

# Seeds of fortune

With a turnover of over Rs.15,000 crore, the Indian seed industry ranks fifth in the world. Given the rising population and consumption of food in the country, it should climb further up the ladder.

What worries India's organised seed industry most is its low market share. The Agriculture Ministry, in fact, puts the sector's share at less than 20 per cent. The marginal and small farmers are going in for cheaper products supplied by the unorganised sector.

India is almost self-sufficient in its

seed requirements for flowers, fruits, vegetables and field crops. It produces four million tonnes of seeds every year. The National Seed Association of India says that the market size of the industry is expected to grow 11 per cent every year. This is against a compounded annual growth of 16.3 per cent between 2007 and 2012. Nearly 87 per cent of the seeds produced are for grains and the rest for vegetables.

A highlight of seed production by the public sector, which enjoys a 51 per cent market share of the organised sector in terms of value, is that it produces a high volume of low-cost seeds. The private sector, on the other hand, produces high-priced seeds but in lower volume. It supplies nearly the entire hybrid seeds required for vegetables.

Despite all this, there is a huge gap between the requirement and supply of seeds. Seed firms are unable to take advantage of the situation since marginal farmers, who own 60 per cent of the land, go in for cheaper seeds. The companies have also been unable to convince farmers to opt for their higher-yielding seeds.

In the case of field crops such as wheat and rice, farmers tend to use their own preserved seeds. Their reluctance to go in for hybrid seeds is because of the fact that they cannot reuse them.

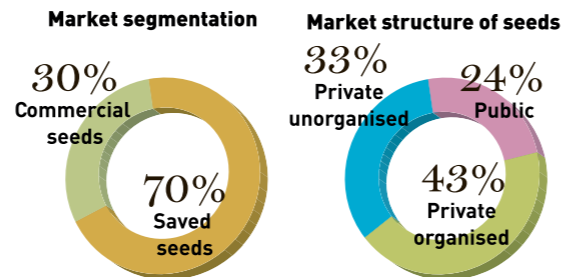
However, besides vegetables, farmers are going in for hybrid seeds in crops such as cotton, corn and oilseeds. The companies claim this explains the record increases in cotton, corn and soya-bean output.

The prospects for

the seed industry are bright given the rising population, higher consumption and increase in disposable income. Higher support prices fixed for various crops by the Centre are another source of encouragement for farmers to go in for higher production and better yield.

The private industry believes that with most of the native varieties losing potency, it is only natural that farmers will opt for better seed varieties. As demand continues to outstrip supply, growers could look to raising their income by plugging the gap. This means they will look for quality seeds.

However, there are quite a few worries for the seed firms in the form of States wanting to regulate the industry. With the Centre now trying to intervene, the seed sector could witness the much-needed resurgence.



## Field crops: Hybrid seed market

Crop	Market size (tonnes)	Hybridisation (in per cent)
Cotton	23 million*	80
Corn	65,000	47
Rice	18,500	<3
Millet	15,000	43
Sunflower	6,500	>95
Kharif sorghum	5,000	>95
SSG	30,000	>95

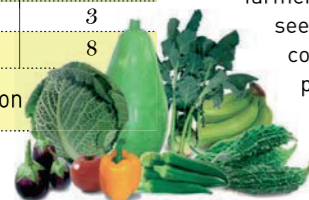
Total value: \$585 million (includes cotton \$350m, corn \$115m and rice \$45m)

\*Packets of 450g SSG: Sorghum Sudan grass

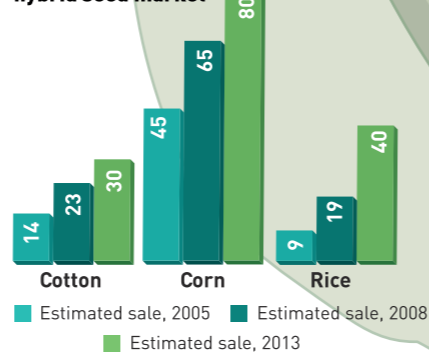
## Vegetable crops: Hybrid seed market

Crop	Market size (tonnes)	Hybridisation (in per cent)
Tomato	50	20
Okra	900	23
Chilli	40	14
Cauliflower	40	11
Cabbage	50	85
Gourds	130	15
Watermelon	70	40
Cucumber	25	3
Brinjal	25	8

