

A Discussion Paper
on

Liberalization of Seed Supply in Sri Lanka: Major Policy Issues

Submitted to

ITDG - South Asia

By

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1. Introduction

Agricultural strategies of most countries attempt to achieve rapidly increasing production and yields of crops. Numerous factors affect the success of these strategies. The availability of good quality seeds of improved varieties is one of the most useful pre-requirement of enhancing agriculture production. The availability of good quality seeds is one of the difficult challenges faced by most agricultural industries. Good quality seeds play a major role in achieving the targets of agricultural production and productivity.

The Department of Agriculture (DOA) initiated the seed production and distribution program in Sri Lanka in late 1950s. Between 1960 and 1980, the seed industry matured within the state sector and in late 1970s the national seed certification service began to function. Its main aim is to check and monitor the quality of seed production, so that the final product that reaches the farmer is undisputedly of high quality (MALF, 1996).

The seed industry in Sri Lanka is both a public and private sector activity. The DOA mainly undertakes varietal development, basic seed production, processing, seed quality control and distribution. The role played by the DOA is more service oriented and this does not help to see its commercial activities smoothly. These two faceted policies along with the other limitations imposed upon public sector have not permitted the seed industry to develop to the desired level in Sri Lanka. The importation, commercial seed production, distribution and sale of vegetable and other field crop (OFC) seeds are mainly handled by the private sector (Udakumbura, 2002).

Inadequate supply of good quality seeds and planting material is considered as one of the major factors contributing to the slow growth rate in the agricultural sector of this country. Therefore, it is of paramount importance to make strategies to increase the availability of quality seeds to boost up agricultural productivity, farmers' income and finally the national food production.

It is a known fact that a large amount of quality seed with superior genetic and physical purities is required to implement national food production programmes. Always there is a big gap between demand and supply of quality seed. Due to the non-availability of quality seed in the formal market, a large number of farmers are forced to use their own seed (self-seed) or borrow from neighbouring farmers (exchanged seed). The quality of seed coming from this sector known as the informal sector varies greatly and is generally unknown (CARE Sri Lanka, 1998).

The production of enough seeds to meet the national requirement is one of the most difficult tasks entrusted to a single agency like DOA. The government, recognizing the need to commercialize the National Seed Program with the private sector participation made the following major initiatives:

1. Liberalization of seed importation in 1984
2. Promotion of local seed production by the private sector in late 1980's
3. Implementation of the National Seed and Planting Material Policy in 1996

This study was carried out to observe and to find out the different implications of the liberalizations of seed industry and also to suggest possible recommendations for improvements of the existing policies on the basis of primary and secondary findings of the study.

2. Methodology

Secondary data from published and unpublished sources were collected to get an overall understanding of the seed industry in Sri Lanka. Information was also collected from various organizations including Department of Agriculture. Research findings of various organizations published in journals, magazines and reports were also obtained.

Primary data were collected in the field from personal interviews with farmers using a structured questionnaire. In addition, some important primary and unpublished secondary data were gathered by focus group discussions and interviews with key informants such as village leaders, farmer organizations and agricultural extension workers.

In the second phase a series of key stakeholder discussions were held. Seed producers, seed importers and government officers were the resource personnel used in collection of information about current situation and major issues of national seed sector. The details of key stakeholder discussions are given in Appendices – 5.1 and 5.4. The numbers cited in section 3, refer to those given in Appendix – 5.1.

Problem analyses based on the information were summarized in a problem tree, which is given as Appendix – 5.5 and the flow of information is shown by Appendix – 5.6.

3. Major Issues and Recommendations

3.1 National Agricultural Policy

There are no proper policies regarding many important aspects of Sri Lankan agriculture. This has many problems in production and distribution of the agriculture products. At present, the National Agricultural Policy is being drafted. It will take some time to implement the agriculture policy (1).

A broader and long-term agricultural policy must be implemented as soon as possible to cover the areas of importation, distribution, marketing of inputs and outputs etc (12, 8).

3.2 National Seed and Planting Material Policy

Main purpose of the National Seed and Planting Material Policy of 1996 was to provide guidelines to encourage private sector participation in producing the country's requirement of quality seed. Seed production was liberalized in 1996 to solve problems in seed industry and supply adequate amount of good quality seeds (MALF, 1997).

The main components of the National Seed and Planting Material Policy:

- Varietal development and release
- Provision of basic seed and planting material
- Commercial seed production, processing, marketing and utilization
- Importation of quality seed and planting material
- Co-ordination and development assistance
- Certification and quality promotion
- Other support activities

According to the National Seed and Planting Material Policy, commercial seed production and marketing is mainly handled by the private sector. The government intervention gradually reduces in the production of certified seeds (4).

3.3 Regulatory Mechanism

3.3.1 Current Regulations and Seed Act

Under the Plant Protection Act (No. 35 of 1999) there is a regulatory mechanism for the standardization of the imported seeds before releasing to the local market. But, there are no mechanisms to maintain the quality and standardize the declared seeds. Though legal action could be taken against those who supply low quality seed under the Consumer Protection Act that is not much efficient (3, 5).

Proper regulatory mechanism will be implemented to control the quality of the seed after implementing the Seed Act. The new Seed Act will provide the legislative power to handle the activities in seed supply and it will further help in managing the seed handlers. At present Seed Act has been presented to the cabinet and it is to be published in the Gazette soon (1, 2).

3.3.2 Seed Certification Service and Quality of the Seed

It is entrusted that consumer protection is ensured by a proper seed certification service but it is not essential for locally produced seeds, which can be sold without certifying (2, 3, 4, 5). But, seed producers tend to request for seed certification due to high demand for certified seeds among farmers.

After the liberalization of seed supply, many small-scale and large-scale seed companies started the production of seeds. But, some small-scale companies do not have proper facilities (eg: isolated land space, grading and cleaning machines, storage, standardization etc.) to produce quality seeds (12, 13).

A proper mechanism must be implemented to standardize (eg: SLS, ISO...) seeds and seed companies to ensure the quality of seeds. And there must be a proper registration procedure for seed handlers (12,13). As well as there must be effective and efficient quality control mechanism through regional level seed certification service centers before and after issuing to the seed outlets.

Seed certification procedure is very slow; therefore seed producers cannot certify the full amount of their production. Seed producers check only for germination percentage of the seeds (12).

The seed certification service must be efficient and fast in order to fulfill the requirement of the local seed producers (12,13).

3.3.3 Price Control Mechanism

There is no proper price control mechanism. Prices change according to the demand and supply. DOA sells seed at a subsidized price that discouraged private producers from entering into the seed market. At the same time there is no agreement among the seed importers and seed producers about price determination (9, 13).

Reasonable, fixed price limit system must be implemented for each unit of seed for each season and there must be an agreement among seed producers and seed importers regarding the prices of seeds. Regional level officers must regulate the prices of declared seeds because prices of seed highly fluctuate according to the demand (Udakumbura, 2002).

