

## India - US Corn Problem

*GS-III - Economy - Issues and constraints related to agricultural produce; Issues with direct and indirect subsidies.*

### Why in News?

Recently, the US has expressed interest in exporting corn to India, but India remains cautious due to GM crop concerns, strong domestic production, and political considerations.

### What is India's status about maize?

- **Production** - India's maize production is estimated at 356.73 lakh tonnes for the 2023-24 crop year.
- **Growing seasons** - About 83% of India's maize is grown during the Kharif season, though the Rabi season offers higher yields due to better irrigation.
- **Driving factors of growth** - The production is driven by the use of high-yielding seeds, improved irrigation, and increasing demand from the poultry and ethanol industries.
- **Aim of the government** - The government aims to double output to 86 million tonnes by 2047 to support food security and the growing demand from the animal feed and ethanol sectors.
- **India's global position** - India is the 5<sup>th</sup> largest maize producer, but only the 14<sup>th</sup> largest exporter.
- **Major maize producing states** - West Bengal, Telangana, Bihar, and Tamil Nadu, etc.
- **Major producing countries** - United States, China, and Brazil
- **Import** - Out of India's total corn (maize) imports of 0.97 million tonnes (mt) in 2024-25, a major chunk came from Myanmar and Ukraine.

### Why India is not importing corn from USA?

- **Genetically Modified (GM)** - India does not permit any import of corn that is genetically modified (GMO), (Allowed only GM cotton for cultivation).
- **High Tariffs** - India allows up to 0.5 million tonnes of corn imports annually at 15%, with quantities beyond that attracting 50% duty.
- **Lead to Dumping** - The U.S. corn price is just about 70% of Indian maize without taking into account shipping, marketing costs and business margins, this would be equivalent to dumping.
- **Threat to domestic farmers** - A flood of cheap imports could cause domestic maize prices to crash, severely impacting the livelihoods of millions of Indian farmers.

- **Danger to ethanol program** - Import substitution through ethanol blending of 20% of petrol can potentially prevent \$10 billion of forex outgo every year, which could in turn go into the pockets of Indians including farmers.
- **Damage to India's maize ecosystem** - India has built a maize ecosystem for ethanol, the annual maize production has nearly doubled in the last two-three years.
- Import will destroy the ecosystem if we commit to cheap maize imports, leading to much distress to new maize farmers.

### Why does the U.S. want to export to India?

- **Market potential** - India has a huge potential market for corn, given its rising consumption of animal products with an increase in population and per capita GDP.
- **Overproduction of cash crops** - The U.S. farming is characterized by overproduction of cash crops like corn, soya, etc.
- Out of a total 350 million tonnes of yearly corn production, some 45 million tonnes are exported.
- **Character of US farming** - It is essentially capitalist and characterized by high productivity, very large land holdings and high levels of mechanization.
- From time to time, the U.S. agriculture saw a shift from strengthening of hunger-nutrition and to industrial needs.
- **Use of maize in US** - In U.S, Maize is only marginally consumed directly by the people and widely used in industries, such as the manufacturing of processed products; ethanol production; plastic-making; as well as animal feed.

*As the World Trade Organization rules began to be enforced that required U.S. and other developed nations to cut farm subsidies, there has been a bigger thrust towards capitalist farming.*

### What are the political stakes behind corn and soybean exports?

- **Democrat-Republican differences** - In USA, the corn belt is practically a region of Republican heartland.
- And the other base like California for specialty crops such as fruits and vegetables are of Democrat stronghold.
- In U.S this difference run deep and echo not just in political and economic viewpoints but also in lifestyles, type of power plants, agriculture crop choices and so on.
- **Issues with China** - Due to the China-U.S. standoff, China has stopped buying soybean from the U.S.
- China, a major soy user, imports three-fifths of its needs and is turning to other producers such as Brazil.

### What lies ahead?

- It's a strategic stand of India which shows yes for trade and no for dependence.
- Refusing GMOs and US dairy is just the first step, India needs to prepare its farmers for global competitiveness without crutches.
- India can use this high tariff time to build a farm economy that exports value, not just commodities.

- To tackle this, India needs a cautious approach aligns with global norms on environmental protection, ethical food systems, and indigenous seed rights.

## References

1. [The Hindu | India US - corn import](#)
2. [Indian Express | India not import corn from the US](#)

