

## Use of crops to make fuel driving up food prices: Chidambaram

Indian Finance Minister P. Chidambaram Sunday described the use of crops to make fuel as "foolish", and said this was partially to be blamed for rising food prices.

'Food prices have also been on the rise thanks to foolish diversion of food to fuel,' he said, appearing on an hour-long special about India's business and economy - 'India Rising: The New Empire' - on CNBC.

But he did not name the US, where food crops like corn are used for making ethanol.

Chidambaram also did not think that recent acts of terrorist violence would affect the investment climate in India.

'Please remember, terrorist violence has affected bigger cities like London, Madrid, Tokyo, New York,' he told the show host Erin Burnett discussing India's economic challenges.

'If terrorist violence, terrorist action affects any city in India, it concerns all of us but that does not mean that investment has been jeopardised or is in peril,' Chidambaram said. 'India's biggest challenge now is inflation.'

India is building thousands of kilometres of roads, power plants, refineries and sea ports, he said referring to investment in infrastructure. 'But surely the way forward is to become an open market.'

Indian Commerce and Industry Minister Kamal Nath, too, viewed infrastructure as 'also a big challenge for us to keep pace with our growth.' Infrastructure is just not roads, ports and airports, but also rural roads, which connect villages, drinking water, health and access to medical facilities.

Envisaging large investment in infrastructure over the next five years, he said: 'It is happening. We have to have huge investments in energy sector, ports. So that's all happening, that's on the anvil.'

Asked how long controls on foreign investment would stay, Kamal Nath noted that retail is one of the very few sectors which are not open. 'Rest are all absolutely open and we are taking in investments.'

Obviously because of liberalisation, foreign direct investment (FDI) had grown from \$2.2 billion four years ago to 25 billion this year, he said.

Asked if India could remain self-sufficient in food in view of its growing population, Kamal Nath said: 'We have been self-sufficient except in edible oil and lentils, which are imported. And unless we have a monsoon failure, we don't see a problem even with these growing numbers.'

Comparing India and China, the minister said: 'We call ourselves the fastest growing free market economy. And there are differences in governance too.' And while India's growth story is domestic market-driven, China's growth story is export market-driven.

'But China has its own genius, we have our own genius,' Kamal Nath said noting the two countries have good relations even as they compete with each other.

Besides India's growth story, the CNBC special also featured a look at Tata Motors and the world's cheapest car, Indian movies, the world of call centres and Burnett practicing cricket with a team in India.

The programme also took a look at India's growing upper class, including the 27-storey house being built in [Mumbai](#) by the country's wealthiest man, Mukesh Ambani.

And in stark contrast, it also took a quick glance at millions of India's homeless and others living in the world's biggest slum at Dharavi.

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