3.3.4 Estimation of National Seed Requirement

Estimation procedure is not efficient to determine the country's seed requirement accurately. This is the main reason for shortage of some varieties of seeds and surpluses of some varieties of seeds. And there is no proper program for record keeping and data collection (Udakumbura, 2002).

An accurate database must be maintained to estimate the production and input requirements. Neither should depend on wrong statistics in current procedure, since it uses many assumptions. Proper extension program and marketing research must be implemented to estimate the country's seed requirement and to get accurate details about the field. It will help to overcome the seed shortage in the country and producers can estimate their capacity accurately (12).

In addition government have to manage efficiently the farmers on different crop cultivation according the demand and supply (Udakumnbura, 2002).

3.3.5 Marketing and Distribution

The performance of the public sector marketing channel is not satisfactory due to poorly organized structure. The public sector always fails to supply the demand of a particular seed variety. ASCs cannot predict the demand and they do not store enough quantities of seeds due to the risk of losses. Therefore, it is difficult to sell enough quantities of seed through the ASCs (6, 7). But private sector marketing channel is very strong, dynamic and competitive, resulting in high availability of seed varieties under many different brand names. But some seed dealers don't have proper facilities (cold stores) leading to quality reduction of seeds. In most of the times importers and producers have to bear the losses (about 10% - 30%). That is also responsible for higher prices of seeds. Many cases the seed dealers are not well qualified in handling agricultural inputs (12).

Agriculture input dealers (retail) must have reasonable knowledge about selling, seed storage and checking the quality of the product etc. They must be trained to give instructions to farmers about agriculture inputs (12,8).

Some farmers used to buy seeds from ASCs due to the reliability of DOA seeds. Therefore, the marketing structure to distribute seed and planting material through the ASCs must be reorganized. And the number of seed outlets should be increased (7).

Restructure the seed production and distribution channels according to the country requirement and a buffer stock should be maintained to overcome the seed shortage problem.

3.4 Local Seed Production

3.4.1 Formal Seed Production

The DOA supplies basic seeds to private sector and private sector has to produce certified seed according to the demand (1). Public sector formal seed production system is difficult to be maintained as a subsidiary scheme, due to the financial crisis of the government. Therefore, privatization of the seed industry has occurred gradually. It is the best solution for seed shortage. Private sector wants to conduct the certified seed production totally (2, 3). Large-scale companies (eg: CIC, CADC), cooperatives, small-scale companies, and individual farmers are engaged in seed production extensively after the new seed policy.

Private sector seed producers are profit oriented; therefore, they produce highly demanded crop varieties only. Other crops are neglected. Therefore, there are seed shortages according to the crop variety and region (4).

Government officers can't follow the earlier system. But, it is better to give subsidies to individual farmers and small-scale companies for seed production and it will increase the regional level seed production. And government support must be given to individual farmers to produce their own seeds, at least for low demanded crops (4).

3.4.2 Self-Seed Production

This is one of the major strategies used in many countries to promote use of quality seeds by farmers. A majority of farmers obtain their seed requirement for paddy, OFCs, and low country vegetables from this informal sector (eg: 85-90% of the seed paddy is supplied by informal sector). Therefore, there should be separate programs to promote this vital sector of the national seed program by providing technical know how and inputs (basic seeds) (Madawanaarchchi, 2001).

Availability of low demanded seed varieties is poor in some seasons, because most private seed producers are not interested on the low demanded varieties. Shortage of seeds of low demand can be overcome by implementing the proper self-seed production program. Promotion of an effective extension service for self-seed production program is also very helpful in this issue (4).

There are some self-seed production programs of the DOA in certain areas for some crops (eg: big-onion, paddy etc.). That must be expanded by conducting training programs for selected farmers and supply of small quantities of high quality seeds or basic seeds among farmers (Udakumbura, 2002).

Farmers must take the initiative and be organized for production of own seeds, by changing their attitudes on seed production.

3.5 Importation of the Seed

There is no shortage of most of the imported seed varieties especially up country vegetables. Seed importers must forward the ISTA (International Seed Testing Association) certificate (orange certificate) and Phytosanitary certificate from the Quarantine when they import the seed consignment. Now the ISTA certificate is essential when they import more than 5kg of consignment. They have to pay \$70 for each ISTA certificate (for testing of seeds in the produced country) (8,10).

Sometimes Indian products are imported without ISTA certificate but they have to be certified by DOA. Sometime illegal seed importation results in the availability of poor quality seeds in the market (eg: low quality Delhi Hot-hybrid chilli variety, big onion seeds) (8, Udakumbura, 2002).

Proper permit system must be implemented to prevent the illegal and low quality seed importation.

3.6 Privatization of the Government Farms and DOA Involvement in Seed Supply

The National Seed and Planting Material Policy mainly focused on commercial seed production, processing, marketing and utilization. Therefore, since 1997 the government would not compete with the private sector in certified seed production. The government's own 35 seed farms presently reduced to 19 and DOA has reduced their involvement gradually in the production of the certified seed (CARE Sri Lanka, 1998).

DOA must not be totally away from the certified seed production. There is a risk of private sector monopoly system. Therefore, there must be a program to develop the government sector seed production by changing the management (4, 6). And they must promote local seeds and planting material production programs through ASCs and also establish regional level seed farms for production of good quality seeds. And about 15 - 20% public sector involvement must be maintained without complete privatizing (4). DOA must have proper plan to produce certified seeds, which are not produced by the private sector companies, and Government intervention is needed for importation of some seeds, which cannot be supplied, by the private sector (eg: big-onion) (10).

3.7 Extension Service and Farmers' Awareness

Now there is no proper extension service in the country, this is done by the retail shop dealers. This mechanism has resulted in many problems (8, 12).

The Central Government conducts research and development and the extension service is mainly conducted by the Provincial Council. Therefore, there is no proper information flow between the researcher and the farmer. There are not enough knowledgeable persons / staff in ASCs to disseminate technical knowledge to farmers (7).

Therefore the extension service must be privatized or reorganized through ASCs to supply proper extension service. And proper information system must be developed to disseminate the latest information through ASCs (8, 12).

Farmers must be made aware of the seed market and they must buy seeds from reliable places. In addition they must be active and strong enough to take actions against seed handlers who distribute low quality seeds.

The information flows between farmers and government officers are given in Appendix - 5.6.

3.8 Research and Development

Research and development sector appears to be not much concerned about the production of newly improved and hybrid varieties of seed. But there is high demand for hybrid and improved varieties of seeds (imported seeds). There is a risk of depending on imported seeds.

DOA must be market oriented when they produce the basic seeds. There is a shortage of supplying some of the basic seed varieties according to the demand. Therefore, local research and development activities in the future must be faster and more efficient than the present and maintain a proper information flow between researchers and local seed producers (8, 12, 13, Udakumbura, 2002).

3.9 Evaluation of the Existing Situation and Coordination of the Seed Supply Sector

Unorganized government structure and lack of coordination among government officers and seed handlers such as; seed producers, importers and dealers have created many problems in seed sector (12).

