

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:2114
ANSWERED ON:27.03.2012
FDI IN FARM SECTOR
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government has assessed the impact of Foreign Direct investment (FDI) in the multi brand retail on small and marginal farmers who have less than four hectares of land;
- (b) if so, the details thereof;
- (c) whether the Government has received objections on FDI in the farm sector from any quarter and the National Council of State Agricultural Marketing Boards (NCOSAMB) has also opposed FDI in the farm sector;
- (d) if so, the apprehensions raised by them; and
- (e) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FOOD PROCESSING INDUSTRIES (DR. CHARAN DAS MAHANT)

(a) to (e): Government had instituted a study on the subject of 'Impact of Organized Retailing on the Unorganized Sector', through the Indian Council for Research on international Economic Relations (ICRIER), which inter-alia considered the impact of organized retail on farmers. Thereafter, Government had released a discussion paper on 'Foreign Direct Investment in Multi-Brand Retail Trading', with the objective of obtaining the views and comments of stakeholders, for informed policy making. Comments were received from various stakeholders, including from farmers. The comments/views so received are available in the public domain, on the website of the Department of Industrial Policy & Promotion. (www.dipp.nic.in).

As per extant policy (Paragraph 6.2.1 of 'Circular 2 of 2011 - Consolidated FDI Policy'), FDI, upto 100%, is permitted, under the automatic route, subject to conditions, as mentioned in para 6.2.1.1 of 'Circular 2 of 2011 - Consolidated FDI Policy', in the following agricultural activities:

- i) Floriculture, Horticulture, Apiculture and Cultivation of Vegetables & Mushrooms under controlled conditions;
 - ii) Development and production of Seeds and planting material;
 - iii) Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture, under controlled conditions; and
 - iv) Services related to agro and allied sectors Besides the above, FDI is not allowed in any other agricultural sector/activity.
- At present, there is no proposal to change the FDI policy relating to the agriculture sector.