

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:6455

ANSWERED ON:09.05.2005

FDI IN AGRICULTURE RETAIL

Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba;Verma Shri Ravi Prakash

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government proposes to allow Foreign Direct Investment (FDI) in agriculture retail;
- (b) if so, whether any consensus was reached in this regard;
- (c) if so, the details thereof;
- (d) if not, the names of the States who are opposing such move alongwith reasons therefor;
- (e) whether the Government proposes to amend Agriculture Produce and Marketing Committee Acts; and
- (f) if so, the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a) to (d): Foreign Direct Investment (FDI) is prohibited in the Agriculture Sector (excluding Floriculture, Horticulture, Development of Seeds, Animal Husbandry, Pisciculture and Cultivation of Vegetables, Mushrooms etc. under controlled conditions and services related to agro and allied sectors) and Plantations (other than Tea Plantation)

FDI is not allowed for retail trading. FDI up to 51% is permitted under automatic route for trading provided it is primarily export activities, and the undertaking is an export house/trading house/super trading house/star trading house. FDI up to 100% is also permitted for wholesale cash and carry trading.

(e): Yes, Sir. A model Agricultural Produce Marketing (Development & Regulation) Act (APMC Act) has been circulated by this Ministry to all the States, to guide them in bringing changes in the APMC Act for allowing direct marketing and contract farming and for the development of competitive markets.

(f): Reforms in APMC Act were discussed with the State Governments and Union Territories at the National Conference held at Delhi on 7.1.2004 and at Bangalore on 19.11.2004. Several States have since initiated action for its amendments on the suggested lines.