Therefore, there must be productive discussions among seed handlers and government officers (through NSPMC). And a comprehensive evaluation study should be undertaken to determine the implications of the liberalization of seed supply (4, 12, 8). This will help to further improvement of the existing policies.

3.10 Marketing of the Agricultural Products

Proper market system must be implemented to sell the agricultural products. It is not enough to improve only the production system. The importation of crops that can be produced locally must be limited (eg: chilli) to promote local production.

4. References

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Seed Producers' Association of Sri Lanka, 2001. Saubhagya-2001.

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List of Key Stakeholders Contacted

Government Officers

1. Mr. Bedgar Perera
Director Agricultural Development,
Ministry of Agriculture & Live Stock Development,
80/5, Govijana Mandiraya,
Rajamalwatte Road, Battaramulla.
T.P:01-863593.
2. Dr. S. L. Weerasena
Director, Seed certification and Plant Protection, Department of Agriculture, Peradeniya.
TP: 08-388077 / 388076
3. Mr. D. B. Weeratunga
Director, Seed and Planting Material Development Center, Department of Agriculture,
Peradeniya.
TP: 08-388100
4. Mr. W. P. Madawanaarachchi
Deputy Director, Seed and Planting Material Development, Department of Agriculture,
Peradeniya.
TP: 08-388608
5. Mr. P. W. Rathnasiri Deputy Director (Acting)
(Mr. Abesingha)
Seed Certification Service Center, Department of Agriculture, Gannoruwa, Peradeniya.
TP: 08-388217
6. Mr. A. Palamakumbura
Research Officer, HORDI, Department of Agriculture, Gannoruwa, Peradeniya.
7. Ms. V. A. U. Mangalika,
Agriculture Instructor, Agrarian Service Center,
Udahamulla. (DOA - Western Province)

Seed Importers

8. Mr. Aruna Weerakoon
President, Seedmens Association, No. 289, High Level Road, Colombo 05.
(Chairman / Managing Director, Agro-Culture Trends (Pvt) Limited)
TP: 01-822545
9. Mr. Alfrad Subasingha, Chairman / Managing Director and
Mr. P. Selvakumar, Technical Manager,
TROPICAL SEED COMPANY (PVT) LTD.
127, W. A. D. Ramanayaka Mawatha, Colombo 02.
TP: 01-421356
10. Mr. M. Kuree
Managing Director, Exotic Foliage Export Company (Pvt) Ltd.,
52 Sarasavi Mawatha, Castle Street, Colombo 08.
TP: 01-699342

11. Mr. A.Wijesingha
Samarakoon Agriculture Service, 829, Peradeniya Road, Kandy.
TP: 08-232586

Seed Producers

12. Mr. Leo Nanayakkara,
President, Seed Producers' Association, No. 400 / 2, Koswatte Road, Kalpaluwawa,
Rajagiriya.
(Chairman / MD, Best Seed Company (Pvt.) Limited)
TP: 074-400085
13. Mr.Gamini Karunasena
General Manager, CADC Private Limited, Nawayalathenna,
Katugasthota
T.P.: 08-498682

Guidelines of the Discussions

Areas to be discussed about seed and planting material supply with DOA

1. Changes of the seed supply procedures within the last decade and current situation
2. Present condition of new Seed and Planting Material Policy and Seed Act
 - Regulations of seed and planting material importation, certification, distribution, marketing etc.
 - Problems related to the above sectors (specify)
 - Problem solutions and their implications
 - Seed certification and seed quality
3. Overview of the liberalization and commercialization of seed supply
 - Advantages (good implications)
 - Disadvantages (bad implications)
4. Roles and responsibilities on seed supply (private and government)
5. Could the Current procedure solve / overcome the problems
6. Future policy changes for betterment of the sector
7. Why part of the seed policy implemented and not others
8. Adequacy of government intervention
9. Any other

Areas to be discussed about seed and planting material supply with SCS

1. Present policies of supply – Market share
2. Quality assurance of the imported and locally produced seeds
3. Quality control procedure of the seed and planting material– Before and after releasing to the retail outlets
4. Extension programs for seed certification service – Further improvement needed
5. Difficulties and problems of the quality control and certification of the seed
6. Improvement of the procedures and policy changes required
7. On going act and policies for consumer protection

Areas to be discussed about seed and planting material supply with private sector

1. Current situation of seed supply sector
2. Present condition of new Seed and Planting Material Policy and Seed Act
3. Regulations of seed and planting material importation, certification, distribution, marketing etc.
 - Problems related to the above sectors (specify)
 - Problem solutions and their implications
 - Seed certification and seed quality
4. Overview of the liberalization and commercialization of seed supply
 - Advantages (good implications)
 - Disadvantages (bad implications)
5. Roles and responsibilities on seed supply (private and government)
6. Future policy changes for betterment of the sector
7. Specific issues related to seed production and importation
8. Any other

Detailed Key Stakeholders Discussions

1. Person: Mr. Bedgar Perera

Director Agricultural Development,
Ministry of Agriculture & Live Stock Development,
80/5, Govijana Mandiraya,
Rajamalwatte Road, Battaramulla.
Tel: 01-863593.

Date: 25th June 2002

About Seed Policy and Seed Act.

- National Seed Council (NSC) has implementing authority of many activities regarding the seed sector. (**President:** Mr. Dixon Nilaweera, Secretary, Ministry of Agriculture & Live Stock Development, **Secretary:** Mr. W. P. Madawanarachchi, DOA)
- Formal studies were not done about seed sector after implementing the seed policy to evaluate the above issue.
- Government will continue to regulate activities of seed sector, and changes will be done according to the request of the seed handlers and requirement of the country
 - Prices of certified seeds are increased due to private sector request. (eg: price of paddy seed were increased Rs.380 to 500/= per bushel)
 - The DOA has increased the production of Chilli seeds. Because private sector Chilli seed production has been reduced in last few years.
- National Agricultural Policy was being prepared.

Major Content of Seed Act

- Administration of the act –Director General of agriculture and authorized officers.
- Establishment of the National Seed Council (NSC)
 - NSC will be responsible for implementing the activities of the seed sector and will ensure the quality and availability of seeds. NSC has power to control over the seed handlers.
- Inspection and regulation of seeds handlers
- Roles and duties of the seed certification service
- Regulations, offences and penalties.

Present Situation of the Seed Act:

- Need assessment for Seed Act
↓
- Draft Cabinet Memorandum
↓
- Cabinet Memorandum with objectives
↓ Add Legal base
- Draft act (Legal draftsman)
↓ 1996 after the seed policy
- DOA – Draft act
↓ NSC Discussion (DOA & government officers, seed handlers (producers, importers), farmers' representatives)
- Amended draft seed act
↓
- Presented to Cabinet (New)-26th March, 2002
* ↓ Attorney-General in cabinet
- Published in Gazette (Publish for general public & other outsiders)
↓ Amendments for further improvements
- Present to the Parliament
↓ Amendments
- Establish as act & add descriptive regulations

* Present state of the Seed Act – It is to be published in Gazette soon.

2. Person: Dr. S. L. Weerasena

Director, Seed Certification and Plant Protection, Department of Agriculture,
Peradediya.

