

**GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA**

STARRED QUESTION NO:93

ANSWERED ON:09.07.2009

FOOD PROCESSING UNITS SET UP BY FOREIGN INVESTORS

Chowdhury Shri Adhir Ranjan

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

- (a) the details of food processing units sanctioned and those set up by foreign entrepreneurs in the country during the Eleventh Five Year Plan and the benefits accrued therefrom;
- (b) whether the said investment is likely to have an adverse impact on the small food processing industries in the country; and
- (c) if so, the steps taken by the Government to protect the interest of small food processing industries?

Answer

THE MINISTER OF FOOD PROCESSING INDUSTRIES(SHRI SUBODH KANT SAHA)

(a) to (c): A statement is laid on the Table of the House.

Statement referred to in reply to part (a) to (c) of Lok Sabha Starred Question No. 93 for answer on 09.07.2009 regarding Food Processing Units set up by Foreign Investors.

(a): The details of the food processing units sanctioned and set up by foreign entrepreneurs in the country during 11th Five Year Plan and details of the amount of FDI inflows are at Annexure.

(b) & (c): Foreign Direct Investment (FDI) complements and supplements domestic investment. FDI brings in, apart from capital, state-of-art technology and best managerial practices, thereby providing better access to the domestic industry to foreign technology and integration into the global market. The extant policy permits FDI under the automatic route in most sectors/ activities, including Food Processing Industries. No specific criteria have been laid down for FDI into sectors under the automatic route. However, proposals requiring prior Government approval are considered by the Foreign Investment Promotion Board (FIPB), an inter-Ministerial recommendatory body, which takes into account the policy and sectoral guidelines for FDI. The FIPB also examines whether the proposal would jeopardize an existing joint venture or technology transfer/ trade mark agreement if any, in the same field in India. There is no definitive indication about the adverse impact of FDI on the small food processing units and no data is available centrally regarding effect of FDI on the domestic industry.