CHAPTER I

INTRODUCTION

Growing "Actor" In The International Setting

"Multinational Corporations" are important actors on the world stage, observed the Group of Eminent Persons in the Impact of Multinational Corporations on Development and International Relations. These actors, however, only enter; they rarely exit. Actors on a common stage come and go, but these "actors" on the world stage come and grow.

The international production of these Corporations through their various affiliates in 1971, was estimated at 330 billion US dollars, which was somewhat larger than the total exports of all economies. Assuming an annual rate of growth of production

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1 The expression "Multinational Corporations" will be used only wherever the text or authority is quoted. Otherwise, throughout this thesis the expression "Transnational Corporations" will be used, consistent with Article 2 of the Charter of Economic Rights and Duties of State and the adoption of this expression by the United Nations in all subsequent documents. See UN Doc. E/C.10/38, "Transnational Corporations In World Development : A Re-examination"


of 10 per cent of the Multilateral Corporations against the annual rate of growth of world trade by 6 per cent, it is estimated that by the end of the century the total production of these multinational corporations will be over 2,500 billion US dollars which would be far exceeding the world trade. The "value-added" of all multinational corporations in 1971 was roughly 500 billion dollars, or about one-fifth of the world's Gross National Product, excluding centrally planned economies. 4

The total sales of foreign affiliates – excluding intra-firm sales – of all industrial firms with at least one foreign affiliate is estimated to have been about 670 billion US dollars in 1976. The total sales of foreign affiliates of all industrial and non-industrial firms is estimated to have been 830 billion US dollars in 1976. This compares with world exports of 918 billion dollars in the same year. 5


Note: The estimate given above is on a revised basis because the ratio of foreign sales to book value of foreign direct investment has changed from the beginning of the 1970s to the present from about 2.0 to 3.8. International production estimated by the earlier procedure would have yielded about 1,000 billion US dollars.
Growth and expansion have been the key characteristics of transnational corporations in the 1970s. The direct investment stock increased in terms of US dollars from 105 billion in 1967, to 158 billion in 1971, and 259 billion in 1975. Preliminary data for 1976 indicates a further increase to 287 billion, and the stocks of direct investment have grown at roughly the same rate as the GNP of developed countries. 6

If a corporation's sales were to be equated with a nation's output of goods and services, then 51 of the world's 100 biggest money powers would be international corporations and only 49 would be countries. 7 The era of multinational corporations - the so-called super companies - is upon us to the point that a few hundred concerns have in recent years grown beyond sizes of all but the wealthiest nations, and their domination on resources and financial affairs is still growing. Growth means power and the power exercised by the multinational corporations is "of a sort and on a scale that leaves people in the host countries uneasy and concerned. 8

6 Ibid., para 127, p. 36.

7 Kolde, E.J., Multinational Company: Behi and Managerial Analysis (Lexington, Mass.: D.C. Heath, 1974), 'preface'.

The emerging nations of Africa and Asia, designated as developing countries (a term which is rather inapt because it postulates an international order where the process of development is continuous and forward looking which is not the case considering the ever-widening gap between the rich and the poor nations), with their justifiable pride in their culture and preservation of national identity, find themselves in a new coil of economic dependence on transnational corporations which alone, in the economic order of the world today, possess the necessary technological know-how to exploit successfully the undeveloped resources of these countries. "Suddenly it seems the sovereign States are feeling naked and concepts such as national sovereignty and national economic strength appear curiously drained of meaning." 9

Even the home countries, particularly the United States from which the most powerful multinationals spread out, have begun to entertain fears of the effects of the activities of the multinationals on their economies because of substantial transfers of currencies and exports of jobs and shifting their manufacturing operations outside the home country. In the United States, this awareness crystallized when, in 1971-72, questions were raised as to whether transnational companies were

raised as to whether transnational companies were exporting jobs from the United States and thereby contributing to the deteriorating balance of payments. The transnationals became the subject matter of widespread public discussion which, in turn, led to extensive governmental and non-governmental steps and measures on these enterprises.

In May 1972, the United States Senate Foreign Relations Committee voted to conduct an investigation into the activities of ITT in Chile, and go even beyond this particular case and undertake a broader examination of the general role and impact of the transnational corporations. A Sub-Committee on Multinational Corporations was established which commenced hearings in March 1973, and have continued even to this day.

