

**Indian Agricultural Policy, Barriers to U.S. Bulk Agricultural Trade, and  
Impact on the Global Market**

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## Executive Summary

On the verge of becoming the most populous country on Earth, India has made a series of economic liberalization efforts to encourage investment and grow jobs in India. Until recently, agriculture has been excluded due to the nature of how the Government of India views the sector

Grain and Oilseed market access in India has long been difficult for exporters, and particularly for U.S. exporters. Regional producers have had better luck in certain commodities. India is fiercely protective of its farmers, which has led them to a point where they will need to reconsider their policies regarding bulk imports of grains, oilseeds, pulses and their primary products (GRNOS). India's comparatively small but rapidly growing middle class has begun to seek out higher quality food at a rate that Indian producers cannot meet. As India seeks to engage the Global economy opportunity for exporters of GRNOS will grow.

This report provides a brief background on the Agriculture Economy of India, how it is changing, and how, despite a poor history of Market Access for U.S., the changing demographics and political situation in India provide for more opportunity now than ever before and point to a more market-friendly future, despite many serious roadblocks that industry still faces.

Indian agricultural policy is made by the Central Government in New Delhi and implemented by the states. While this leads to different domestic strategy, this study of how Indian policy impact GRNOS imports focuses on the Central Government, as price controls, tariffs, and other barriers are all set in New Delhi, not by the states.

This report examines current tariff and non-tariff barriers to the entry to U.S. GRNOS, including Sanitary & Phytosanitary standards and regulations related to agricultural technology, as well as context for India's use of these measures. India is protectionist but to understand how to overcome that protectionism, it is useful to know India's political and historical approach to agriculture.

Finally, the report discusses how India's domestic policies related to agricultural production impact the global market. Stockpiling and price controls are still standard operating procedure for most GRNOS commodities, but the quality of the product and the lack of reliable storage and cold chain are less distortive to global trade than might be expected.

## Overview of Indian Agricultural Policy

With a population of 1.3 billion, a full 1/5<sup>th</sup> of the global population, India is the largest emerging market in the world. Since the economy was liberalized in 1991 and foreign investment allowed in, trade between the U.S. and India has grown to \$105 Billion a year. Under the leadership of its current Prime Minister, Narendra Modi, India has announced that the world should come and “Make in India”, to bring jobs and investment to India’s growing population. However, until very recently, the food & agriculture sector has not seen either the outside investment or domestic encouragement from the Government of India (GOI) that it needs to grow.

The GOI spreads food & agriculture policy making across several Ministries and then leaves implementation of policy up to the states. The Ministry of Agriculture and Farmer’s Welfare focuses solely on domestic production, plant and animal health and prices. The Ministry of Food Processing Industry deals with promoting the processing of crops. The Ministry of Health covers processed food safety. The Ministry of Consumer Affairs, Food and Public Distribution handles India’s large Food Public Distribution System (PDS) and can put out calls for procurement and stockpiling. And once these bodies make decisions, each individual Indian state decides how to implement it. It can be confusing and slow, and most new players in the Indian agriculture sector generally focus on one or two states to develop their businesses. Maharashtra and Bihar have traditionally adopted progressive agriculture policies and when they are successful, other states look to follow their example.

Agriculture accounts for 17% of India’s GDP and employs more than 50% of the Indian workforce. For the past decade, production and participation in agriculture has been declining. Outdated farming methods, water issues, poor monsoons and urban migration, as well as how the GOI views the agriculture sector, have all contributed to this decline. Most countries view agriculture as a business to be cultivated. India views it as a subsidy to be given out.

This view, agriculture as subsidy, is best understood through two lenses - political and historical. Politically, with over half of India’s working population employed in the agriculture sector, almost every decision that the Central and State Governments take on agricultural policy is done with two things in mind - how will farmers and their allies view this policy and will it impact the price of food. There are almost 500 million farmers in India and they vote. Elections have often hinged on farmer turnout or the price of food. The cost of onions cost the Bharatiya Janata Party (BJP) several state elections in 1998 when prices unexpectedly spiked in the weeks leading up to the elections. The BJP went from what was expected to be an easy win to handing over power in key Indian states about 3 weeks’ time.

