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## AGRICULTURE AND FOOD PRODUCTS

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### Opportunities

Agriculture is the backbone of the Indian economy. It contributes 33 percent of GDP, and two thirds of the country's work force derive their livelihood from agriculture and agriculture-based activities. Economic reforms over the past few years have improved the profitability of agriculture. Much more must be done to broaden the pattern of agriculture by improving pre- and post-harvest technologies, and to set up grading, handling and storage facilities.

The following subsectors have opportunities for Canadian companies for commercial sales, transfer of technology and joint ventures:

**Horticulture:** Due to its agro-climatic diversity, the country produces a large variety of fruits, vegetables, flowers, plantation crops, spices, medicinal and aromatic plants. Although the overall production of these items is about 106 million metric tonnes, the post-harvest losses are very high (roughly 40 percent, valued at C\$1300 million) due to poor infrastructure and lack of organized processing and marketing. Good prospects exist for co-operation in crop production and post-harvest processing and preservation technologies.

**Seeds and Special Crops:** India's production of peas and pulses has been stagnant between 12.0 and 14.0 million metric tonnes for over a decade, and is not able to keep pace with the increasing population. As the gap between supply and demand increases, so do imports. As a result of the visit of an incoming Indian Peas/Pulses Buyers' Mission in 1991, Canadian exports of dried green peas to India have substantially increased. If Canadian production capabilities are further exposed to the people of India, and Indian consumer requirements and market facilities are shown to Canadian shippers and farmers, there is good potential for further increasing the Canadian share of this market.

**Food Processing:** Food processing is a high-priority sector for the Indian government. There are no licensing requirements for up to 51-percent foreign-equity participation. Higher foreign equity, even up to 100 percent, is also considered on a case-by-case basis. A number of processed food items like meat, tomato-paste products, fast food, health food, breakfast cereals, tropical fruit juices, pulps and concentrates, and preserved mushrooms, have been identified as thrust areas for exports. The sector offers excellent opportunities for joint ventures in the above products for both the domestic and third-country markets.

### Constraints

**Horticulture:** Israel and Holland have already taken the lead in this sector. In December 1994, at the "Agri-Tech" exhibition at Chandigarh, Israel set up an exclusive pavilion with over 50 companies and signed several joint ventures for floriculture with Indian companies. Holland and Australia are also very actively following opportunities in this area. Australia was "partner country" for "Agro-Tech 96."

**Seeds and Special Crops:** Canadian companies face competition from the United States and New Zealand for dried green peas. The U.S. Dry Pea and Lentil Council has set up a one-man trade-promotion office in India, and takes one delegation of Indian peas buyers to the United States every year at the Council's expense. As a result, Indian importers of peas/pulses have become very well acquainted with the U.S. quality and grading systems, and prefer to buy from the United States. New Zealand has a small crop, and is not a significant threat to Canada's producers.

### Business Environment

Since the July 1991 economic reforms, the business environment in India has substantially improved. Most agricultural commodities, the import of which was canalized through government agencies, were decanalized, import duties were lowered, and licensing restrictions were removed. India continues to come under pressure in multilateral forums to further reduce barriers in the agricultural sector. As a result, India has become a very competitive market, but persuasion and follow-up are required to do business there. Services of an active local agent are, therefore, highly recommended.

