

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:78
ANSWERED ON:26.02.2007
FDI IN AGRICULTURE SECTOR
Nandy Shri Amitava

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government proposes to invite 100 per cent Foreign Direct Investment (FDI) in Agriculture and Plantation Sector in the country;
- (b) if so, the details thereof alongwith the name of the States likely to be benefited therefrom;
- (c) whether the Government has assessed the impact of this move on Farm/Agriculture Sector; and
- (d) if so, the details thereof and the remedial steps being 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) upto 100% is permitted on the automatic route in Floriculture, Horticulture, Developmnet of Seeds, Animal Husbandry, Pisciculture, Aquaculture, Cultivation of vegetables and mushrooms, under the controlled conditions and services related to agro and allied sectors. FDI upto 100% with prior approval by the Government/Foreign Investment Promotion Board (FIPB) is also permitted in tea sector, including tea plantations, subject to divestment of 26% equity in favour of Indian partner/Indian public within a period of five years; and prior approval of State Government for change in land use. FDI in any other agriculture and plantation activity is not permitted.

Investment decisions, including choice of location are taken by the entrepreneurs based on their techno-economic judgements and commercial considerations.

The Government has put in place a liberal and transparent policy on FDI according to which FDI upto 100% is permitted, under the automatic route, in most sectors. The policy is reviewed on a continuous basis for further liberalization/rationalization. This policy aims to encourage investment in sectors where FDI is permitted. This has potential to improve productivity and growth in the sector.