These political calculations have made the Indian political establishment view agriculture not as a business but as a subsidy: keep farmers happy by guaranteeing as much income as possible, and keep the population happy by implementing short-term policies to keep prices low. This view has kept the Indian agricultural sector from receiving the kind of direct foreign investment that has helped other Indian domestic industries grow at a healthy rate, and it has kept farmers’ dependent on the government for price supports and sometimes for business.

One of the most important recent national agricultural policies is the National Food Security Act (NFS) of 2013, which subsidizes the purchase of price of rice, wheat and coarse grains for 2/3 of India's population. The NFS was introduced in the run-up to the 2014 national election in a move that many observers both inside and outside India believed was aimed at getting farmers and poor/low-income Indians to vote for the incumbent Indian National Congress (INC) party, which was facing some of the worst public approval ratings in its history. The line from INC politicians was that this was to ensure "food security" for all Indians. The U.S Department of Agriculture (USDA) estimates that the costs of subsidies and distributing the food through India's Public Distribution System (PDS) is about \$51 billion a year. The INC lost the election anyway and the NFS did nothing to address the malnutrition issues plaguing the country. For many Indian politicians, agriculture is wielded as a political tool for public relations victories, not utilized as a business that can work with Government to address real issues.

The second view is through a historical lens. In the 1950s, India, just a decade into independence from the United Kingdom, still struggled with poor agricultural yields that would lead to famines. Poor monsoons and ineffective growing humiliated the Indians as a people just as they felt they were coming into their own. The Green Revolution, which saw Dr. Normal Borlaug working with Indian colleagues to introduce more modern techniques, put an end to widespread famine and focused Indian agricultural policy on food security as defined by self-sufficiency. In practices, this translates into subsidies and financial incentives for farmer to produce staple commodities. When food demand has risen faster than supply, India has enacted a number of unsuccessful measures to lower prices of commodities such as wheat, rice, pulses and sugar.

## Current Developments

The Essential Commodities Act (ECA) of 1955 looms over all aspects of the Indian agricultural economy. Black marketing of essential commodities was the initial impetus behind the Act but the Supreme Court of India has allowed the ECA to be used to combat any threat to the access of basic commodities. The ECA empowers the Central and state governments concurrently to control production, supply and distribution of certain commodities in view of rising prices. The measures that can be taken under the provision of the Act include, among others, licensing, distribution and imposing stock limits. The governments also have the power to fix price limits, and selling the particular commodities above the limit will attract penalties. This is also where India's price supports were first born,

Despite enacting minimum support price (MSP) policies and minimum export price (MEP) policies designed to increase farmer income, India continues to see more and more people leave rural farming areas and move to cities for better opportunity. The suicide rate for farmers in India is remarkably high. When a weak monsoon season ends, India's government will prop up farmers with subsidies and institute MSPs as a way of keeping them from killing themselves. India is currently attempting to modernize its financial system and new crop insurance schemes and better access to real credit for farmers are priorities.

During the summer of 2016, Prime Minister Modi announced his intention to see farmer incomes double by 2022. In the months since, the Indian government has begun surveying domestic and international agriculture companies about how to improve the ease of doing agribusiness in India as a way to draw more private investment into the sector. NITI Aayog, the GOI's planning office, and the Ministry of Finance have both recently taken a renewed interest in the sector and a report of Ease of Doing Agribusiness is expected sometime in 2017 with a list of action items the government can quickly take to make the market more attractive, as well as a 20-year plan aimed at modernizing farming.

Another area with the potential to impact GRNOS trade is India's desire to increase domestic food processing. The Ministry of Food Processing Industry (MoFPI) has opened 42 food processing parks to attract both domestic and international manufacturers, and India has made a push to push farmers to grow more pulses and other horticultural products to help boost production. These efforts have been mixed, leading to an increase in GRNOS imports in the last 2 years.

