

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:711  
ANSWERED ON:05.12.2003  
FERA VIOLATIONS BY MNC  
RAGHUNATH JHA

**Will the Minister of FINANCE be pleased to state:**

- (a) whether show cause notices under FERA were issued to multinational companies for making payment abroad of salaries and perks to their employees working in India without obtaining necessary permission of the Reserve Bank of India;
- (b) if so, whether the MNCs given reply to show cause notices; and
- (c) if so, the details thereof and the action taken by the Government thereon?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHRIPAD Y. NAIK)

(a) Yes Sir. The Directorate of Enforcement has issued notices to 18 multinational companies who were found to have contravened the provisions of Foreign Exchange Regulation Act, 1973 with regard to payment of salaries/perquisites, in foreign currency, to their employees, who were resident in India.

(b) & (c) : The explanations given by the companies are part of the adjudication proceedings, which are quasi-judicial in nature. Adjudication proceedings in respect of five of the MNCs have been completed by imposition of penalty.