The corrupt practices of some of the multinationals have in turn led to the investigations by the Security and Exchange Commission of the United States. On the international scene, the same incident that prompted the establishment of the United States Sub-Committee on Multinational Corporations led, on 28 July 1972, to the unanimous adoption by the United Nations Economic and Social Council of Resolution 1721 (LIII) of 28 July 1972 establishing the Group of Eminent Persons. The report of this Group focussed pointedly to the effects of the activities of the multinational corporations in the various national jurisdictions.
The quest for a new international economic order also prompted statesmen and jurists to probe the cause of the failure of the old order. The diagnosis led them to locate, as one of the major causes, the inability of the existing order to control the activities of the transnational corporations. The absolute gap between the rich and the poor in the developed and the developing countries will amount to nearly 11,000 US dollars per capita by the year 2000. The term 'developing' is indeed no more than a flattering euphemism. There are some developing countries that have ceased to develop. A mere declaration of a new international economic order is not the same thing as its establishment. It is still the old order clothed in a new garb, and still dominated to a large extent by the transnational corporations.

No wonder that there has been a concerted approach to the study of the impact of Transnational Corporations in


11 Note: The adjective 'developing' that describes some hundred odd countries, implies that they will some day attain the economic levels of developed countries. At the heart of this abstraction - developing and developed - is the profound Judaeo Christian belief re-interpreted in various ways by European philosophers since Renaissance that an individual is constantly striving to enrich himself both materially and spiritually.
the various developed and developing countries. The findings of the Group of Eminent Persons (see Annexure I for their recommendations) have not to this day been shown to be wrong in spite of veiled attempt made in the subsequent report, to give a slightly slanted direction for highlighting the benefits derived by the multinational host countries justifying the cost.

In fact a broad survey of the literature on the subject, flowing particularly from the United States, 

**Note:** A selective survey of the research on Transnational Corporations conducted by the Centre on Transnational Corporation for 1975 has shown 200 projects together with a selective bibliography of 1200 publications on Transnational Corporations; the 1976 survey has yielded over four times as many responses as at 1975 survey, and the co-ordination in these research activities that is now being effected by the Centre on Transnational Corporations is the most helpful source of information on the Transnational Corporations in the various fields. See UN Doc. ST/CTC/3, "Survey of Research on Transnational Corporations".

**UN Doc. E/C.10/38, "Transnational Corporation in World Development - A Re-examination".**

**Ibid., para 9, p. 4:**

"...Its central theme is not so much whether transnational corporations have, on balance, exerted positive or negative effects in the past, but whether, how and in what directions their activities might have moulded or channelled to bring about more positive effects in the future."

**Note:** The 1975 survey on research on Transnational Corporations indicated that a major portion of this work was undertaken in the United States. The results of 1976 shows also the same concentration though the proportion is somewhat reduced. The other developed countries account for the largest number of surveys; for example, Western Europe 35%, European communities in one of the contd....
reveals a subtle but definite attempt at convincing the host
countries particularly the developing countries of the need to
courage multinational enterprises within their region.
Raymond Vernon has travelled quite a long way from
Sovereignty at Bay \(^{16}\) published in 1973, to "Storm Over
Multinationals: Problems and Prospects" \(^{17}\) in 1977. Starting
his thesis with a feeling that sovereign states were feeling
naked and this sense of nakedness and dependence had produced
only inhibited responses so far, \(^{18}\) he went on in 1975 to say
that the multinational enterprise "is likely to survive on
the perception of many countries that the suppression of these
enterprises would be costly to the national interest". \(^{19}\)

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major works on Transnational Corporations the developed
countries account for 63% of the total number of projects
identified, while developing countries account only for
10%. Within the developing countries itself half of these
were received from Western Hemisphere, other one-third
from Asia and the balance from America. India has the
largest project but the number (which is 12) account for
2% of the world's total. United States has the largest
single number of projects, namely 152; the European
Communities 148, UK 43, Sweden 28 and international
organizations 123; see UN Doc. ST/CTC/3, "Survey on
Research on Transnational Corporation", pp. 6, 7.

\(^{16}\) n. 9, op. cit.

\(^{17}\) Foreign Affairs, January 1977.

\(^{18}\) n. 9, op. cit.