Tel: 08-388077 / 388076

Date: 17th May 2002

- Seed importation and marketing were handled by DOA up to 1984 (all paddy, vegetable, OFC, seed potato etc.)
- 95% - DOA and 5% - private sector (mainly vegetable seeds)
- After 1984 fully liberalized the seed importation (But, only imported recommended varieties)
- Seeds should go through trial; may take 3-4 years then approved list developed by DOA
- In 1991 importation were expanded for more varieties of seeds – any varieties can be imported by any body

- **Restrictions:**
 - Covered by Plant Quarantine Act
 - Need to obtain permission from DOA and Plant Quarantine Service, Katunayaka
 - According to the country, checking procedure change
 - Prohibited and restricted some varieties according to the pre-list
 - For quarantine test, samples are taken randomly from the bulk by quarantine officers

Regulations:

1. Plant Protection Act No. 35 of 1924 (amended in 1984 and 1999).
2. Important Facts and Guidelines on Export and Import of Agriculture Commodities, 1994.
3. The gazette of the Democratic Socialist Republic of Sri Lanka No. 165/2 – 1981 November 02nd Monday.

Criteria concerning importation:

- Diseases – FAO publication for crop diseases
- Origin of the product – country
- Product – Seed paddy, only by DOA

- **Seed and Planting Material Policy 1996 (only broad guidelines)**
 - Further liberalization of seed production and marketing for private sector
 - Without quality checking can sell the product but need to meet minimum norms

- Consumer protection occurred by the seed certification and plant quarantine act
- There is no legislative power for protection of the consumer, because after declared the seed quality can't be maintained (Seed act is not implemented)
- From the seed act – seed dealers need to registered and an authorized quality control procedure will be implemented
- Price control mechanism is not imposed due to the free market system
- Basic and breeder seeds are supplied to private sector by the DOA and private sector has to produce certified seed according to the demand
- Government farms (DOA) don't stop competition with private sector for certified seed production
- Farmers like DOA seed. Because of the compensation for crop losses due to low quality planting material

Date: 15th May 2002

- Gradually give local certified seed production for private sector under new seed and planting material policy. Because government has failed to supply / produce country requirement
- Earlier there was a shortage of seed supply problem, gradually overcome this problem due to privatization / liberalization of the seed production
- ASCs away from seed marketing distribution procedure due to private sector competition
- After implementing the seed act will be able to solve some problems in seed supply as low quality seed marketing, selling expired seeds etc
- There is changing demand for vegetable seeds
- There are no proper facilities to store the seeds in ASCs, therefore when they couldn't sell seed. They have to bear the loss. So there was a breakdown of the seed supply.
- **References**
 - Department of Agriculture, 1994. Important Facts and Guidelines on Export and Import of Agricultural Commodities. Peradeniya: Department of Agriculture.
 - Department of Agriculture, 1999. Plant Protection Act No. 35 of 1999.
 - The Gazette of the Democratic Socialist Republic of Sri Lanka, No. 165 / 2, 1981 November 02 Monday
 - Sri Lanka Council for Agricultural Research Policy, 1999. Draft Regulations Plant Protection Act. Colombo 07.

3. Person: Mr. D. B. Weeratunga

Director, Seed and Planting Material Development Center, Department of Agriculture

Tel: 08-388100

Date: 22nd May 2002

- Price control is very difficult mainly for imported seed. Price varies according the demand and place
- Government is keen on high price of imported seeds and price control
- Government certified seed production had to be reduced because of the high cost of production and low price. Therefore, private sector involvement has to be promoted.
 - Eg: Paddy seed - Rs. 430 / bushel by ASC
Rs. 500 / bushel by private dealers
- There is a government subsidy scheme for local seed production. But, now it is very difficult because government has to face the financial crises. Therefore, privatization of the seed industry has occurred gradually. It is the best solution for seed shortage. Private sector wants to conduct the certified seed production totally.
- There is potential and freedom for the private sector to produce seed and planting material. But, they are mainly concerned about profit-oriented crops. (Mainly about hybrid imported seed not local varieties). Therefore, monopoly system is not good due to high risk.
- Number of varieties of crops (mainly imported hybrid varieties) has been increasing due to liberalization of seed supply.

Seed quality control problem

- Seed act is not yet implemented. Once implemented, it will be able to solve the quality problems of the seed sector.
- Consumer Protection Act can get legal action against low quality seed but that is not much efficient.
- Seed certification service mainly concerned about locally produced seed
- Imported seeds were not fully tested for certification in Sri Lanka (they check relevant country lab test report (ISTA Certificate) and phytosanitary certificate).
- Seed potato importation is a highly profitable business. In addition other varieties of seeds are imported, relatively low amount from one crop. But, number of varieties has increased within last few years.

4. Person: Mr. W. P. Madawanaarachchi

Deputy Director, Seed and Planting Material Development, Department of Agriculture.

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Date: 22nd May 2002

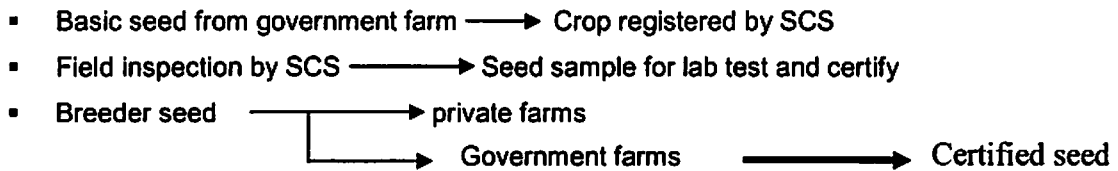
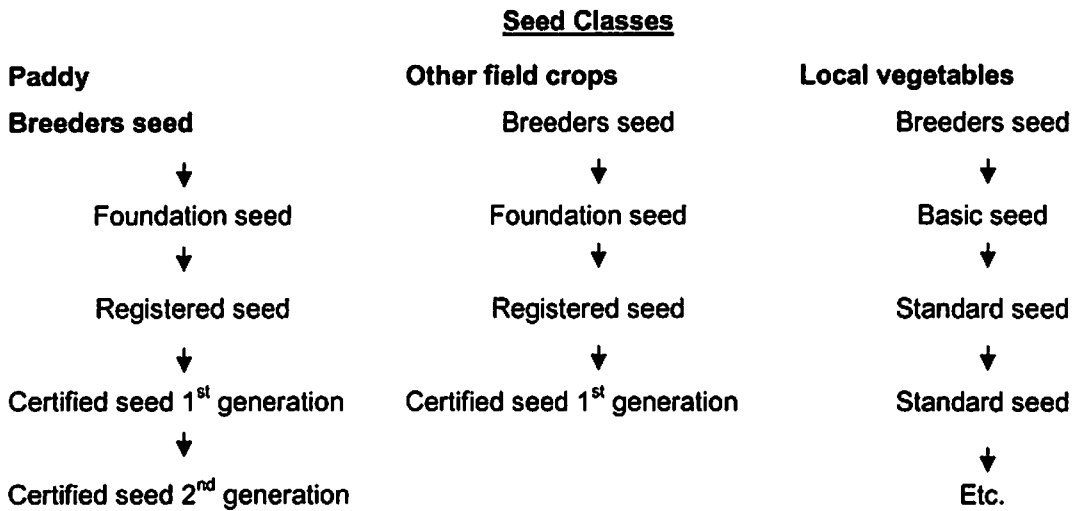
- DOA controlled/undertook all the activities in seed and planting material production until 1984.
- After that importation was liberalized.
- 1989-1990 - Diversified Agricultural Research Project was done.
- 1991 – Private sector started to produce seeds. (Initially they started from chilli seed then diversified to paddy and other vegetable crops at commercial level)
- 1991- 1995 – Seed Producers' Association requested from the government to declare the new seed and planting material policy for liberalization of the seed production.
- 1997- New Seed and Planting Material Policy was declared.
- Under that
 - Commercial seed production and marketing mainly belonged to the private sector.
 - Regulatory activities and research & development are governed by the public sector.
 - But public sector (DOA) does not completely keep away from the seed production. Still some government farms produce both breeder seeds as well as certified seeds.
 - Multinational companies (CIC), cooperatives, small companies, and individual farmers engaged in seed production extensively after the new seed policy.
 - Cooperatives mainly produce seed paddy.
 - Seed market is not a large business like agro-chemicals or pesticides. Because there are variations according to crop type and varieties.
 - Therefore, large companies are not going to engage with large-scale level seed production.
 - Numbers of seed producers and competition among them are high. Therefore, efficiency of seed market is high.
 - They are profit oriented; therefore they produce high demanded crop varieties only. Other crops are neglected. Therefore, there is an availability problem according to the crop variety, region, time and demand.
- There are 35 varieties of paddy but only 5 varieties of paddy seeds were produced by the private sector due to high demand.
- Government officers can't follow the earlier system. But, it is better to give subsidies to individual farmers and small-scale farmers for seed production and it will increase the regional level seed production.

