



INTRODUCTION Typically, there are two ways in which business can be done by an enterprise in India. First, doing business itself, and second, doing business through a third party, also called agents. Section 182 of the Indian Contract Act, 1872 ('the Contract Act'), defines an 'agent' to mean 'a person employed, to do any act for another, or to represent another in dealings with third persons'. Multinational enterprises ("MNE") operating in various countries usually engage a local enterprise as its agent, to enable selling of products or provision of services in the source country (say India). This agent could be an entity, which is external to the MNE, or it could even be an entity which is related to the MNE, for example, a group company, or a subsidiary. Mandate of such an agent may either be restri.....