\(^{19}\) Vernon, Raymond, "The Distribution of Power" \(\sim\) para "The
Role of the Multinational Enterprise" \(\sim\), Daedalus,
Fall 1975.
more aggressive advocate of multinationals, Orville L. Freeman, stated in his speech on 4 February 1976 that the only way to a safe and peaceful world is an open world, with free investment, free trade, free movement of people and ideas and resources, and the instrument for reaching toward a unified world economy is the multinational corporation which can aptly be called "work horse of the world". He goes on to say that collectively multinational corporations have the brains and muscle to save the world from self-destruction. They are the masters of new technology, have the skills and innovative strength to engineer change and the organization and management skills together with the cash flow and borrowing power to launch desperately needed new, large and problem-solving international enterprises. There have been other powerful advocates almost crying with religious fervour that the international company is a prophetic forerunner of a better world and an engine primarily responsible for powering our global economy. According to George W. Ball, a former US

20 Freeman, Orville L., "Testimonial For Multinationals", Mainstream (New Delhi), 20 March 1976.

21 Ibid.

22 See Maisonnouge, Jacques G., "How a Multinational Corporation Appears to Its Managers" in George W. Ball, Global Companies (New Jersey: Prentice-Hall, 1975). According to Maisonnouge, Chairman and Chief Executive Officer of the IBM World Trade Europe/Middle East/Africa Corporation, the international company harnesses several of our deepest instincts on behalf of our greatest good. It is the failure of the politicians contd....
Under Secretary of State, the multinational enterprise is the means of achieving the objective of a new order, including the demise of the nation State in favour of a super national Government guided by the MNC. There are few things more hopeful for the future, he thinks, than the growing domination of the American business which should regard national boundaries as no longer fixing the horizons of their corporate activities. 23

Somewhat different views are held by politicians and leaders of the Third World nations. Smt. Indira Gandhi, the former Prime Minister, considered the activities of the faceless multinational corporations as very vehement, unscrupulous, and sometimes quite subtle. 24 Senator Griffiths of Barbados told the Commonwealth Parliamentary Congress held in New Delhi on 30 October 1975, 25 that the multinational corporations operating in his country did not regard themselves "as obligated to uphold the interests of the region".

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In the International Conference against Fascism, held at Patna in December 1975, the Indian delegate, H.D. Malavia, characterized the multinational corporations as a State within a State and added that these industrial giants produced goods in all continents, bossed hundreds of thousands of workers, deprived governments of power and sowed discord among countries. Dennis Akumo, Secretary General of the Organization of African Trade Union Treaty, expressed the feeling of the African Liberation Movements and other Pan African Organizations by saying that the "transnational corporations were the best allies the illegal and minority Governments of Southern Africa have and that currently all the transnational corporations operating in Namibia are doing so illegally and even worse than the racist regimes, in some respects, because in addition to supporting the regimes they are treating Namibia's economy illegally trying to deplete mineral resources which will be needed for the country's development. The Indian Parliament itself was so much concerned with the expanding influence of these multinational corporations that a resolution moved by Prof. H.N. Mukherji on 2 April 1976, calling upon the Government "to exercise utmost vigilance against the menace of multinational corporations which confronts all developing countries and to take concrete measures to bar the entry into the nation's economic life of foreign, and particularly US

multinationals", was widely debated. The then Minister for Industries, T.A. Pai, agreed with the spirit of the resolution because "all people on all sides are agreed that the activities of the multinationals have to be watched and the interest of the country safeguarded." More recently, Charan Singh, the then Home Minister, said that "multinational corporations had no place in Indian economy and no permission should be given except in very special circumstances". The Janata Party President, Chandrasekhar, also warned that "the experience of the multinationals in the developing countries leads to sad thoughts".

It may be argued that these reactions from political leaders are mere emotional outbursts against an institution perhaps because of its "alien nature" and that the true benefits of these corporations cannot but be apparent if a

27 India, Lok Sabha, Debates, Fifth Series, vol. 59, no. 19, p. 295; and vol. 60, no. 30, p. 323.

Note: The debates which are reported in the above 'Debates' (pp. 266-325) represent a near unanimity in the fears voiced against transnational corporation. Earlier on 14 May 1975 Professor V.P. Dutt, M.P., made a reference in Rajya Sabha to a disquieting article that had appeared in New York Times according to which forty American companies made donations to political parties, spent money to maintain lobbies inside the Government and in Parliament and provided other inducements such as liquor supplies, entertainment in luxury hotels and hospitality outside India when officials travelled abroad. (See India, Rajya Sabha, Debates, 14 May 1975).

28 Indian Express (New Delhi), 14 September 1977.

29 Ibid.
factual analysis is made. But such a factual analysis was made by the Group of Eminent Persons appointed by the United Nations. It is after an analysis of all the relevant data that they have come to the conclusion that with the emergence of the multinational corporations there a sense of frustration, uneasiness and discontent in the major part of the Globe, and that the continued expansion of large and important institutions, both public and private, has created a belief that in all walks of life the individual is being increasingly manipulated by forces over which he has no control or influence. Pointing out several areas where the basic objectives of the nation state and of the multinational corporation do clash, they add, that the clash between the nation state and multinational corporation is a clash between sovereignty and power.

