

# US-India deal on agricultural research: no benefit for India's rural poor

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One aspect of US President Bush's high-profile trip to India last month was a deal known as the Knowledge Initiative on Agriculture (KIA), which is being hailed as the basis for an "Evergreen Revolution" that will assist India's 650 million rural population. Far from helping impoverished Indian farmers, the initiative is likely to prove a boon for US agribusiness, both directly by capitalising on access to Indian researchers and research, and indirectly by shifting Indian agricultural policy.

The groundwork for the program was laid during Indian Prime Minister Manmohan Singh's trip to the US last July. The KIA was formalised in a joint declaration in November and a board constituted in December. Significantly, US representatives included the retail giant Walmart and the huge agribusiness, Monsanto Seed Corporation.

According to a fact sheet issued by the US agriculture department, the KIA agreement commits Washington and New Delhi to a three-year program linking "universities, technical institutions, and businesses to support agriculture education, joint research, and capacity building projects including in the area of biotechnology". Designed to promote "environmentally-sustainable, market-oriented agriculture", the plan will cover almost every field from education, learning resources, and curriculum development and training, to food processing and marketing, biotechnology and water management.

Transnational corporations are already exploiting India's large reserves of cheap, educated labour in many aspects of scientific research, particularly Information Technology (IT). The KIA deal opens up new areas of Indian research, which until now have been largely government funded, to US companies. Last November, the Indian Council of Agricultural Research invited US capital to become involved in the "rapid commercialisation" of Indian agriculture and offered to open up its network of state-run research institutes for

"collaborative research".

During his visit to India, President Bush visited the Acharya N.G. Ranga Agricultural University near the city of Hyderabad. The institution is recognised for its work in the development of more than 300 varieties of seed and for its development of new rice growing and sustaining technologies. "We showed him the cutting edge research we are doing on increased productivity of various crops," principal scientist Dr M. Ganesh told the *Hindustan Times*.

Under the agreement, India will pay most of the expenses, contributing about \$US75 million over three years as compared to \$24 million from the US. While the government will pay the Indian share, the US money will come from private companies and, according to laws governing US intellectual property rights, they will be the chief beneficiaries of research findings.

K.R. Choudhary, an agricultural economist, warned that US interests would dictate research priorities. "The MNC [multinational corporation] voice will prevail. They will direct, dictate, monitor, supervise, control our research," he said.

Devinder Sharma, an agricultural scientist, told the *Hindustan Times*: "The American IPR [Intellectual Property Rights] regime offers patent holders rights to life form, plants and seeds, so there is also the threat of losing rights to indigenous genetic resources. There is also the additional fear that India could become the dumping ground for all the genetically modified crops that there are no takers for in Europe, and many other parts of the world."

Genetically modified foods could increase nutritional value, aesthetic appeal, shelf life and processing potential. The crops could be modified to be more pest and disease resistant, leading to less wastage and higher yields. But there remain serious concerns about the possible impact on health and the environment, particularly over the long

term. Corporations such as Monsanto are driven to maximise profits at the expense of investigating potential side effects.

Speaking on NDTV, a representative of the Monsanto Group, V.R. Kaundinya, hailed the KIA as a great opportunity for Indian agriculture. “There is great opportunity for the Indian farmer to increase his prosperity through this. I think there are adequate safeguards for the Indian farmers. There is no need to worry.”

Far from providing benefits to India’s poverty-stricken farmers, the so-called Evergreen Revolution will benefit the wealthier landowners and agribusinesses, as well as corporations like Monsanto that provide farm inputs and Walmart, which is seeking entry into India’s retail sector, including foods.

Economist K.R. Choudhary, who is critical of the first “Green Revolution”, pointed out that the second would be worse. “The American model has failed. And now we are thinking of a second Green Revolution, which will be much worse. At least in the first Green Revolution, there was public research domain. Now it is going into private hands.”

In the 1960s and 1970s, successive Congress governments promoted the “Green Revolution” as the answer to a growing rural crisis. Backed by the World Bank and the US, New Delhi began to introduce high-yield variety seeds and to commercialise agriculture. But the new seed varieties needed chemical fertilisers and pesticides, and commercial farming required agricultural machinery, including tractors and pumps. Guaranteed prices for products, institutional credit and new technology made private investment in agriculture profitable. However, the high costs favoured the richer farmers and led to further social polarisation in rural areas.

Since 1991, Indian governments have embraced market reform, privatised state enterprises and opened up the country to foreign investors. As part of these restructuring measures, government subsidies for fertilisers, electricity and other farm inputs have been slashed. Access to cheap loans has been limited. Increasingly, all aspects of agriculture are being determined by the market, driving the majority of the 650 million rural Indians further into poverty.

Most Indian farmers are in no position to benefit from the further commercialisation of agriculture. Around 85 percent of farmers have less than five acres and most have no land at all. About 600 million Indians live on less than

\$2 a day and 400 million live on less than \$1 a day—most of them in rural India.

The overriding priority of the present Congress-led government is to boost foreign investment in India. During the annual India Economic Summit (IES) last November, Finance Minister P. Chidambaram chided corporate India business for failing to match rival China. Indian business, he complained, “lack the killer instinct and the ruthless efficiency which China has”.

Chidambaram identified the commercialisation of agriculture as a top priority for reform. “[T]he key breakthroughs that we have to make in our country to spread the benefits of economic reform, lie in the area of agriculture,” he said.

The KIA agreement signed during Bush’s visit is just one aspect of further economic restructuring that will have a devastating impact in rural areas. Other measures recommended by the US-India CEO forum last month include “early and further” liberalisation in the retail sector, which provides employment for 40 million people in 11 million outlets. Huge chains such as Walmart, which are currently excluded from India, would not only destroy massive numbers of jobs but also depress agricultural prices through their huge bargaining power.

The CEO forum recommended accelerating the removal of foreign direct investment caps in the insurance and the banking sector. It also called for aggressive reform of the power sector, promoting a “market driven tariff structure” that will pave the way for huge increases in electricity bills, including for farmers who have previously relied on cheap, subsidised power.

As a sop to New Delhi prior to Bush’s visit, Washington cleared the import of Indian mangoes into the US and indicated that talks would take place on other agricultural products. Bush even joked about eating Indian mangoes during his tour. At the same time, however, the US is looking for markets in India for US farm products, including for American wheat.

None of these measures will provide any benefit for the vast majority of Indian farmers who will continue to slide further into poverty, burdened with rising costs, growing debts and falling prices for their products.



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