

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

STARRED QUESTION NO:98  
ANSWERED ON:25.11.2002  
MNCs IN INDIAN MARKET  
PRAVEEN RASHTRAPAL

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

- (a) whether the Government have taken a decision to allow multi National Companies (MNCs) to enter Indian market particularly in Gujarat in the field of fresh branded milk;;
- (b) if so, the reasons therefor;
- (c) whether the Indian co-operatives engaged in the business of milk and milk products will face tough competition as a result of MNCs` entry, causing revenue loss to the co-operatives; and
- (d) if so, the steps being taken to review the decision taken by the Government for allowing MNCs in this sector?

**Answer**

MINISTER OF AGRICULTURE (SHRI AJIT SINGH)

(a) to (d): A statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN THE REPLY TO PART (a) TO (d) OF LOK SABHA STARRED QUESTION NO.98 DUE REPLY ON 25.11.2002.

(a) & (b) Yes, Sir. The Government policy permits Foreign Direct Investment (FDI) in processing/manufacturing of milk and milk products, under the automatic route without any cap on the extent of foreign equity participation. However, it is not mandatory for foreign investor to indicate the location of proposal at entry stage under automatic or Government approval routes.

(c) & (d) The entry of MNCs in the business of milk and milk products will make Indian Dairy Cooperatives more competitive as FDI supports domestic investment for achieving a higher level of economic development, providing opportunities for technological up-gradation, access to global management skills and practices.