

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3461  
ANSWERED ON:15.12.2006  
TRADING IN TOBACCO  
Mohite Shri Subodh

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government is contemplating to accord permission for undertaking trading activity in tobacco products to foreign companies through RBI route; and

(b) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a)&(b) : Foreign Direct Investment (FDI) upto 100% on wholesale/ cash & carry Trading of goods is allowed on the automatic route. There is no separate policy for trading of Tobacco/Tobacco products.

FDI upto 100% is allowed with the prior Government approval for manufacture of Cigars and Cigarettes, subject to the conditions of Industrial Licence under the Industries (Development & Regulations Act, 1951).