30 See n. 2, op. cit. The Group of Eminent Persons was established to study the impact of multinational corporations on the development process and on international relations, its members having been named by the Secretary-General on an expert level, pursuant to a request addressed to the Secretary-General by Economic and Social Council of the United Nations (ECOSOC Resolution 1721 - LIII). The cited document includes both the report and the comments of individual members, many of whom expressed views at variance with certain of the recommendations or analysis of the report itself.

31 Ibid., pp. 30-31.
Global Maximization: Qualifying and Dissenting Views

Power, it is generally admitted, is largely rooted in economic strength. If we take up the first 100 of world's rich, well over half are corporations. A list of some of the 50 largest corporations, as published by *Fortune* in its August 1977 issue *juxtaposed* with national regimes whose GNP is reported by the World Bank's Atlas for 1977 would show how the corporations are relatively stronger than the nation states shown in the list (Annexure II). The United Nations Commission on Transnational Corporations reported in March 1978:

On the whole, transnational corporations have continued to expand. One indication is the 82 per cent increase in the value of the worldwide stock of foreign direct investment from dollars 158 billion in 1971 to about dollars 287 billion in 1976. Its rate of growth during that period was similar to that of the combined gross national product (in current prices) of the developed market economies, where all but a small fraction of the investment stock originates. Evidence of the growth of transnational operations in the same period is also provided by the records of the world's largest enterprises in the manufacturing and extractive sectors which indicate that the sales of foreign affiliates increased significantly faster than the enterprises' total consolidated sales. (32)

With such power at their command, they have little use for politics and less for ideology. They thrive in any political institution and environment. These multinationals belong to the West, East and to the Socialist groups. National boundaries mean nothing to them. "They are deeply imbued with a growth ethic. Growth is seen by them as a route to, and in need of discipline by, profit." 33

Defenders of Transnational Corporations are many and they are growing in number. But most of them are from industrialized countries which have a different type of experience from the one that one gets living in developing countries. Jacob K. Vavits, one of the Eminent Persons, asserted recently that exercising greater political control over MNCs, without taking into sufficient account all the economic realities, was likely to be suffocating surveillance of multinational corporations' activities by the host countries "and discrimination against them". But it is well to bear in mind that he was speaking from the point of view of a country which is the home of the largest number of transnational corporations operating in the world - viz. USA. It should not be forgotten that most of the analyses relating to MNCs that has been presented has come


34 n. 2, op. cit., p. 105.
from the USA and the developed countries of the West and very little information is available of the activities of the MNCs in the developing nations of Latin America, Africa, Asia and even Australia. To formulate any policy framework to deal with the MNCs on the basis of theories and statistics given by the most eminent scholars may not be reflective of the reactions throughout the regions of the Third World. The viewpoint of the developing nations was put forward by Osvaldo Sunkel of the Latin American Faculty of Social Sciences, Chile, when he told the Group of Eminent Persons that the focus should be on the emergence of transnational business conjunct with such an unprecedented potential of socially uncontrolled power and influence that the whole of the national and international society finds itself forced into a profound reorganization in order to accommodate it. For the developing countries, the situation is one of growing oligopolistic economy of the Transnational giants and on the other, the relatively shrinking traditional market economy of medium-sized and small producers to which the vast mass of semi-capitalistic economy has to be added; they have to abide by the rules of a laissez faire game imposed from above by the visible hands of the Government and the transnational oligopolistic segment. (35)

Peter Goldman stated that the juxtaposition of small nation-states with a scarcity of resources and know-how and large

multinational enterprises with very sophisticated back-up and expertise, is particularly poignant for the less developed countries. The multinational corporations are growing at a faster rate than most of the less developed countries and the possibility of one weak nation being played off against another are increasing rather than diminishing. (36)

It is obvious, therefore, that the power and size of these oligopolistic industrialized giants straddling across their national boundaries are a matter of deep concern to all the developing countries and in many cases to the home countries themselves. Home countries are concerned about the undesirable effects that foreign investment by multinational corporations may have on domestic employment and the balance of payments, and about the capacity of such corporations to alter the normal play of competition. Host countries are concerned about the ownership and control of key economic sectors by foreign enterprises, the excessive cost to the domestic economy which their operations may entail, the extent to which they may encroach upon political sovereignty and their possible adverse influences on socio-cultural values. Labour interests are concerned about the impact of multinational corporations on employment and workers' welfare and on the bargaining strength of trade unions. Consumer interests are concerned about the appropriateness, quality and price of the goods produced by multinational corporations. In fact,