- Private sector competition must increase to enhance the quality of the seeds and reduce the price.
- 15% - 20% public sector involvement must be maintained and not totally privatized.
- There is a withdrawal in public sector certified seed production.
- It is difficult to maintain the government farms without subsidies. There is a financial crisis; therefore, it is better to privatize government farms.
- Overall seed production has increased 5% -15% within last few years.
- There is a seed distribution problem due to limitation of production of some crop seeds in regional level.
- Breeder seed and Basic seed production are not economical; Therefore private sector is not much interested about it. These are done by the government.
- Private sector is mainly keen on certified seeds and importation of vegetable seeds (hybrid). Because it is more profitable.
- Local vegetable and OFC seed production are not much profitable (Except Chilli). Therefore, private sector does not show interest to produce these seeds.
- Therefore, government support must be given to individual farmers to produce their own seeds, at least for low demanded crops.
- Farmers must take initiative and be organized for production of own seeds, by changing their attitudes on seed production.
- Palwehera and Hingurakkoda Seed Farms were leased to CIC because they were maintained under loss.
- Most of the officers and policy makers are concerned about the policy changes. But, they must think about and development of the seed and planting material production.

5. Person: Mr. P. W. Rathnasiri, Deputy Director (Acting) and
 Mr. Abesingha
 Seed Certification Service Center, DOA
 Tel: 08-388217

Date: 17th May 2002

Seed certification procedure



- SCS conduct the post-control procedure after certifying the seeds to get further information about crop (Eg: yield, resistance for diseases etc.)
- SCS do the viability test, germination test, purity test etc. for seed sample (Rs. 460.00 per sample)
- Certification is not essential. But, producers tend to request for seed certification due to high demand for certified seed among farmers
- Legal action can't be taken against low quality seed because seed act is enacted but some legal actions can be taken under Consumer Protection Act. But that is nit much efficient.
- Before importing the seed, must get permission (permit) from the DOA.
- There is proper quality standardization procedure for imported seeds.

- When importing the seeds and planting material from other country:
 - Quarantine test done in the ports
 - Phytosanitary certificate and ISTA certificate (issued by produced country SCS) are checked by the government officers and they issue the seed certification label.
- After the new seed and planting material policy:
 - There is a reduction of basic seed production and certified seed production from the public sector. But, private sector involvement and overall seed production has been increasing. Requests for seed certification also increasing.
 - The DOA can't decide production and certification of the seed.
 - Seed shortage problem could be solved to some extent due to private sector intervention (Eg: There is no shortage for up country vegetable seeds).
- There are no authorized inspectors for field level supervision. Therefore, after declaring the seed SCS can't get any action. However, if farmers complain about the low quality seed they are concerned.

Problems:

- There is no proper mechanism for standardizing and maintaining the quality of the certified seed after declaring the seed outlets.
- Inadequate store facilities in seed outlets (both ASCs and private dealers)
- Difficult to produce some crop seeds due to seasonality, so there is a seasonal seed shortage in some crops.
- The prices of the seeds can't be controlled due to free market system.
- Decentralization of government authorities
 - Eg: DOA, Irrigation Department

Date: 23rd May 2002

- Seed market is highly open and private sector involvement is high.
- Seed Certification Service has limited authority to control the quality of the seed.
- SCS conduct the training programmes, workshops etc for farmers to produce quality seeds (especially for paddy seed production)
- Some private sector companies go through their own procedure for certifying the seeds without government intervention.
- If private companies can implement their own seed certification programmes, it will help to maintain their seed quality. But, they must be responsible for the quality of the seeds.
- SCS give the sticker for imported certified seeds after checking their lab test report (ISTA certificate) and phytosanitary certificate.
- There are many seed importers, therefore, it is difficult to do lab test for imported seeds.
- Regional level units control the certification programs

- **Competition among private sector companies will lead to high quality of seeds.**
- **Seed producers can get proper benefits due to certification of the seeds, so they must be concerned about that.**
- **There is high market for seed paddy sector. SCS maintained highest standard for certification of paddy seeds.**
- **Normally DOA recommended varieties are only certified by SCS.**
- **There is no proper system to check the quality of seed after declaring to outlets.**
- **There is crop-registration programme for certified seed production seasonally.**

6. Person: Mr. A. Palamakumbura, Research Officer,

HORDI, Department of Agriculture, Gannoruwa, Peradeniya.