## **Current Political Leadership and their Views of Agricultural Policy**

Political considerations are key to understanding how the GOI approaches agricultural policy. The philosophical view of the current ruling party of India is also a factor in the Governments' approach, and internal divisions there are important to watch as India grapples with the many challenges it's agriculture system is facing. The BJP currently holds an absolute majority of seats in India's lower house of Parliament, the Lok Sabha. In 2014 they became the first Indian political party to win a clean majority in almost 30 years. While they continue to head a coalition government, the National Democratic Alliance (NDA), the BJP has an irrefutable mandate. That mandate is due primarily to the Prime Minister. Before the 2014 elections, recent India Prime Minister's had not been the full face of an election campaign. But 2014 saw Mr. Modi, then the Chief Minister of the state of Gujarat, as the only face of the campaign. He ran an aggressive, American-style campaign and his personal charisma and attractive life story – his first job was selling tea at a train station with his mother – led to the BJP sweep.

The BJP is a party of Hindu nationalists. The organization of the party can be traced back to before Indian independence, to the Rashtriya Swayamsevak Sangh (RSS) which was at one time a militant pro-Hindu organization and has become the intellectual and philosophical center of the BJP. The RSS has in the past been the primary designer of policy for BJP elected officials to pursue. While there is no doubt that Modi is a strong Hindu nationalist, and that he owes the BJP for his rise, he is also in many ways a realist and has shown himself to be strongly independent of the RSS. When he became Prime Minister he essentially purged longtime RSS officials from the top of the BJP and installed his own loyalists. More than any Prime Minister since Indira Gandhi in the 1970's, Modi has developed a cult of personality that has allowed him to turn his cabinet into a body comprised almost entirely of yes men.

The RSS is obsessed with all things “traditionally Indian”, including farming methods. The RSS has pushed organic farming programs through the Ministry of Agriculture, and they resist mechanization and modernization efforts as well as the wide use of modern crop protection and cultivation methods that could increase yields and they are opposed to GMO seeds and crops, both due to the fact that so many are produced outside India and that they are not “traditional”. While the previous government, headed by the Indian National Congress (INC), objected to GMO in a more traditional way, the RSS objects as it is “Non-Indian” which is harder to address than pseudoscience pushed by the INC.

However, this is where the division exists: between the Prime Minister and his party. Modi is publicly quiet on the subject of GMO crops but has privately been known to talk about their potential to increase yields and increase farmer income. He is also keenly aware of India's poor agricultural record, hence the new push for ease of doing agribusiness. However, the question is whether this support only applies to crops grown in India or if he might push to support imports of GMO bulk commodities as well. As the effective ban on most GMO GRNOS products keeps most U.S. producers out of India, any encouragement from the Prime Minister on GMO acceptance would be important and Modi's stated desire to bring more modern techniques into India to raise farmer incomes runs counter to RSS philosophy and his language, not the language of the RSS, has been adopted by India's bureaucrats.

## Key Domestic Production and Bulk Exports

India's key domestic food commodities are Rice, Wheat, Corn and Pulses. India produces a massive amount of bulk food commodities, but due to a lack of cold chain and poor infrastructure, at least 40% of the product is lost, either through spoilage or slippage into the black market, between harvest and market.

**Rice** - Rice remains India's #1 export commodity, next to cotton. India exports 30% of all rice traded worldwide, approximately 8 million MT, worth about US \$6.4 billion in 2015. While there was a brief concern over arsenic levels in rice in 2013, further testing and a change in handling methods by most Indian farmers eliminated most of the concern. Indian rice is generally high quality and popular throughout the world.

**Wheat** - While India is the second largest producers of wheat in the world, virtually none of it is exported. According to the FAO, in 2014 India produced 94.5 Million MT of wheat, second only to China. However, most was distributed and used in India. Just 500,000 MT was exported in 2015, and USDA expects just 100,000 MT in 2016, most to neighboring countries. The quality of the wheat is usually low. Some high-quality durum wheat is produced in India, with almost all of it sold to commercial bakers and confectioners in the cities. Due to leakage and loss, India often has to import wheat, and the increased demand for high quality food products from India's middle class has caused an opening in the import market. Indian wheat imports primarily come from Australia.

