

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 27
ANSWERED ON FRIDAY, THE 3rd FEBRUARY, 2017/
MAGHA 14, 1938 (SAKA)
CROSS BORDER MERGERS**

QUESTION

***27. DR. SHRIKANT EKNATH SHINDE:
SHRI RAHUL SHEWALE:**

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

कारपोरेट कार्य मंत्री

- (a) whether the Government is considering cross border mergers between the Indian and foreign firms under the Companies Act 2013 and if so, the details thereof;**
- (b) whether there were considerable doubts about the workability of the provision on such mergers;**
- (c) if so, the details thereof and the steps taken by the Government to resolve these doubts; and**
- (d) whether his Ministry is holding consultations with the Reserve Bank of India (RBI) to finalise the rules for such mergers and if so, the details thereof along with the time by which the final decision is likely to be taken in this regard?**

ANSWER

THE MINISTER OF CORPORATE AFFAIRS
कारपोरेट कार्य मंत्री

(SHRI ARUN JAITLEY)
(श्री अरुण जेटली)

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

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE
STARRED QUESTION NO. 27 FOR ANSWER IN LOK SABHA ON
03.02.2017**

(a) to (d): Section 234 read with other provisions of Chapter XV of the Companies Act, 2013 provides for merger or amalgamation of an Indian company with a foreign company and vice versa. It inter-alia, allows such mergers for only countries, specified by notification, and requires prior approval of the Reserve Bank of India.

The merger/amalgamation of an Indian company into a foreign company (outward merger) was not permissible under the Companies Act, 1956. Outward mergers involve consideration of important inter-regulatory issues with regard to transfer of assets/liabilities of an Indian company to a foreign company, aspects relating to foreign exchange, transfer of asset/ capital/ liability, foreign taxation and exit for shareholders etc. for which consultations have already been taken up with the concerned Ministries/ Departments/ Regulators.
