direct Investment (FDI) inflows in the country. FDI inflow in India stood at USD 45.15 billion in 2014-15 and has continuously increased since then. India registered its highest ever annual FDI inflow of USD 84.84 billion (provisional figure) in the FY 2021-22.

The UNCTAD World Investment Report (WIR) 2022, in its analysis of the global trends in Foreign Direct Investment (FDI) inflows, has ranked India at 7th position in top 20 host economies for 2021.

Along with foreign investment, Government of India has undertaken various steps to boost domestic investments in India. These include introduction of Goods and Services Tax, rationalization in Corporate tax, interventions to improve Ease of Doing Business, measures for reduction in compliance burden, measures to boost domestic manufacturing through public procurement orders, Phased Manufacturing Programme (PMP), to name a few.

Government has taken various measures to improve the economic situation and convert the disruption caused by COVID 19 into an opportunity for growth. These include Atmanirbhar packages, introduction of Production Linked Incentive (PLI) Scheme in 14 sectors, investment opportunities under National Infrastructure Pipeline (NIP) and National Monetisation Pipeline (NMP), India Industrial Land Bank (IILB), Industrial Park Rating System (IPRS), launch of the National Single Window System (NSWS), etc. An institutional mechanism to fast-track investments has been put in place, through Project Development Cells (PDCs) in all concerned Ministries of Government of India. With the announcement of PLI Schemes, significant creation of production, skills, employment, economic growth and exports is expected over the next five years and more.

The details of some of the major initiatives /schemes are at Annexure.

Annexure

ANNEXURE REFERRED TO IN REPLY TO PART (d) OF RAJYA SABHA STARRED QUESTION NO. 97 FOR ANSWER ON 10TH FEBRUARY, 2023

Details of some of the major initiatives /schemes

1. Make in India initiative: 'Make in India' initiative was launched on 25th September 2014 to facilitate investment, foster innovation, build best in class infrastructure and make India a hub for manufacturing, design and innovation. It was one of the unique single, vocal for local initiative that promoted India's manufacturing domain to the world. 'Make in India' initiative is not the state/district/city/area specific initiative, rather it is being implemented all over the country.

2. Production Linked Incentive scheme: Keeping in view India's vision of becoming 'Atmanirbhar', Production Linked Incentive (PLI) Schemes for 14 key sectors is under implementation with an outlay of Rs. 1.97 lakh crore to enhance India's Manufacturing capabilities and Exports. These schemes have potential for creation of high production, economic growth, exports and significant employment over the next five years and more. Under this scheme, 717 applications have been approved till date. Total investment amounting to nearly Rs. 50,000 crores has been received till date. It has led to production having worth of more than Rs. 4 lakh crore. It has also led to employment to nearly 3 lakh people.

3. Industrial Corridor Development Programme: In order to accelerate growth in manufacturing, Government of India (GoI) has adopted the strategy of developing Industrial Corridors in partnership with State Governments. The objective of this programme is to develop Greenfield Industrial regions/areas/nodes with sustainable infrastructure & make available Plug and Play Infrastructure at the plot level. As part of National Industrial Corridor Program, 11 Industrial Corridors are being developed in 4 phases.

4. Ease of Doing Business: The objective is to improve Ease of Doing Business and Ease of Living by Simplifying, Rationalizing, Digitizing and Decriminalizing Government to Business and Citizen Interfaces across Ministries/States/UTs. The key focus areas of the initiative are simplification of procedures, rationalization of legal provisions, digitization of government processes, and decriminalization of minor, technical or procedural defaults.

5. National Single Window System: The setting up of National Single Window System (NSWS) was announced in the Budget 2020-21 with the objective to provide "end to end" facilitation and support to investors, including pre-investment advisory, provide information related to land banks and facilitate clearances at Centre and State level. Envisioned as a one-stop shop for investor related approvals and services in the country, the National Single Window System (NSWS) was soft-launched on 22nd September, 2021 by Hon'ble Commerce & Industry Minister. Large number of States/UTs Single Window Systems have been linked with the NSWS Portal thereby providing access to approvals of these States/UTs to be applied through NSWS.

6. PM Gati Shakti National Master Plan (NMP): PM Gati Shakti National Master Plan (NMP), a GIS based platform with portals of various Ministries/Departments of Government, was launched in October, 2021. It is a transformative approach to facilitate data-based decisions related to integrated planning of multimodal infrastructure, thereby reducing logistics cost. Empowered Group of Secretaries (EGoS) and Network Planning Group (NPG) have been created as institutional arrangement. For enhanced capital expenditure by states for infrastructure development, the Ministry of Finance, Department of Expenditure through the "Scheme for Special Assistance to States for Capital Investment for 2022-23" on 6th April 2022 has made a additional provision of Rs. 1,00,000 crore for disbursement among the states as long term loans at a zero interest rate. Out of this, under Part II of the scheme Rs 5,000 crore are specifically provided for PM GatiShakti related expenditure.

