



How can a foreign company establish a business in India? Several foreign companies have decided to establish themselves in India owing to India's potential and fast-increasing market. Efforts have been made over the years to make it easier to start a business in India and to encourage international entrepreneurs. The Companies Act 2013 defines a foreign company in India as any corporation or body corporate that was formed outside of India and conducts business in India, either directly or through an agent, physically or virtually. There are 2 ways to foreign company registration in India:

1. For a temporary establishment, create a liaison, project, or branch office.
2. For a permanent establishment, incorporate a private limited under the Companies Act or a limited liability partnership under the Limited Liability Act, 2008

In addition, for foreign companies' registration in India, a minimum of two people and an Indian address are required. Such foreign companies in India must have at least 2 shareholders and at least 2 directors. 1 of the directors must be an Indian citizen and resident. In this circumstance, NRIs or foreign nationals may own the entire stock of the corporation. The company's registered office must be located in India, and the city in which the corporation establishes its registered office will also decide the applicable legal jurisdiction.

The other essentials for a foreign company to start a business in India are as under:

The General Process

As the first step for a foreign company registration in India, determine if Foreign Direct Investment ("FDI") is permissible via the automatic route or

the government route. If the industry in which the business will operate permits 100% FDI through the automatic route, the company only needs to notify the RBI of its foreign direct investment. The majority of industries in India take the automatic route.

Secondly, having a local presence in India is strongly recommended, but if the company is not yet ready to open a branch or subsidiary, it can still do so by hiring an agent or wholesaler. A regional strategy must be considered from a strategic standpoint. If your product or service has a wide market appeal, look for local reps and distributors.

The general procedure for establishing a foreign company in India:

Selecting the form of Company

For a foreign company registration in India, one should first define the Business Plan. Depending on the business operations plan, the best appropriate Business entity option to start the business in India must be chosen.

Documentation

To establish a foreign company in India, every document signed outside of India, or a copy of a document generated outside of India, must be notarized and certified by the Indian Embassy in the relevant nation under the Hague Convention. Further stages will necessitate the following documentation:

- Passport
- Identity Proof
- Registered Office Address Proof
- Memorandum of Association
- Articles of Association
- Director Identification No.
- Digital Signature Certificate
- Board Resolution for Trademarks purposes
- Authorization letter for Foreign Body Corporate
- Authorization letter for execution of Company Incorporation Documents

Formal Application

For foreign companies' registration in India, applications for Private Limited Companies and Limited Liability Partnerships must be filed with the Ministry of Corporate Affairs' Registrar of Companies.

The Reserve Bank of India must receive an application for a branch or liaison office. Following RBI approval, the entity must be registered with the Registrar of Companies.

Obtaining Registration

Following business registration by a foreign company in India, they can open a bank account, hire staff, and begin operations. To begin hiring personnel, the company must first obtain additional registrations such as professional tax, shops and establishments, and goods and services tax.

Final Words

India receives significant FDI and private equity investments as its one of the world's fastest-growing economies. Foreign firms and foreign nationals continue to see India as a favorable investment destination owing to its second-largest population and quantity of skilled IT workers. It is pertinent to note that after a company is registered in India, the Indian Director can help the company open a bank account in India. The corporation must notify the Reserve Bank of India of its FDI after opening the bank account.

A legal or accounting specialist in India completes the simple method for

reporting FDI input into an organization. The business would be operational and in compliance with all Indian requirements after the FDI reporting is completed.

Numerous factors must be considered before deciding on a course of action for launching a business in India, including due diligence of Indian partners, exit strategies, Indian laws and regulations, and operational considerations such as connectivity, employment, state-specific regulations, and so on. The best way for a foreign company to enter the Indian market is also determined by characteristics unique to that company, such as the extent of its operations, expansion plans, and commercial goals.

FAQs

Is It Possible For A Foreign Business To Own 100% Of A Subsidiary Company In India?

Yes, a foreign business with 100 % ownership of an Indian subsidiary can become the parent company. By subscribing to shares of an Indian corporation, you can keep 100 % ownership under Indian law.

How Long Does It Take In India To Register A Foreign Company?

In general, registering a company in India takes 30-60 business days.

Assuming all of your documentation is right and you have a distinct business name. However, if an objection is filed, it may take up to 10 additional working days to resolve.

Can A Foreign Corporation Register For GST?

Yes, any foreign company that supplies goods and/or services to Indian recipients but does not have an established place of business or residence in India must seek GST registration.