GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

LOK SABHA
UN-STARRED QUESTION NO. 2363
ANSWERED ON MONDAY, AUGUST 1, 2022/ SRAVANA 10, 1944 (SAKA)

ACTIVE FOREIGN COMPANIES

QUESTION

2363. SHRIMATI RITI PATHAK:
SHRIMATI NAVNEET RAVI RANA:
SHRI JUGAL KISHORE SHARMA:
SHRIMATI GEETA KORA:
SHRI RAMESH CHANDER KAUSHIK:
SHRI DILESHWAR KAMAIT:
SHRI JYOTIRMAY SINGH MAHATO:
SHRI CHANDAN SINGH:

Will the Minister of CORPORATE AFFAIRS

be pleased to state:
(a) whether the number of active foreign companies in India is only 3335 whereas the registered foreign companies in India are around 5050;
(b) if so, whether the Government proposes to cancel the registration of rest of the inactive companies and if so, the details thereof;
(c) whether 1715 registered foreign companies are shell companies and if so, whether these companies have been investigated;
(d) if so, the details and the outcome thereof; and
(e) if not, the reasons therefor?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION; MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING; AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS

[RAO INDERJIT SINGH]
(a): There are 3291 number of foreign companies having active status. Foreign companies are registered by Registrar Of Companies (ROC), Delhi after approval is given by RBI. There are 5068 Foreign Companies registered as on 27.07.2022.

(b): No cancellation of registration of inactive foreign companies is under consideration by The Ministry of Corporate Affairs (MCA).

(c) to (e): Registered Foreign Shell companies are not defined under the provision of the Companies Act, 2013 (the Act). However, Foreign companies are defined under the provisions of section 2(42) of the Act, according to which a company or body corporate incorporated outside India which has a place of business in India whether by itself or through an agent, physically or through electronic mode and conducts any business activity in India in any other manner is a foreign company. Such companies or body corporate incorporated outside India can close their places of business from India due to reason such as cessation of operation of branch office/ Rental Agreement in India, expiration of validity granted by the Reserve Bank of India, could never start its operation due to change of business policy of the parent company, Foreign Company has established private limited company in India, closure of Parent Company, due to management’s decision, due to heavy loss and lack of adequate market, the closure of liaison office/branch office in India, and on completion of project of parent Company and has decided to discontinue its business operations etc.

There are 1777 foreign companies who have closed their place of business in India.

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