**Corn** – Corn is grown throughout the year in India and is the third largest crop produced, after rice and wheat, accounting for 9% of total food grain production in the country. Production has increased from 14 Million MT in 2005 to 34 Million MT in 2014. Lower labor costs and the lowering of the water table in the rice belt of India have contributed to the increase in acreage planted, according to the GOI and USDA, as well as price supports from the GOI. In India, the yield is half of the global average. The reasons for low productivity include poor climate conditions, lack of cross hybrid technology, poor farming techniques and lack of proper distribution for quality corn seed. India does not usually import corn and has become a major exporter. However, poor yields beginning in 2014 have taken the amount exported from a high of 4.7 Million MT in 2012 to just 700,000 MT in 2016. USDA expects India to import corn for the next several years, but the ban on GMO corn and SPS requirements will keep U.S. corn out of the market.

**Soybeans** - India's soybean trade, like most of its bulk commodity production, depends entirely on the monsoon season, which begins in early June and lasts until approximately October. 2016's monsoon was stronger than expected and Soybean volume is expected to be up in 2017, with 11.5 million MT expected to be grown, an increase of 61% on last year. India's main soybean production states are Madhya Pradesh and Maharashtra, which account for 80 percent of yields. Soybean meal is exported from India but the domestic refining market has cratered, and even with high tariffs, India imports more soy oil than it produces. India does not produce GMO soybeans, but does allow for the import of GM soy oil.

**Pulses** – India is the world’s largest producer and consumer of pulses, accounting for over 25% of global production. However, India bans the export of pulses as the current amount produced domestically does not meet demand. Lentils, chickpeas and peas are the top 3 and demand for imports is expected to grow as the population increases and the number of farmers decreases. U.S. green and yellow peas, lentils, and chickpeas have become more price-competitive in the Indian market in recent years. As a result, imports of pulses from the U.S., mostly of dry green peas and some yellow peas, witnessed significant growth during the past 5 years, reaching a record 389,000 MT in 2014 but declining to 255,440 MT in 2015. India is the largest export market for U.S. pulses since 2013 and that market will only expand. Pulses are currently exempted from all import tariffs.

**Feed Grains** – Traditionally, India has been self-sufficient in feed grains. Most livestock are held by small hold farmers, and feed for animals has been supplied from leftovers from India’s public distribution system. Soybean, cottonseed and rapeseed meal have been staples of the commercial feed grain market inside India, but with the growth in dairy, poultry and fish production in India, USDA predicts a “foreseeable shortage in feed grains that may in turn drive imports in the coming years.” The continued ban on GMO feed grains may contribute to shortages as well. Imports for these types of grains are currently nonexistent but demand may force India to either adopt more modern techniques to meet the needs of its farmers or allow imports.

### **Major Agricultural Imports**

Palm oil, pulses, soybean oil, other vegetable oils and tree nuts make up 72 percent of India’s total agricultural imports by value. Indonesia, Malaysia, Argentina and Ukraine account for about 46 percent of India’s total agricultural imports by value. Although low-cost palm oil continues to account for the largest share of India’s edible oil imports, India surpassed China in 2014 to become the world’s largest soybean oil importing country. Besides GMO soybean oil and some canola oil, no other GMO food products, bulk grains, or processed or semi-processed foods are currently authorized for importation. This keeps many potential imports out of the country and is a hot issue for the Government.

According to USDA, the largest U.S. agricultural export to India are tree nuts. In FY2015, the U.S. exported \$524 Million worth of tree nuts to India. Pulses – specifically peas and lentils, were second at \$138 million. The U.S. is the second largest supplier of lentils to India and the share looks to grow in the coming years.