Date: 31st May 2002

Current situation:

- There is no demand for some crop varieties. The seed of such varieties are not produced.
- It is difficult to produce enough quantity of some varieties to meet the demand. Many risk factors affect the seed production.
- It is difficult to undertake the variety selection and production of new improved varieties. Technology and facilities, such as isolated locations and methodology of maintaining pure strains are lacking.
- There are no suitable varieties according to the demand (Eg: tomato for source production.)
- Seed firms are mainly concerned about importation of the seeds. Because it is difficult to produce seeds and they cannot compete with DOA for low prices. So private seed producers select only high demand crops.
- DOA gradually reduces the certified seed production, but continues with the basic seed production.
- DOA uses the contract farmer system for the production of some low country vegetable varieties (Eg: luffa, snake gourd, bitter gourd etc.). Katugastota farm has been given to farmers to produce seeds and DOA provides the inputs.
- Low country vegetables, grains, chilli seeds are produced in MI farm and potato and some upcountry vegetable seeds are produced in Seetha-Eliya farm.
- There is an increasing demand for hybrid seed varieties. But it is difficult to develop hybrid in the DOA farms under inadequate facilities.
- Some seed varieties (basic seeds and certified seeds) cannot produce due to several problems,
 - There is no suitable land / space
 - Financial problems
 - Difficult to find the contract farmers
- Low demanded seed shortage problem can be overcome by implementing the proper self-seed production programme – District wise extension programmes must be conducted to disseminate the technical knowledge of seed production.
- Public sector marketing system is poor due to problems of the government structure. (Research and development conducted by the DOA and extension service conduct by the Provincial Council) Therefore it is difficult to sell enough amounts of seeds through the ASCs.
- Private sector marketing network is dynamic and strong. They have competitive commission system too. (Public sector–10% commission, private sector–30% commission)
- It is better to implement proper estimation programme throughout the country to determine the country seed requirement and DOA must be market oriented.

7. Person: Ms. V. A. U. Mangalika,
Agriculture Instructor, Agrarian Service Center,
Udahamulla. (Western Province)

Date: 5th June 2002

Current Situation:

- ASCs are controlled by the DOA and Department of Agrarian Service (DO-DAS, AI-DOA)
- Paddy and vegetable seeds are sold by ASCs in the Western Province.
- AI sell the DOA produced seeds and DO sell the other seeds (imported and private)
- DOA issue seeds at a low price.
- DOA gives about 10% discount and private sector give about 30% discount. A committee, which includes AI and DO, controls the seed distribution and money handling. They must be responsible for any losses.
- There is seed paddy shortage in the ASC range. Because ASCs have born the losses, the tendency is to get smaller quantities than requirement. (They can not predict the demand)
- When farmers fail to find the certified seeds. ASCs lead them for reliable seed producing farmers.
- There are many brands in same seed variety due to private sector involvement, but farmers trust the DOA seeds.
- Distribution of seed and planting material through ASCs has been reduced over the years due to current system. Therefore private seed dealers have more opportunities.
- The provincial council controls extension and training through ASCs. Although there is enough staff in ASCs, there are not enough properly trained officers to disseminate the technical knowledge to farmers.
- ASCs conduct self-paddy seed production programmes.

Problems:

- Seeds must be got through the DOA. There is no supply according the demand. ASCs cannot predict about demand and they do not tend to store the enough amounts due to risk. Therefore most of the time ASCs face the seed shortages for highly demanded crops.
- Farmers association is very low so it is difficult to predict the seed requirement. (There is no 'Kanna Meeting' etc.)
- Seed prices are high, but there are not considerable quality problems in the seed sector.
- There is no enough knowledgeable persons / staff for giving technical knowledge for farmers.

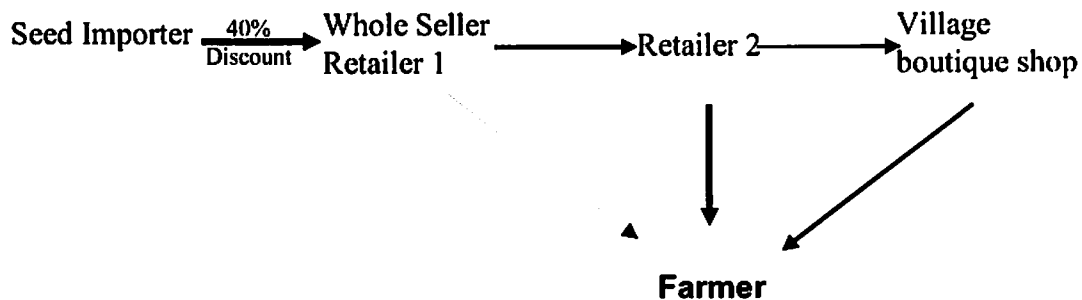
8. Person: Mr. Aruna Weerakoon

President, Seedmens Association, No. 289, High Level Road, Colombo 05.
(Chairman / Managing Director, Agro-Culture Trends (Pvt) Limited)
Tel: 01-822545

Date: 2002 / 06 / 03

- Potato, chilli and big onion are the main political crops in Sri Lanka (other than paddy).
- Seed importers give 30% - 40% of discount for seed dealers. Dealers can sell at printed price or lower price by reducing their discount. (Some dealers get only 2%-5% discount due to competition)

- Distribution flow (importers – farmers)



- Many problems in seed industry could be solved by liberalization of seed importation.
 - Import and distribute high quality high yielding seeds through out the country
 - High yield due to improved imported hybrid varieties
 - Low cost of production due to high yield
 - Reduce post-harvest losses due to high quality product (eg: 120 day cabbage variety)
 - Solve seed shortage problem for many crops (Eg: exotic vegetables)
 - High selection power for farmers (there are many brands from the same varieties specially for upcountry vegetables)
 - Low seed price due to high competition among seed dealers and importers
- There are some problems due to some seed dealers; therefore, seed importers try to reduce the gap between seed importer and farmer. Because, seed is the most risky input.
- Seed is the most important input in cultivation of crop but proportionately seed cost (10%) is less than other input costs. Therefore, farmers give the priority for inputs cost wise.

- Demand of the seeds (especially low country vegetable seeds) is changed over time. But, there is increasing trend for many vegetables as beet, carrot, leeks, bean, cabbage, radish, tomato, knoll-kohl etc.
- Seed importation and production are also increasing with time due to privatization. DOA contribution is about 10% for seed supply.
- Seed importation does not threaten seed production that it leads to good competition and finally farmers can get the benefits.
- Importers do the trial test for selected seed samples before importation of the seeds. (1-3 years time spent for trial test) Importers do the extension programme about their seeds at this time.
- Orange Certificate / ISTA (International Seed Testing Association) Certificate and permit for shipment are essential for importation of the seeds.
- DOA / Quarantine service releases the seed after their investigations.
- They conduct the extension programmes for farmers after distribution of seeds among the dealers and the farmers.
- Problems in seed industry are varying according to region and crop type.
- Crop yield can be increased 3-4 times by using imported hybrid seeds and cost of production / unit also can be reduced due to high yield. (Eg: Delhi Hot – a chilli variety) But, initial cost is high because hybrids are input specific. (Fertilizer and agro-pesticide). Therefore, most of the Dry Zone farmers cultivate resistant, low yielding local varieties. But, now there is increasing trend for hybrid seeds.
- At present farmers' mentality is changing from subsistence farmers to commercial growers. (Production oriented to market oriented)
- DOA must give their support to disseminate the latest information but always they act as a barrier.

