

Why the U.S. Wants Greater Access to India's Farm Market

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India's Farm Market Latest News

- The US Department of Agriculture's (USDA) recent report suggests that India's demand for feed and ultimately the need for substantial imports of ingredients such as corn and soyabean is going to substantially increase "by the early 2030s".

U.S. Push for Market Access Amid Tariff Threats

- Amid renewed threats from U.S. President Donald Trump to impose **reciprocal tariffs** on Indian exports starting **April 2**, Washington is pushing for **greater market access for key agricultural commodities**—particularly **corn, soyabean, and cotton**.
- These three crops are **major U.S. exports**, with their combined shipment value peaking at **\$62 billion in 2022**.
- With **China scaling back** its purchases of these commodities, India is emerging as an important potential buyer.

Corn and Soyabean: India's Growing Feed Demand

- According to a recent U.S. Department of Agriculture (USDA) report, India is expected to see surging demand for animal-based products like milk, eggs, fish, and meat due to rising population and income levels.
- This will lead to a **sharp rise in demand for livestock feed**, especially corn and soyabean meal—both of which are core components of animal feed.

Projected Demand Growth (Under Rapid Income Growth)

- **Corn consumption:**
 - 34.7 million tonnes (mt) in 2022-23; 98 mt by 2040; 200.2 mt by 2050
- **Soyabean meal consumption:**
 - 6.2 mt in 2022-23; 30.9 mt by 2040; 68.3 mt by 2050

Corresponding Import Needs (By 2040 & 2050)

- **Corn: 46 mt and 134 mt**
- **Soyabean meal: 19 mt and 53 mt**
- Even under a more **moderate income growth** scenario, India would need to import **11 mt of corn and 6 mt of soyabean meal by 2040**.
- While India currently imports very small quantities—only **178,969 tonnes of feed commodities** in 2022—the USDA sees **India as a high-potential market** in the coming decades.

Barriers to U.S. Access in India

- Despite the growing demand, **tariff and non-tariff barriers** currently block U.S. farm exports to India.
- **Customs duties:** 45% on soyabean; 50% on corn

- **Ban on genetically modified (GM) products:** India restricts imports of GM corn and soyabean, which effectively shuts out U.S. supplies.
- Given this, the U.S. is expected to **press India to relax these restrictions**, potentially making access to Indian agricultural markets a **key trade negotiation point**.

Cotton: From Exporter to Importer

- The third commodity of interest is cotton, where India's production has declined significantly in recent years, turning the country from a net exporter to a net importer.
- **India's cotton output:**
 - Peaked at 39.8 million bales in 2013-14
 - Dropped to 29.9 million bales in 2024-25 (16-year low)
- **Reasons for the decline:**
 - Lack of approval for new GM cotton varieties since 2006
 - Resistance in existing Bt cotton hybrids to pests like pink bollworm and whitefly
- In contrast, India's cotton imports are projected at 3 million bales in 2024-25, exceeding its exports (1.7 million bales).

U.S. Advantage in Cotton Trade

- The U.S. was the **world's top cotton exporter** until Brazil overtook it in 2023-24.
- **U.S. cotton exports to India:**
 - \$491.2 million in 2022
 - \$231.2 million in 2023
 - \$210.7 million in 2024
- With India imposing **only an 11% import duty**, the U.S. could expand exports further, especially as India's domestic production lags.
- The **textile industry** in India, which exported **\$10.8 billion worth of garments to the U.S. in 2024**, may also benefit from duty-free raw cotton imports.

India's Animal Protein Market: The Larger Picture

- India's per capita consumption of animal products remains low at **82.6 kg in 2020**, well below the global average of **143 kg**.
 - Milk: 66.3 kg; Fish: 7.9 kg; Eggs: 3.9 kg; Chicken: 2.6 kg
- Still, **production has been growing steadily**, with impressive annual growth rates:
 - Chicken: 8.5%; Eggs: 5.8%; Bovine meat: 5.1%; Milk: 5%
- This trend supports the USDA's projection that **feed demand will grow**, potentially transforming India into a **key importer of U.S. agricultural commodities**.

Conclusion

- As trade negotiations intensify, the U.S. sees a major opportunity in India's rising demand for **corn, soyabean, and cotton**.
- However, this potential can only be realised if **tariffs are lowered** and **GM import restrictions are eased**.
- With declining cotton output, rising feed needs, and evolving consumption patterns, India's agricultural import policy will play a **crucial role in shaping global agri-trade dynamics** in the years to come.

U.S. Agricultural Exports to India FAQs

Q1. Why is the U.S. targeting India for farm exports?

Ans. India offers a growing market for U.S. corn, soyabean, and cotton amid declining demand from China.

Q2. What are the main barriers to U.S. farm exports to India?

Ans. High import duties and restrictions on genetically modified products.

Q3. How is India's demand for corn and soyabean expected to grow?

Ans. Driven by rising animal product consumption, feed demand could surge by 2040–2050.

Q4. Why is cotton important in India-U.S. trade?

Ans. India has gone from being a net cotton exporter to importer, offering an opening for U.S. cotton exporters.

Q5. How much feed does India currently import?

Ans. In 2022, India imported only about 179,000 tonnes of feed ingredients—a fraction of its total consumption.

Source: IE

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