



# IndiaNews

FOOD & FOOD INGREDIENT REVIEW  
April May 2004

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Flavour of the past two months in India was politics. Parliamentary elections dominated the news in all newspapers and TV channels. When the electoral process started and all through the long-drawn elections, political analysts and psephologists were predicting that National Democratic Alliance (NDA) Government led by BJP leader Atal Bihari Vajpayee would be back in power. On 13 May, election results forced analysts, psephologists, astrologers, tarot card readers and such other assorted wise men to look for ways to hide the egg on their faces. NDA had lost. A new alliance – United Progressive Alliance (UPA) – led by Congress and its Italy-born leader, Sonia Gandhi, had emerged a clear leader.

But, just as Sonia was moving towards becoming Prime Minister, there were shrill voices against a foreign born rising to such a high post. In the high drama that followed, Sonia's voice of conscience advised her to step aside. She proposed the name of former finance minister, Manmohan Singh, as Prime Minister. Manmohan Singh has taken oath as Prime Minister. He is a retired professor of economics. When he was pulled out of retirement and made finance minister, he authored economic reforms and took India away from the path of socialism and controlled economy that the country had adopted for more than four decades. As prime minister, he brings with him P. Chidambaram, a well-known reformist, as finance minister. There is hope that this team would take India further on the path of globalization.



Manmohan Singh,  
Prime Minister



P. Chidambaram,  
Finance Minister

However, a key constituent of the UPA government is the group consisting of communists and socialists, who have an ideology almost diametrically opposed to the agenda of globalization and reform. The leftists have already forced the government to abandon disinvestment of profit-making public sector units. The noises being made by leftists about labour policy and other such issues threw Indian stock markets into a tailspin. At the time of writing it, the markets seemed to be getting back to their feet. Apparently, when the markets look at the choices of Prime Minister and Finance Minister, the indices go up; and when they hear some statement by leftists, they shed all that they have gained.

Along with the parliamentary elections, the state elections in Andhra Pradesh have dealt a body blow to reformists. Chandrababu Naidu was the most progressive and pro-reform chief minister of last decade. His fall was as unexpected as it was disgraceful. Andhra results have made politicians of all hues rethink their political ideologies. The new buzzwords in Indian politics are – reforms with a human face.

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In the months to come, Indian polity will redefine its direction. Globalization will no longer be a natural virtue. Information technology and virtual reality may take a backseat as governments at Centre and states focus on agriculture and seek to increase purchasing power of the population.

Sharad Pawar, the new Agriculture and Food Minister of Government of India, hails from Maharashtra's sugar belt. He is expected to be pro-sugar industry. He is known as a pragmatic person with his ears to the ground. There is hope that he would exert for the growth of food industry with an eye on boosting the agriculture sector, which is also his main electoral constituency.



Sharad Pawar,  
Agriculture and Food Minister

One of the first areas that Mr. Pawar will have to look at is the issue of organics versus GMOs. MS Swaminathan taskforce on applications of biotechnology in agriculture has submitted its report. Greenpeace has criticized the report in the strongest possible words. Obviously, this is not going to be an easy decision for Mr. Pawar.

On one hand, the country needs to increase agricultural production to feed ever-growing population. On the other hand is the issue of public health and safety. Though, health concerns are not yet a major issue with most Indians, the food service industry has realized that Indians shun health concerns and head for oily-calorie-rich-food. Of course, one does not know whether the situation would remain the same in years to come.

As they say, change is the only thing that is certain. With the change of government at Delhi, there are bound to be major changes in the Indian food industry. We may like some of these and may not like the others. But, there is one fact that we must not lose sight of - India is one of the few countries in Asia and Africa, where a change of government is possible without any bloodshed. India is the largest democracy in the world. There can be no doubt that democracy is the best political system for long-term growth and prosperity. So, while there may be other countries that at the moment seem more attractive for the Western food/ingredient industry in terms of one economic parameter or the other, none of these countries is a working democracy.