7. National Logistics Policy: National Logistics Policy (NLP) was launched on 17th September 2022, that aims to lower the cost of logistics at-par with other developed countries. It is a comprehensive effort to address cost inefficiency by laying down an interdisciplinary, cross-sectoral, and multi-jurisdictional framework for developing entire logistics ecosystem. This would boost economic growth, provide employment opportunities, and make Indian products more competitive in the global market.

8. Indian Footwear and Leather Development Programme (IFLDP): The Central Government has approved the Central Sector Scheme 'Indian Footwear and Leather Development Programme (IFLDP)' in January, 2022 with an allocation of Rs.1700 crore till 31.03.2026 or till further review, whichever is earlier. The expenditure of last three years made under previous scheme of Indian Footwear, Leather and Accessories Development Programme (IFLADP) is as under:

(Rs. in crore)

Year	2019-20	2020-21	2021-22
Expenditure under IFLADP	382.79	153.38	228.48

9. Special regional Initiatives: To promote manufacturing and entrepreneurship in the North East and hilly areas of India, the schemes namely North East Industrial and Investment Promotion Policy (NEIIPP), 2007; North East Industrial Development Scheme (NEIDS), 2017; other industrial schemes in the State/UTs of J&K, Ladakh, Himachal Pradesh and Uttarakhand are being run by the Department. Under these schemes a sum of Rs. 1390.09 crores has been spent during the last,three financial years.

Schemes undertaken by other Ministries/ Departments to promote manufacturing sector

10. Schemes to encourage domestic manufacturing of Pharmaceutical drugs including bulk drugs and medical devices are as follows;

i. The Scheme for *Promotion of Bulk Drug Parks*, with a financial outlay of Rs. 3,000 crores and the tenure from FY 2020-2021 to FY 2024-25, provides for financial assistance to three States for establishing Bulk Drug Parks.

ii. The scheme for *Strengthening of Pharmaceutical Industry (SPI),* was launched with a financial outlay of Rs. 500 crores and the tenure from FY 2021-2022 to FY 2025-26, to provide infrastructure support for pharma MSMEs in clusters and to address the issues of technology upgradation of individual pharma MSMEs.

iii. Under the scheme *"Promotion of Medical Devices Parks"*, final approval for financial assistance of Rs. 100 crore each, has been given to the States of Uttar Pradesh, Tamil Nadu, Madhya Pradesh and Himachal Pradesh for establishment of common facilities in their Medical Device Parks.

11. Modified Programme for Semiconductors and Display Manufacturing Ecosystem: In furtherance of the vision of Aatmanirbhar Bharat and positioning India as the global hub for Electronics System Design and Manufacturing, a comprehensive program for the development of semiconductors and display manufacturing ecosystem in India was approved by Government of India with an outlay of 76,000 crore (>10 billion USD). The programme contained various schemes to attract investments in the field of semiconductors and display manufacturing.

12. FAME-India Scheme (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles): In order to promote manufacturing of electric and hybrid vehicle technology and to ensure sustainable growth of the same, FAME-India Scheme-Phase-I [Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India] was implemented from 1st April 2015 for a period of two years which was subsequently extended upto 31st March, 2019. Total outlay of Phase-I of the FAME-India Scheme has been enhanced from Rs. 795 Crore to Rs. 895 Crore.

The Phase-II of FAME-India scheme proposes to give a push to electric vehicles (EVs) in public transport and seeks to encourage adoption of EVs by way of market creation and demand aggregation.

13. PM Mega Integrated Textile Region and Apparel (PM MITRA)

In order to have world-class industrial infrastructure which would attract cutting age technology and boost FDI and local investment in the textiles sector, Ministry of Textiles issued notification to set up 7 Mega Integrated Textile Region and Apparel (PM MITRA) Parks with a total outlay of Rs. 4,445 crore. These parks will offer an opportunity to create an integrated textiles value chain right from spinning, weaving, processing/dyeing and printing to garment manufacturing at one location.PM MITRA scheme aspires to position India strongly on the Global textiles map.

14. Udyami Bharat Scheme: 'Udyami Bharat' is reflective of the continuous commitment of the government, right from day one, to work towards the empowerment of Micro Small and Medium Enterprises (MSMEs). The government has launched several initiatives from time to time like MUDRA Yojana, Emergency Credit Line Guarantee Scheme, Scheme of Fund for Regeneration of Traditional Industries (SFURTI) etc. to provide necessary and timely support to the MSME sector, which has helped benefit crores of people across the country. 'Raising and Accelerating MSME Performance' (RAMP) scheme with an outlay of around Rs 6000 crore, aims to scale up the implementation capacity and coverage of MSMEs in the States, with impact enhancement of existing MSME schemes.

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