

Markets should be allowed to decide cotton seed prices: Economic Survey

Survey's suggestion comes when there is an aggressive push by agriculture ministry to regulate prices of genetically modified Bt cotton seeds

Sayantana Bera | Shreeja Sen



The farm ministry passed a central price control order on 7 December to make seed prices more affordable for farmers, and uniform across states. Photo: Mint

New Delhi: Coming out against price controls on cotton seeds, the Economic Survey on Friday said that it was desirable to let markets decide seed prices to promote competition.

"Given the past experience and limitations in administratively fixing prices in India... time taken to arrive at (the price) and then alter the administered price... it is desirable to let markets determine the price of seeds," the Survey suggested.

"Enhancing competition through more players can help to check cases of price rigging and cartel formation," it added.

It is heartening to see that the Economic Survey also believes that seed prices should be aligned to market forces, said Shivendra Bajaj, executive director of ABLE-AG or the Association of Biotechnology-Led Enterprises-Agricultural Group.

"This endorses our perspective that any price control order will hamper confidence in making investments in innovative research and development and is contrary to the government's Make in India campaign," he added.

The Survey's suggestion—from the finance ministry—comes at a time when there is an aggressive push by the agriculture ministry to regulate prices of genetically modified Bt cotton seeds.

On 27 January, the agriculture ministry set up a nine-member price control committee which will recommend a maximum sale price for Bt cotton seeds. The committee will make its recommendation before 31 March, in time for sowing of the kharif crop in June.

The committee held its first meeting this week.

The Economic Survey's position on the issue sets itself against the agriculture ministry, which also approached the Competition Commission of India (CCI) against Mahyco-Monsanto Biotech India Pvt. Ltd (MMBL), alleging that the company was charging unfair trait or royalty fees for its patented Bollgard II technology.

MMBL has challenged certain portions of the price control order, specifically those allowing the centre to determine trait or royalty fees, before the Delhi high court.

The CCI ordered an investigation on 17 February after a preliminary finding that MMBL abused its dominant position in the seed market by setting unfair and high trait fees.

MMBL, a joint venture between Mahyco Seeds Ltd and Monsanto Co., a global technology provider of genetically modified seeds, supplies its Bollgard II technology to 49 seed companies in India in exchange for a trait or royalty fee.

Over 90% of India's cotton crop uses this technology.