

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:1862  
ANSWERED ON:15.03.2005  
NO. OF COMPANIES OPENED/INVESTED IN INDIA  
Appadurai Shri M.

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) the details of the foreign companies that have been opened / invested for the last three years in India and in which field;
- (b) whether such investments are likely to affect the Indian industry and economy; and
- (c) if so, the steps being taken by the Government to safeguard our Indian industry and economy?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

(a) Foreign companies operate in India as Branch / Liaison Offices for the activities specified in the Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000. They can also establish Wholly Owned Subsidiaries (WOS) / Joint Venture (JV) in terms of FDI Policy. However in such cases the WOS / JV is treated as an Indian Company.

The Reserve Bank of India has, as on January 31, 2005 permitted 601 companies incorporated outside India to establish Branch Offices, and 5794 companies incorporated outside India to open Liaison Offices in India. The number of Indian Companies with FDI for the period January 1, 1991 to January 31, 2005 is 9248.

Under the liberalized economic environment, investment decisions, including the choice of location and sector, are taken by the entrepreneur based on their commercial judgement and other considerations. Main sectors receiving Foreign Direct Investment, during the last three years, include electrical equipments including computer software; fuels including power and oil refinery; transportation industry, telecommunication, drugs and pharmaceuticals; metallurgical industry, chemicals and food processing industries.

(b) & (c): Foreign Direct Investment besides complementing and supplementing domestic investment also brings in new technologies and management practices. Government's policy initiatives, including the policy on Foreign Direct Investment, are aimed at creating an enabling environment promoting modernization and technological upgradation, productivity, efficiency and enhancing export competitiveness of Indian industry, thereby benefiting the economy in terms of technological advancement and employment generation.