36 Ibid., p. 193.
Chomsky states that "the rise of supernational corporations poses new dangers for human freedom". 37

**Transnational Corporations and International Law**

While there is tremendous activity among economists, political science students, sociologists, to analyse the growth, the effects, and behavioural patterns of the transnational corporations, there has been little attempt in the international legal field to enquire into existing legal frameworks within which these super-national enterprises operate and grow, the solutions for jurisdictional conflicts between nations and these enterprises, regulatory controls that are necessary to make these enterprises conform to national objectives and development programmes without letting them endanger the political, economic and social systems and institutions within which they operate. In short, though the global corporations have arrived there is as yet no coherent body of law governing its affairs and what one finds at the present moment is national reactions in the form of investment codes, foreign exchange regulations and enactments designed either to attract foreign capital or

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reduce its influence. True, a number of jurists, like Jessup, Berle, Schwarzenberger, Vendross, W. Friendmann and Richard Falk have pointed the need to bring private co-operation having international transactions within the sphere of International Law. But except for their writings - they themselves were not thinking of transnational corporations - there has been no formulation of a normative applicable code or convention for these transnational corporations.

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38 For example:

(a) for Incentives see:

(i) Capital Investment Decree, 1973 (Ghana)

(ii) Industrial Development (Income-Tax Relief) Decree, 1971 (Nigeria)

(iii) Investment Incentives Act, 1963 (Malaysia)

(b) For Restrictive measures, see:

(i) Foreign Investment Review Act, 1974 (Canada)

(ii) Foreign Trade Law, 1961 (Federal Republic of Germany)

(iii) Foreign Exchange Regulation Act, 1973 (India)

39 See Friedmann, W., "The Changing Dimensions of International Law", Colombia Law Review, vol. 62, pp. 1147-65. Dealing with the multinational company, the learned author says: "...A related phenomenon of increasing importance is the emergence of the binational or multinational company, an intermediate stage in the development of a truly international company law, which may one day emerge."
Some countries have recently banded themselves together to tackle the situations created by the transnational corporations at the regional level and in this connection the agreement of ANDEAN Sub-Regional Corporation, familiarly known as the ANDEAN Pact, bears particular mention. The East African Community set up in 1967 to strengthen and regulate industrial, commercial and other relations between the three countries of the region has as its objective, harmonization, inter alia, of commercial laws for commonly owned corporations. A non-treaty regional institution relating to transnational corporations is the final act of the conference on security and corporation in Europe which was adopted at Helsinki on 1 August 1975. Again, a variety of international instruments relating to transnational corporations and affecting specific areas of activities, such as rules on transfer of technology, restrictive trade practices and taxation have also been attempted.

On the international plane, beginning with the Charter of the International Trade Organization, signed in 1948 at Havana, but never put into effect, several attempts made by the international community have not yet succeeded in bringing forward a universal convention on transnational corporations or even on foreign investment. Resolutions have, of course, been passed by the General Assembly and the various agencies of the United Nations dealing with issues raised by foreign direct investment and the activities of corporations
and mention may be made of the resolutions relating to permanent sovereignty over natural resources, the International Development Strategy for the Second United Nations Development Decade and several of the resolutions of the United Nations Conferences on Trade and Development and the resolutions of the sixth and seventh special sessions of the General Assembly, as well as the resolutions on a Charter of the Economic Rights and Duties of States. The latest in the series is the

40 Resolutions of the General Assembly declaring the principle of permanent sovereignty over natural resources date back to 1952; see General Assembly resolutions 525(VI) of 12 January 1952; 626(VII) of 21 December 1952; 1314(XIII) of 12 December 1958; 1515(XV) of 15 December 1960; 1803(XVII) of 14 December 1962; 2158(XXI) of 25 November 1966; 2682(XXV) of 11 December 1970; and 3016(XXVII) of 18 December 1972.

41 See: (i) Economic and Social Council resolution 1721 (LIII) of 28 July 1972.

(ii) General Assembly resolution 2626(XXV) of 24 October 1970.

(iii) UNCTAD resolution 56(III) of 19 May 1972.

(iv) UNCTAD resolution 73(III) of 19 May 1972.

(v) UNCTAD resolution 39(III) of 16 May 1972.


