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 5th largest maize producer, but only the 14th 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

