

Price control may hurt investment in seed sector

Can stifle innovation, affect R&D efforts, fear industry players

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The latest row over royalty relating to Monsanto and the subsequent intervention by the Centre to set a uniform price across the country would have long-term implications on farm sector research, industry players said.

Seed technology developers such as Bioseed and Rasi Seeds among others are jittery over the current developments and feel that the move to control prices would stifle innovation, besides hurting the private investments into agriculture research and technology availability.

“We believe farmer is the best judge to make right choices. As a result, the pricing should be left to the market forces,” said Paresh Verma, Research Director of Bioseed, a DCM Shriram Group company.

R&D cycle

Developing a new hybrid seed or a transgenic technology is a time-consuming process as the research and product development cycles are pretty long.

“It takes about eight years to develop a hybrid and about 10-12 years to come out with a technology. As a developer, if I face any uncertainty relating to sharing of the value, it does not motivate me to invest further,” Verma said.



The private sector seed companies in India lag the leading international seed producers in terms of R&D spend.

According to ICRA, the average R&D spend of seed companies in India is about 4-5 per cent of sales compared to about 8-10 per cent for leading global companies.

“Developers should be given the freedom to price their produce,” said M Ramasami, CEO of Salem-based Rasi Seeds Pvt Ltd, which is developing a transgenic rice resistant to stem borer and also Bt brinjal.

“Besides spending a lot of money on research, we also put in lot of efforts without knowing the returns,” Ramasami said.

For the North Indian cotton growing regions of Punjab, Haryana and Rajasthan, where cotton leaf curl virus (CLCV) is a major issue, Rasi Seeds has introduced special hybrid that is resistant to the virus.

“As a result, we were commanding a premium. But with the uniform price set by the government, we will be losing ₹50 per packet (of 450 grams) in the region,” Ramasami said.

Rasi Seeds is among top two players in the Bt cottonseed market in North India.

After a row over royalty between Monsanto and some seed companies, the Centre recently intervened and fixed the maximum retail price of Bt cottonseed lower at ₹800 per packet by reducing the trait value, from the earlier ₹930.

No impact: Activists

The Coalition for GM-Free India, however, feels that the Price Control Order will have no impact on the R&D investments of seed firms.

“They have collected far more than what they invested on R&D in India. The argument that the Order will deter or disincentivise investments in research and development don't hold water,” Kavitha Kuruganti, a leader of the Coalition, points out.

The government has a role in regulating the price as the cottonseed is in the Essential Commodities category.

“The Order does have a component of trait value,” she says.