Total value: \$110 million

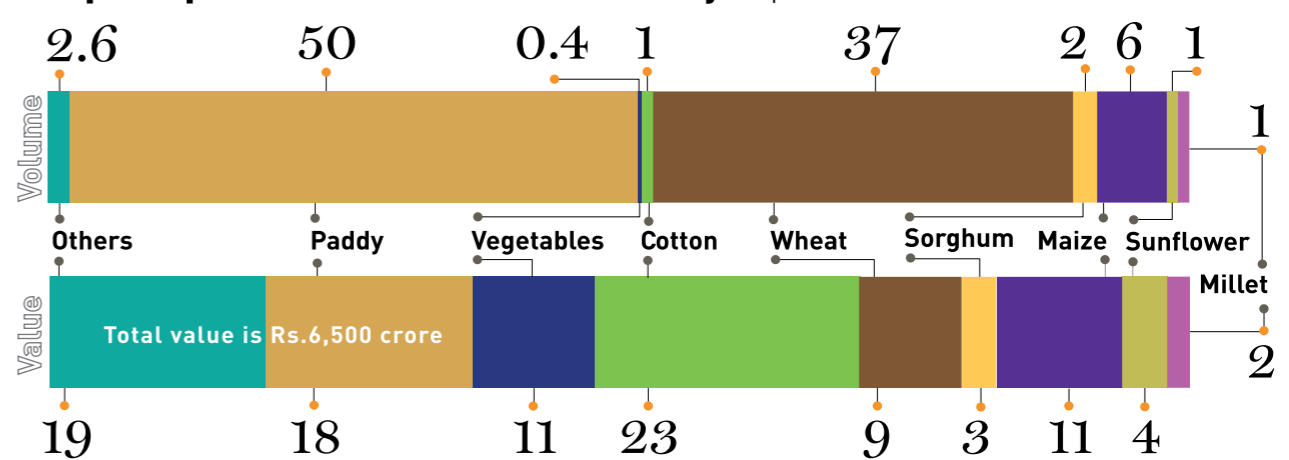


## Growth trend of key field crops' hybrid seed market

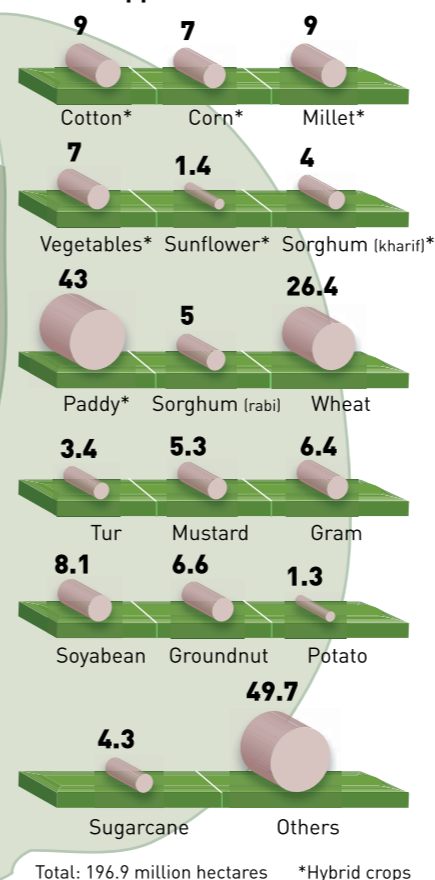


In '000 tonnes for corn and rice, and million packets for cotton.

## Crop composition of Indian seed industry (in per cent)



## Total cropped area (in million hectares)



## The top 10 seed markets

(in \$ million)

United States  
12,000

China  
9,034

France  
3,600

Brazil  
2,625

India  
2,000

Japan  
1,550

Germany  
1,170

Argentina  
754

Italy  
715

The Netherlands  
585

Estimated value of domestic seed market for 2011

## India's production of breeder and certified seeds and distribution of certified seeds

Year	Production of breeder seeds (quintals)	Production of foundation seeds (lakh quintals)	Distribution of certified/quality seeds (lakh quintals)
2004-05	66,460	6.9	113.10
2005-06	68,654	7.4	126.74
2006-07	73,829	7.96	155.01
2007-08	91,960	8.22	179.05
2008-09	74,361	9.69	215.81
2009-10	94,410	11.46	257.11 (estimates)

## Sales growth trend of vegetable hybrid seed market (in tonnes)

Crop	1998 (estimate)	2008 (estimate)	Next 5 years (projected)
Tomato (regular)	22.0	26.0	35.0
Tomato (hybrid)	2.5	24.0	30.0
Watermelon	40.0	70.0	85.0
Melon	7.0	12.0	15.0
Chilli pepper	20.0	35.0	55.0
Okra	250.0	900.0	1,300.0
Cabbage	30.0	50.0	60.0
Cauliflower	20.0	40.0	50.0
Brinjal	15.0	25.0	35.0
Ridge gourd	7.0	27.0	42.0
Bitter gourd	15.0	50.0	70.0
Bottle gourd	25.0	50.0	70.0
Bell pepper	0.5	1.5	2.0
Carrot	-	12.0	25.0
Cucumber	-	25.0	50.0

Source: The National Seed Association of India.