Problems faced in importation of the seeds:

- Minister complains about price of imported seeds-selling price is 300% higher than CIF price (seed is high risk product and importers have to bear many costs before distributing the seeds)
- Political influences
- Seed importers are not responsible for the declared seed which the dealers have but some times importers have to compensate the farmers (low quality seed due to improper storage facilities with dealers)
- Some times Indian products are imported without ISTA certificate. So low quality seeds can be brought into the country. (Eg: low quality Delhi Hot)
- There is no Seed Act to get proper legal actions within the country.
- Hybrid seeds are not produced by the local researchers. Only concern is about errors of the imported hybrid seeds.

Suggestions:

- Implement the Seed Act as soon as possible.
- Implement proper permit system for seed importers
- Government officers must be properly aware of the current system and they have to make reasonable decisions.
- Farmers must be aware of the seed market and they must buy the seeds from reliable places.
- Dealers' network must be reorganized to cover the whole country (there are shortages for some brands due to failures of the distribution).
- Implement quality control system after declaring seeds to retailers.
- Research and development must be conducted to produce hybrid seeds locally
- Poor extension service. It must be reorganized or privatized to disseminate proper technical knowledge.
- Proper market system must be implemented to sell the product. Not enough to improve only production system.
- Proper information system must be prepared to disseminate the latest information (through ASCs).

9. Person: Mr. Alfrad Subasingha, Chairman / Managing Director and
Mr. P. Selvakumar, Technical Manager,
TROPICAL SEED COMPANY (PVT) LTD.
No. 127, W. A. D. Ramanayaka Mawatha, Colombo 02.
Tel: 01-421356

Date: 5th June 2002

- No. 01 leading seed importer in Sri Lanka. Tropical seed company have 35% market share for seed importation (mainly upcountry vegetable seeds and seed potato)
- They conduct the trial test, training classes, work shops, propaganda programme etc. when introducing the new crop variety seeds.
- Distribute through whole sellers.
- Think about quality than price (high quality → high price)
- There is no agreement among the seed importers about price determination
- They give 30% - 40% discount for direct dealers and whole sellers and the seeds are issued according their selling rate because seed quality reduce with time

Current regulatory Mechanism:

- There is poor regulatory mechanism. There is a risk of having a seed and planting material shortage due to present activities.
- According to the liberalization policy, importer can determine the pricing and any body can be registered as an importer.
- According to the plant protection act, importation of seed and plating material cannot be stopped without any proven reason. But now DOA does not issue the permits for some importers without any reasonable reason.
- Many problems in seed sector could be solved by liberalization of importing the seeds.
(* There is some problems in potato cultivation, some potato fields were subjected to disease condition, DOA suspect seed potato importers have to responsible for it. Issuing of the importation permits to the Tropical Seed Company has been cancelled.)

Problems:

- Government complains about price determination (label price is 300% of CIF value). They don't have proper idea about pricing, costing and market valuation. And government officers must know about the risk and importance of the seed market
- There is no freedom for importation and pricing according to the policy. (Private sector must be allowed to determine the price and free market system will lead the price according demand and supply)

- There is no proper programme for estimating the country seed requirement. (There is surpluses for some seeds because some companies import their maximum capacity)
- High risk due to storage problem – losses about 10% - 30% (many dealers do not have proper cooling facilities. Some times importers have to bear the losses)
- Most of the dealers are not qualified – Agro product dealers must have reasonable knowledge about agriculture product (selling, store the seed, check the quality of the product etc.)
- There is poor extension service
- There is no proper agriculture policy
- Government officers do not get the responsibility about their work and duty

Suggestions:

- Long-term agricultural policy must be implemented and it must not be changed according to the government.
- Suitable qualified persons must be appointed as government officers and they must have proper knowledge about the sector.
- Present rules and regulations must be implemented properly
- Retail dealers must be trained and standardized to give instructions to farmers and select the good products
- Trial test must be conduct by the SCS also
- DOA and private sector must have linkages and discussions when they get the decisions and implementing the programmes. And DOA must have proper investigation procedure before getting some action
- Proper marketing system must be developed to sell the products not enough to concern only about production and development.

10. Person: Mr. M. Kuree

Exotic Foliage Export Company (Pvt) Ltd.,
No. 52 Sarasavi Mawatha, Castle Street, Colombo 08.
Tel: 01- 699342

Date: 4th June 2002

About Them

- Seeds are exported from Japan (Marutain) and America (Asgro)
- Crops –Carrot, Radish, Cabbage, Red Radish, Long Radish-Japan
- Beet, Butternut, Gurkin, Melon, Capsicum (Hybrid-Gurkin, Sugerlaby).
- High Market share for carrot and Radish seed supply-about 40%
- 1984-1985 liberalizes seed importation they start the importation of upcountry vegetables in1986.
- Duty free for seeds. But other costs are high.

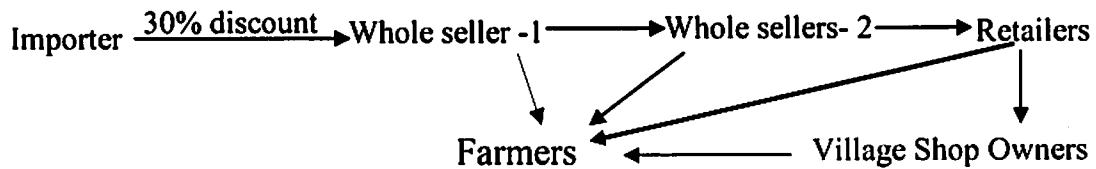
Procedure:

- Register in DOA as an importer and DOA issues a permit for each shipment.
- Have to obtain ISTA (International Seed Testing Association) certificate (orange certificate) and Phytosanitary certificate from Quarantine. Now that ISTA certificate essential when they import more than 5kg of consignment.
- They have to pay 70\$ for each ISTA certificate (for testing of seeds in the produced country). This expenditure on testing makes the importation of small quantities not profitable.
- ISTA certificates are issued by International Center for Seeds and Seedlings Independent Administrative Institution.
- Before deciding to import some seed varieties trial testing is conducted in Nuwara-Eliya.
- If farmers complain about quality, the dealers are responsible for it. But in some situations the importers compensate the farmers.

Problems:

- There is a complaint from the government, saying that the importers use to sell seeds at a higher price. (Labeled price is 300 % of CIF value)
- But the reality is **CIF + Shipment transport + other costs** should be included in valuing. (Label price = total cost * 2)
- 20% for importer and 30% for seed dealer
- Some importers may sell at higher prices

Marketing channel



- Importers can get only 20% from labeled price. The salary, risk allowances, storage costs etc. have to be paid from that 20% discount.
- Due to financial crisis in the government they have to pay income tax beginning of the year. (In advance according to previous years)
- In tropical countries storage is difficult. (Seeds are the most risky input in agriculture sector. Therefore it should be stored under air-conditioned environment. This makes higher storage cost and higher losses especially for upcountry vegetables.)
- There are many seed importers competing in the market. As results farmers get more benefits. Also the importers have to bear all the risks and losses in many times.