(vii) UNCTAD resolution 75(III) of 19 May 1972.

(viii) UNCTAD resolution 45(III) of 18 May 1972.
resolution setting up a Centre on Transnational Corporations, 42 charged with the task of collecting all data relating to transnational corporations and providing a comprehensive code of conduct. Thus the world society is groping towards a solution; but the solution seems to be still receding. A study, therefore, of the legal problems relating to these global corporations, the challenges posed by them to the legal systems of the nations where they operate and to international order appears necessary. A problem of such vast dimension occupying at present the time and attention of international bodies, academic institutions and governmental departments in national jurisdictions cannot be adequately dealt with in a single thesis on the subject. Therefore, my attempt would only be to focus the general issues relating to multinational corporations and direct the enquiry with specific attention to India.

India has been very much of late a subject of keen debate by groups who want to change the investment climate to facilitate entry of multinational corporations, as well as by those who express the view that the multinational corporations are already entrenched here and are slowly penetrating the economic processes of the country and it will not be too long before they would dominate the

42 Economic and Social Council Resolution 1913 (LVII) of 5 December 1974.
economy. It is a fact which cannot be disputed that from 1964 to 1973 the aggregate inflow of foreign capital in the corporate and industrial and commercial enterprises has been steadily growing as the following table indicates:

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflow</th>
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<tbody>
<tr>
<td>1964</td>
<td>Rs. 890</td>
</tr>
<tr>
<td>1965</td>
<td>Rs. 102.3</td>
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<tr>
<td>1966</td>
<td>Rs. 1058.0</td>
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<tr>
<td>1967</td>
<td>Rs. 1471.7</td>
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<tr>
<td>1968</td>
<td>Rs. 1552.01</td>
</tr>
<tr>
<td>1969</td>
<td>Rs. 1619.3</td>
</tr>
<tr>
<td>1970</td>
<td>Rs. 1640.9</td>
</tr>
<tr>
<td>1971</td>
<td>Rs. 1679.6</td>
</tr>
<tr>
<td>1972</td>
<td>Rs. 1755.7</td>
</tr>
<tr>
<td>1973</td>
<td>Rs. 1857.3</td>
</tr>
<tr>
<td>1974</td>
<td>Rs. 1973.0</td>
</tr>
</tbody>
</table>

43 Orville L. Freeman's speech at the Indo-U.S. Business Council meeting held in Bombay on 16 September 1978, where he has vigorously advocated a more liberal policy by the Government of India towards multinational corporations. The West German Government spokesman also recently expressed the view that the provisions of the Foreign Exchange Regulation Act 1973 (India) should be liberalized.

The number of foreign companies operating in India have also increased from 890 in 1972-73 to 1,136 in 1976-77. These companies have been operating in selected sectors like the consumer industry, drugs, chemicals, motor vehicles and transport equipment where the profit ratio to capital input and the technology cost are high, and the areas are of a highly sensitive nature. They also operate predominantly in food processing and plantation (Tea) industry. They have a sizeable share of the banking business and till recently they held a near monopoly of electronic communication. The recent Industrial Policy statement issued in December 1977 has given a definite place to foreign investment and technology, and, in this context, an analysis of the problems posed by transnational corporations operating in India, and the legal and administrative steps taken by the Government should

45 See Comptroller and Auditor General of India, Report on Revenue Receipts, vol. II, Direct Taxes, 1976-77, p. 9. The figures against "No. of Foreign Companies", viz. '378, 578, and 130' also include not only fully owned subsidiaries and branches but also other foreign companies with minority participation or having sources of income in India. Thus this figure would differ from the figures usually foreign Government documents relating to foreign companies having branches or wholly owned subsidiaries. It may be mentioned here that there is no uniform definition of 'foreign company' of the Companies Act 1956, giving a definition which is different from that in section 28 of the Foreign Exchange Regulation Act, which again is different from that given in the Indian Income Tax Act. The Director-General of Technical Development (India) again adopts a different criterion.
necessarily receive adequate attention as a setting for the examination of the international code of conduct that are being attempted.

Plan of Work

The plan of this thesis is as under:

Chapter I Introduction
Chapter II Definition
Chapter III Historical Origin and Growth of Transnational Corporations
Chapter IV Political Impact of Transnational Corporation
Chapter V Economic Effects of Transnational Corporation, and the case of IBM in India
Chapter VI Impact on Socio-Cultural Aspects
Chapter VII Legal Effects
Chapter VIII Taming the Transnational Corporations
Chapter IX Conclusions.