## Barriers to Trade

### Tariffs

The structure of India's tariff and fees system is complex and characterized by a lack of transparency in determining net effective rates of customs tariffs, excise duties, and other duties and charges and remains an impediment to GRNOS imports. The tariff structure is composed of a basic customs duty, an "additional duty" (also commonly referred to as a "countervailing duty"), a "special additional duty," and an education assessment ("cess"). In 2009, the average tariff rate for any U.S. agriculture import was 110%. Since then, the average has dropped to about 40%, though 100% and higher effective tariff rates still apply in some sectors. Additionally, while the Central Board of Excise and Customs (CBEC) provides a tariff list, those only cover the basic duty, none of the additional or countervailing duties.

According to the most recently published CBEC listing (<http://www.cbec.gov.in/htdocs-cbec/customs/cst1617-300616/cst1617-3006-idx>), U.S. GRNOS face the following tariffs:

Durham Wheat – 100%, current duty set at 0% (See below)  
Wheat – 100%, current duty set at 0% (See below)  
Soybeans – 30%  
Corn/Maize – 60%  
Barley – 0%  
Dried Distillers Grains – 30%  
Rice: 70-80%

There are signs that private industry has been pushing the government to drop tariffs so they can import higher quality commodities for processing and sales to the emerging middle class. In an effort to increase imports of wheat, due to concerns about the quality of the 2017 crop and a demand for better quality from food producers, in December 2016 India dropped the import duty on all private wheat imports to 0%, down from 10%. Just three months earlier the rate had been dropped from 25% and it had been 50% as late as 2015. In November 2016 alone India importers brought in 500,000 MT of wheat, mostly from Australia.

As mentioned above, Indian wheat is low quality. Indian consumers are beginning to demand higher quality. The Indian government wants to make it easier to "Make in India", a major part of the Prime Minister's agenda. Access to quality ingredients for India's growing food processing sector is likely to push tariffs lower for other commodities as well. U.S. wheat is still effectively banned due to SPS requirements, but it's an encouraging sign and tariffs have been brought down for other bulk commodity imports as well. The tariff decrease for wheat occurred before the negative outlook for 2017 was predicted and appears to be more in line with industry demands for quality.

Finally, the push to make it easier to conduct agribusiness in India makes a change to the tariff structure for GRNOS likely. The Indian Government in releasing a new budget on February 1, 2017 which will include an updated tariff schedule. Positive changes in the new budget would be a sign that the Indian government has heard both domestic and international industries request for a more transparent and easily understood tariff regime.

## **Sanitary and Phytosanitary Requirements**

While India has made admirable strides in trying to increase transparency and adopt Codex standards for agricultural imports, the Government of India still adopts extraneous and unnecessarily complex sanitary and phytosanitary standards for the import of bulk agricultural commodities. For wheat and corn there are 31 specified quarantine weed seeds and India require a wheat sample drawn from a single consignment not to contain more than 100 quarantine seeds per 200 kg sample.

The Directorate for Plant Protection, Quarantine and Storage (PPQS), part of the Ministry of Agriculture and Farmer Welfare, is responsible for enforcing the Plant Quarantine (Regulation of Import into India) Order, 2003 (PQ), which regulates the import and prohibition of import of plants and plant products into India. PQ requires the following for fumigation of corn, wheat and pulses:

“Fumigation with Methyl bromide @ 32 g/cu. m at 21oC and above for 24 hrs under NAP and the treatment shall be endorsed on phytosanitary certificate or by any other fumigant/substance in the manner approved by the Plant Protection Adviser for this purpose.” – PQ Section 3, Schedule V, No. 81

India has been able to continue to mandate the use of methyl bromide (MB) on the grounds that it is a developing nation. Originally, India had until 2015 to replace the MB requirement. As of the 2016 updates to the PQ, the above requirement still applies to Wheat and Corn imports, among other GRNOS products and the Plant Protection Adviser has not endorsed another fumigant.

