

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:92
ANSWERED ON:19.07.2002
FDI IN TEA SECTOR
CHANDRA NATH SINGH;SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government have permitted hundred per cent FDI in tea sector despite the objection of Group of Ministers;
- (b) if so, the details thereof and the reasons therefor;
- (c) the number of proposals received for FDI in tea sector and the proposals out of them cleared so far, company-wise;
- (d) whether by taking this step, small and medium traders are likely to lose their grip on domestic retail market;
- (e) if so, the measures proposed by the Government to safeguard the interest of small retailers in tea industry; and
- (f) if not, the manner in which the indigenous tea industry would be benefited by FDI in this sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

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

STATEMENT REFERRED TO IN REGARD TO LOK SABHA STARRED QUESTION NO. 92 FOR REPLY ON 19-7-2002.

(a) & (b) : Based on the recommendations of the Group of Ministers on FDI, Government has recently permitted FDI up to 100% in the tea sector, including tea plantations, subject to compulsory divestment of 26% equity of the company in favour of an Indian partner/Indian public within a period of five years; and prior approval of the State Government concerned in case of any future land use change.

(c) : No proposal for FDI in tea sector has been received under the newly announced policy so far.

(d) : No, Sir. The new policy only allows FDI in the tea sector, viz., plantations, manufacturing/processing/packaging of tea and related services. FDI is not permitted in retail trade sector, which is also applicable to retail trade in tea industry.

(e) : Does not arise.

(f) : FDI in the tea sector will help the indigenous tea industry in the following manner :

(i) rejuvenation of Indian tea plantations, which need urgent replacement of aging bushes.

(ii) make the Indian tea manufacturing industry internationally competitive through modernisation of processing and packaging capabilities.

(iii) create forward and backward linkages through collaboration between planters, research agencies, pharmaceutical companies and tea marketing companies.

(iv) provide better access to the overseas market.