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'Farmers should get direct subsidies in cash'

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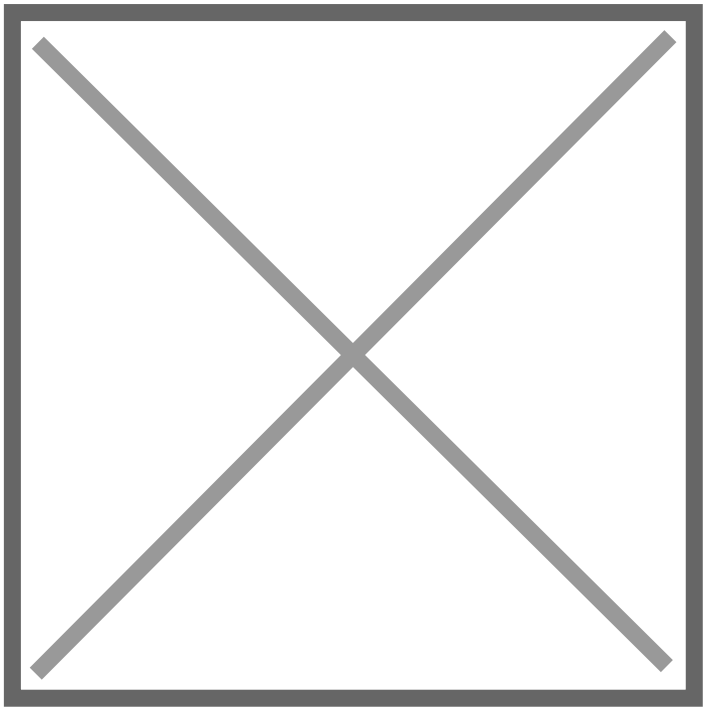

Interview

Biotalkdrmprabhakarrao

Mr M Prabhakar Rao,
chairman and MD Nuziveedu Seeds

Started in the 1970s by late Mr M Venkataramaiah as a cotton seed company in Hyderabad, Nuziveedu Seeds (NSPL) aimed to address the severe shortage of quality cotton seeds at affordable prices. It continues to follow that ideology even today.

NSPL is the most profitable division among all the ventures of Nuziveedu Group. NSPL introduced its Bt cotton varieties, Bunny and Mallika, in 2005 and since then has become the leader in Bt cotton seeds providers with a market share of over 40 percent. It witnessed a three percent drop in its growth rate of Bt cotton seeds market in 2010-11 against previous year's growth rate of 31 percent. But Mr M Prabhakar Rao, chairman and MD, NSPL, remains positive about the future. In a conversation with BioSpectrum, he talks about the challenges before the company and its future growth plans.

What is your projected growth for next year and what are the major challenges before you?

Mr Rao: We look forward to more than 30 percent growth in the coming year. The toughest challenge we face today is the seed subsidies offered by the government. These disturb the market dynamics and create an unequal playing field for distribution between different states. Andhra Pradesh and Karnataka have a balanced system of distributing seed subsidies between private and public players that other states should try to adopt.

The best case scenario would be if farmers get direct subsidies from the government in the form of cash, so that they have the power to choose from the different seed varieties available. The Unique Identification (UID) scheme would be an ideal vehicle for implementing such a program.

What is your opinion on the GEAC ruling that companies must obtain no objection certificates from states for field trial of GM crops?

Mr Rao: We are ready to follow all the rules imposed by the government, but an effort should be made to speed up the process. Otherwise, the product will become irrelevant by the time it reaches the market.

What are your views on the recent developments on Bt crops?

Mr Rao: Applying Bt technology in everything is obviously not good. It has to be well thought over and researched in a scientific manner. The technology has been of tremendous use to the farmers of India and will continue to do so. However, the regulatory procedure has to be strictly followed to avoid any sort of controversy.

What is NSPL's business strategy in a competitive market?

Mr Rao: I think farmers in India and elsewhere are very smart and hence choose the right product after a lot of deliberations.

They prefer brands that they can trust and those that are recommended by others. In this scenario, it is very important to build a good name. Also, seeds are the most valuable input for any crop offering the highest cost benefit ratio. Technology adoption also is fastest unlike other components of agriculture that have logistical problems associated. A case in point is Bt cotton. Within 10 years of its introduction, Bt cotton seeds now account for 85 percent of the land under cotton cultivation.

There is a healthy competition in the bioagri industry which allows everyone to grow, but it is the farmer who ultimately decides the fate of any product based only on its performance.

Tell us about the R&D projects at NSPL?

Mr Rao: We have set up a state-of-the-art R&D facility utilizing a ₹250 crore-investment from Blackstone group in 2008. We are focusing on developing drought tolerant paddy, disease-resistant rice varieties and hybrid vegetable crops along with GM maize. We hope to be able to put another Bt crop out in the market in the next five years.

NSPL has been long partnering with public and private enterprises for R&D. We have collaborated with the University of Agricultural Sciences, Bangalore; Indian Agriculture Research Institute, Delhi; and the International Centre for Genetic Engineering and Biotechnology, New Delhi, for the development of newer varieties of seeds.

Do you plan to leverage on your extensive marketing network to reach out to farmers?

Mr Rao: The marketing network is spread across 16 states with more than 55,000 dealers and sub-dealers. The marketing team currently constitutes about 32 percent of the total work force and is one of the factors that sets us apart from our competitors. Regular outreach sessions are carried out for the farmers that inform them of the new products available in the market. Currently, we are laying the groundwork for a couple of other services along with seeds for farmers. In the near future, we would like to use this marketing network for providing fertilizers and pesticides and other such agriculture-based products.

What are your suggestions to overcome economic inequity among farmers?

Mr Rao: Currently, a sizable amount of the farmer population suffers from lack of access to and availability of good quality seeds. India should look at adopting innovative solutions to address this problem. For example, in Latin America, farmers pay royalties for seeds from the produce output. In India if we adopt a similar model, seed companies can collect royalties from farmers for using GM seeds, thus allowing farmers access to the new technology.

Manasi Vaidya in Bangalore