The issue of the PQ came up at the World Trade Organization (WTO) in 2006, with both the US and European Union complaining that India did not notify the order until March 2004. Canada, New Zealand and Chile had a similar complaint, including that they were not given the mandatory 60 days' time to respond. India countered that it need not notify the WTO as it conformed to world standards. U.S. wheat and corn exports to India are effectively banned by PPQS due to the nature of India's SPS and fumigation requirements. Due to most major exporting countries phasing MB out entirely India's option for wheat imports have shrink. Time may eventually eliminate this trade barrier for wheat and corn, but no indications have been forthcoming that this will change.

India also requires MB treatment for pulses, but since the phase out in MB, and given India's need for lentil imports, India, in 2005, relaxed the requirement to allow fumigation at the port of import in India for pulses, which still cause delays in shipments and drive up costs. PPQS indicated in December 2016 that they will not renew this exemption for pulses. There is reason to believe that the GOI want to use the 'request for exemption' from overseas suppliers as a bargaining chip to extract similar concessions for Indian goods that may be facing non-tariff barriers in those countries. GOI has certainly used vague statements about requirement in the past to gain concessions, and given India's need for the import of pulses, longtime observers have commented that the theory that this is a gambit seems likely.

## **Restrictions on GMO Products**

The GOI's trade policy stipulates that imports of all biotechnology food/agricultural products or products derived from biotechnology plants/organisms should receive prior approval from the regulatory body, the Genetic Engineering Advisory Committee (GEAC). India only allows for the import of GMO soy oil and canola oil and the only domestically grown GMO product is cotton. Up until 2015, GEAC met rarely and did not often notify the public when it actually met. Since late 2015, GEAC has been meeting monthly and has become more effective at granting import approvals for the few products that India allows into the country. However, the continued lack of transparency and inconsistent application of scientific standards have made GEAC a continued hindrance to U.S. GRNOS imports.

Additionally, there is a strong grassroots opposition to GMO, from both Indian nationalists like the RSS, a wing of the ruling BJP party that only supports "traditional farming methods" and from anti-GMO organizations like Greenpeace that see India as a major battleground in their war on GMO products. Disinformation campaigns and a lack of a strong industry counterstrategy have given the average middle class Indian food consumer a strong distrust of GMO products.

A piece of legislation, the Biotech Regulatory Authority of India Bill, would create a single clearinghouse, the Biotech Regulatory Authority of India (BRAI), which would replace the GEAC and implement a transparent, science-based regulatory regime for approval of both domestically produced and international imported GMO products. However, the Government of India lacks the political will to pass the BRAI bill, which has sat in Parliament for almost a decade, and even progressive states that support GMO products and research cannot overrule the national ban on the import of most GMO products. This keeps a substantial section of U.S. GRNOS products from having any chance of gaining access to the Indian Market.

Industry will need to develop a long-term strategy to push for BRAI approval that includes public education efforts and harnessing farmers who have had success with Bt cotton to show the benefits of GM products to Indian consumers and political leaders. Until GEAC is replaced, the prospects for approval for new GM bulk commodity imports are dim, though USDA has noted that by finally adopting a regular schedule and increasing its public exposure, GEAC's work does indicate that the GM barrier is less daunting than in the past.

## **Intellectual Property**

Intellectual property (IP) issues continue to constrain any industry looking to do business in India. From pharmaceuticals and medical devices to tech and entertainment, a weak IP protection policy has traditionally kept investment and trade with India lower than the GOI would prefer, though due to political reasons they continue to battle with pharmaceutical companies over the issues of compulsory license and generic Indian-made medications.

Until 2016 these battles had not impacted the agriculture sector. The GOI had never insisted that seed, fertilizer and pesticide companies provide proprietary knowledge to domestic industry, and Bt cotton seeds developed by Monsanto and manufacture by India seed producers enjoyed a great deal of success. In 2015, a small cadre of Indian seed manufactures took Monsanto to court in India over the cost of seed trait fees. While representing less than a third of the market, these companies petitioned the courts to overturn the contracts they had entered into with Monsanto and set an arbitrary trait fee. They claimed Monsanto had used monopolistic practices to force them to accept non-market based trait fees and asked the courts to set a fee the producers deemed fair. When these cases eventually lost, they took their complaints to the GOI, where they found a champion in the Ministry of Agriculture and Farmers Welfare.

