



Nuffield Scholars Global Focus Program Version 3.1

Key Points of Indian Leg

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Overview

India has been an emotionally challenging and draining component of our Global Focus Program. We found the excessive security, population density and poverty confronting, this situation was perhaps made worse by the fact that India was at the end of our 6 weeks of travel and we were all feeling tired and ready to return home. We’re writing this report on a plane from Delhi to Bangkok and we can view the Himalayan Mountains from our window, perhaps it’s this view of India that’s needed to appreciate it for what it is. It was difficult at times to see the positive side of India. We were bombarded with the noise, smells and sounds of an over-populated nation that seems to be in the process of re-setting their perceived and actual parameters, but their desire and ability to adapt quickly should not be underestimated.

Our visit to India has been an education in how an economy can emerge and grow rapidly with the utilisation of a massive population and an abundant natural resource base. India is in the process of changing from being a resource driven economy to being demand driven, we were struck with the production potential that is yet to be realized through improvements in yields and efficiencies as well as the full utilisation of the land resource base. India is a long way from realizing its full agricultural production potential.

Strengths

The massive population of India creates opportunities for internal consumption evident in a 200,000,000 middle class population that is driving the economy based on a rich natural resource base to be the fastest growing economy in the world. The burgeoning middle class is looking to spend on higher value food and clothing products and is creating opportunities for the agribusiness sector.

The large population creates commitment from government to secure food supplies; this leads to strong support for research facilities, farming technology, agricultural education and production subsidies.

Farmers in India have power to influence government policy through their numbers; over 70% of the population is involved in agriculture. The urban population has close links with farmers because they are only a few generations removed from farming, they also see starvation on the streets on a daily basis and this probably has an influence on how they view agriculture.

Water security creates a secure income that allows the more affluent farmers to pursue agricultural knowledge from around the world and apply it in India. A well informed farming organisation is leading agricultural development through extension and research.

The geographical and climatic diversity of India enables food security.

A low labour cost increases the profit margins of agricultural industries.

An English speaking population assists trade relations, further overseas education of the affluent youth consolidates India in world trade.

India has secure energy sources through nuclear power and the large coal reserve. Nuclear capability ensures national security.

With 50% of the population under the age of 25 India will be a very different place in the future.

Weaknesses

Population density reduces farm size and agribusiness efficiency.

Unmitigated use of ground water may lead to depletion of resource and subsequent loss of production ability.

The large farming population is driving unsustainable agricultural and environmental policies.

From a western point of view there is a lack of infrastructure although it is improving rapidly and will continue to do so while the economy stays strong.

Low water quality caused from a large population living with poor infrastructure and no real environmental policies.

There seems to be an unsystematic approach to planning of main infrastructure hindered by conflict between states.

High land values result in a non-commercial return on investment in agricultural land.

Animal disease status restricts livestock export potential.

Religious beliefs restrict ability to control disease and utilise livestock resources.

The export of India's well educated youth leads to a loss of intellectual capital.

Opportunities

Co-operative farming and supply chain systems developing across a wide range of commodities.

Growing domestic market supported through increasing levels of private wealth and government assistance.

The mechanisation of all farming and processing facilities is decreasing the reliance on human labour and increasing yields.

Indians have an ability to learn and adapt western science and technology to their farming systems.

Advancement of post harvest processing, cold chain management and distribution networks will continue to reduce segment leakage and secure food supply.

There is opportunity for foreign investment from major companies involved in the global food chain as well as Indian investments in other countries to secure supply.

Changing dietary preferences due to generational change and age profile of the population opening up new and diverse markets for a greater range of value added products.

50% of the population are under the age of 25.

Global diaspora of young educated people spread globally opening up channels for trade with foreign countries.

Threats

India's hostile neighbours increase security costs.

Government interference in the market place from subsidies and market support systems.

Erosion of ground water supplies due to subsidised power and no water management polices.

Wasting of fertilizers, water and electricity because of government subsidies.

High inflation.

Lack of foreign investment in agriculture.

Highlights

Gaining an understanding that India is not a major threat to Australia's export trade due to the fact that internal consumption of produce will continue to rise consuming most of India's excess product. There is opportunity for Australia to export agricultural skills and services to India. There is also opportunity for further exports of Australian produce when India's tariffs are relaxed and amended as its place in world trade is further developed and consolidated.

The road of excess leads to the palace of wisdom *Don Madden, October 2010*