Cotton seed prices had been set by the Ministry in December of 2015, but under the Essential Commodities Act they had the right to do so and industry partially welcomed the move as it set the price nationwide, eliminating different prices in different states and bringing more consistency to the market. In May of 2016 the Ministry released new guidelines for the sale of any seed traits, not just cotton seeds, in India. The guidelines set an artificial price and mandated that as long as a domestic seed company could prove it could manufacture the seed to the trait provider's specifications, the provider was required to sell them the trait at the price set by the Government. This was a compulsory license by another name, and it would apply beyond just cotton seeds. At first, the order was issued without any public comment period, but after pushback from both domestic and international industry across multiple sectors, the guidelines were re-introduced in draft format and open to public comment for 90 days. After 9 days, they took effect with no change. In response, Monsanto scrapped plans to introduce the next generation of Bt Cotton seeds in India, which is where things stand today.

This new barrier to trade for agricultural commodities has yet to impact industry outside Monsanto, but it does demonstrate the worst aspects of Indian policy on the global stage. India will often take protectionist measures and then dare the developed world to stop them. The thinking inside the GOI is that the Indian market is so large and so full of potential that they can afford to push things as far as industry will take them because industry wants access to Indian consumers. The Bt cotton case will be the first to test this theory on the agriculture side, as Bt cotton has been a massive boon for India, making them the largest producer and exporter of cotton in the world. As U.S. GRNOS exporters look at India, they will need to assess the weakness if the Indian IP regime before committing, even if other trade barriers fall.

## **Impact of Stockpiling and Indian Domestic Policy on the Global Market**

India stockpiles an immense amount of wheat, corn and rice in the name of food security and has been known to dump wheat and corn on the global market. India will prop up prices with MSPs and MEPs in addition to subsidies given to farmers and the Government simply buying surplus stocks itself. However, most of the exported/dumped wheat and corn is low quality and is bought by India's closest neighbors. While any stockpiling followed by dumping will cause market disruptions, Indian wheat and corn stockpiling has surprisingly little impact on the global market.

USDA's 2016 Grain and Feed Annual Report on India reported the general conventional wisdom that India's stockpiling and price supports have had little actual impact on the global market because Indian GRNOS products are of low quality, and even with price supports, superior product from Australia, Argentina, Brazil, Europe and the U.S., sold in bulk are competitive without price fixing. As the report puts it "While there are no restrictions on exports of wheat sourced from the open market, monthly exports volumes have come to a virtual halt since October 2015 as Indian wheat has been uncompetitive even in the neighboring markets."

Beyond India's outdated farming techniques, the nature of the stockpiling itself has kept these measures from impacting the global market in a significant way. India grain and seed is often stored in whatever is handy. Bags, crates, there is no enforced standard. Most stockpiled product is transported and stored by India's Public Distribution System, which is underfunded and still stores grain in open warehouses that sometimes have no roofs. When Indian grain is eventually dumped on the market, it's quality has diminished even further and is often spoiled. As USDA has documented, no one is looking to buy this product.

What India's domestic policies do accomplish is the cutting off of the Indian farmer from potential customers and consumers from more choice. It also keeps potentially billions of dollars in trade out of India. The Indian government is torn between supporting "traditional Indian farming" methods to achieve food security through self-sufficiency and a more access-focused approach, where farmers are encouraged to produce high-quality products that can compete on its own and buyers of GRNOS bulk commodities can easily import the products they need to meet the demands of the growing Indian middle class. Until the Government of India sorts itself out, India will exist in many ways outside the global bulk commodity market and exporters will be denied access to what will in 2027 become the most populous country on Earth.

## APPENDIX – Key Indian Government & Private Sector Contacts

United States Based

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