Suggestions to Improve:

- There are large numbers of brands due to private sector involvement. They have to be profit oriented. Farmers also could get the benefits from competition among seed suppliers. Therefore government must not intervene.
- Also there is higher number of importers expecting a competitive price, which will be controlled by the free market system.
- There are shortages due to higher demand in some seasons for some crops. Need of a proper market study is there for estimation of the demand accurately.
- Establishment of legislations for unscrupulous traders and also for illegal operations by implementing a Seed Act.
- Farmer must be aware and active for getting actions against those issues.
- Government intervention is needed for importation and production of some seeds (Eg; Big-Onion).

11. Person: Mr. A.Wijesingha

Samarakoon Agriculture Service, 829, Peradeniya Road, Kandy.

Tel: 08-232586

Date: 30th May 2002

- Certified seed importer and distributor in DOA
- Seed importers must get certificate from DOA for seed importation
- Seed distributors are registered as normal goods and service dealers
- Seeds (raddish, cabbage, carrot, butternut) imported from Tropica Seed Company, Japan (Sri Lanka Agent)
- DOA issues permit for each shipment – clearance is done by quarantine and custom
- SCS do is the sample check for some seeds but phytosanitary certificate and lab test report (ISTA certificate) are essential for releasing the seed from quarantine and custom
- Dealers have to estimate the amount of the seed they can sell and they have to be responsible for declaring seed. So losses have to be bearded by retail dealers. (Some crop seeds have to be stored under cool condition, if not reduce viability)
- They give 30% - 25% discount for retailers from printed prices
- Normally they check the germination percentage in addition to SCS before selling the seeds.

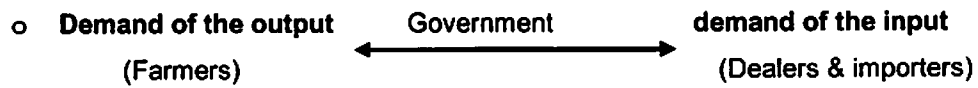
Problems:

- There is no proper national policy in agricultural sector in Sri Lanka to cover all areas
- Trend varies according to seasonality, market etc. therefore, the demand can't be predicted
- Poor / inadequate storage facilities is the main problem - viability reduces according to the storage time
- High risk due to less viability (eg: big onion seeds-3 months)
- There is no proper price control mechanism among seed importers and dealers, government must intervene for price control
- In the case of vegetable sector, farmers are keen on the demand and price of the product, so they change the cultivation crop type according to the season. Therefore, demand of the seed can't be predicted. So, there are seed shortages for some crops in some seasons.

Suggestions:

- A broad national policy must be implemented for covering all areas of the agriculture sector.
 - Demand and production must be predicted early and inputs and other facilities must be arranged according to that.

- Farmers must be aware of the situation and government can lead and limit the farmers regarding their crop cultivation according the demand and supply



- Proper standardization and quality control program must be implemented for declared seeds in the seed out lets / retail shops.
- Direct strict legal actions must be implemented against illegal seed importers.
- Government intervention must increase for production and importation of some seeds (eg: big onion)

12. Person: Mr. Leo Nanayakkara,

President, Seed Producers' Association, No. 400 / 2, Koswatte Road,
Kalpaluwawa, Rajagiriya.

(Chairman / MD, Best Seed Company (Pvt) Limited).

Tel: 074-400085

Date: 2002 / 06 / 03

There are 48 members in Seed Producers' Association, large-scale 30 producers and cooperatives. Seed producers meeting are held once in six months. Leading companies are CIC, CADC, Best Seed, Lak Seed etc. There is no agreement among the seed producers about the prices of the seed. Prices of seeds vary company wise.

60% of the seed paddy production is controlled by the private sector (total requirement about 2000,000 bushels; about 1300,000 bushels produced by the private sector and rest by DOA and own seed producers. Now seed distribution and marketing network is fast and efficient due to private sector intervention. They produce seeds in highly demanded crop varieties. Now there is no seed shortage in upcountry vegetables due to private sector involvement (after 1994). Low country vegetable seeds also can be produced totally by the private sector to meet the country requirement.

Mechanism:

In case of seed sector, their market value is lower than other sectors like fertilizers and agro-chemicals.

Normally seed producers determine their capacity and then ask about the country requirement from the DOA. However, the ministry recommends producing, whatever amounts of seeds that they can produce. The seed producers determine the amount according to previous experiences and produce demanded seeds with their maximum level of production. But, there is no proper mechanism to determine the local requirement.

They use many assumptions to determine the local seed requirement; therefore most of the values are incorrect.

(Eg: Total paddy seed requirement = 2 bushels / season * 2 season * land extent (Acre))

There are some shortages for few crop varieties in some seasons, because farmers change their crop patterns and land extent according to the water availability and market demand.

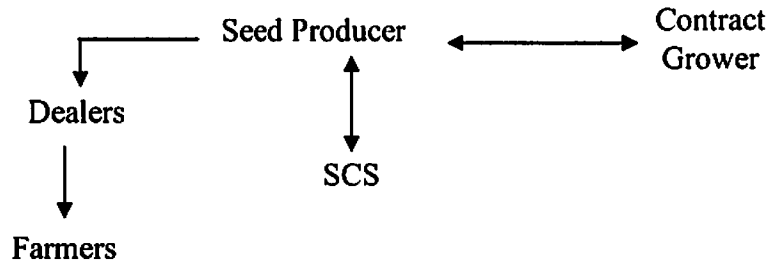
There must be a proper estimation program to determine the country seed requirement. It will help to overcome the seed shortages in the country and producers can estimate their capacity accurately.

There was a 15% increment in national seed requirement and production in last few years. Normally DOA can produce only about 10% from total seed production.

Seed certification procedure is very slow; therefore seed producers cannot certify the full amount of their production although they want to sell certified seeds. Therefore, due to time limitation problems, seed producers have sold uncertified seeds too. Though both certified and uncertified seeds are good in quality, farmers demand certified seeds.

Seed producers check only for germination percentage of the seeds and sell with the company name. This makes them responsible for the quality of seeds.

Most of the seed producers use the contract grower system and seed producers have proper regulatory mechanism for getting good quality seeds. Most of the time private sector is concerned about the high yielding varieties (eg: produce only 5 - 10 varieties of seed paddy) and try to change the mindset of the farmers (subsidy system to enterprise level farmers).



By 1997, there was self-sufficiency in chilli sector. But, due to government intervention and government chilli importation, chilli production declined. Therefore, private seed producers had to reduce the production of chilli seeds.

DOA can produce only very small amount of seeds from the total seed requirement. Government must be responsible for the seed shortage because of the poor determination of the cost of seed production. Therefore, they are selling the seeds at a lower price. This makes bad impression among farmers, private sector as exploiters. To overcome this problem, sometimes private sector tries to create an intentional shortage by stopping the production for some seeds.

Present condition is somewhat good due to lack of government intervention.

There is no proper agricultural policy (ad hoc policies are not enough, Eg: seed policy). A broader and long-term agricultural policy must be implemented to cover all the areas of agricultural sector. (Policy must cover all areas of importation, distribution, marketing of inputs and outputs).

Suggestions:

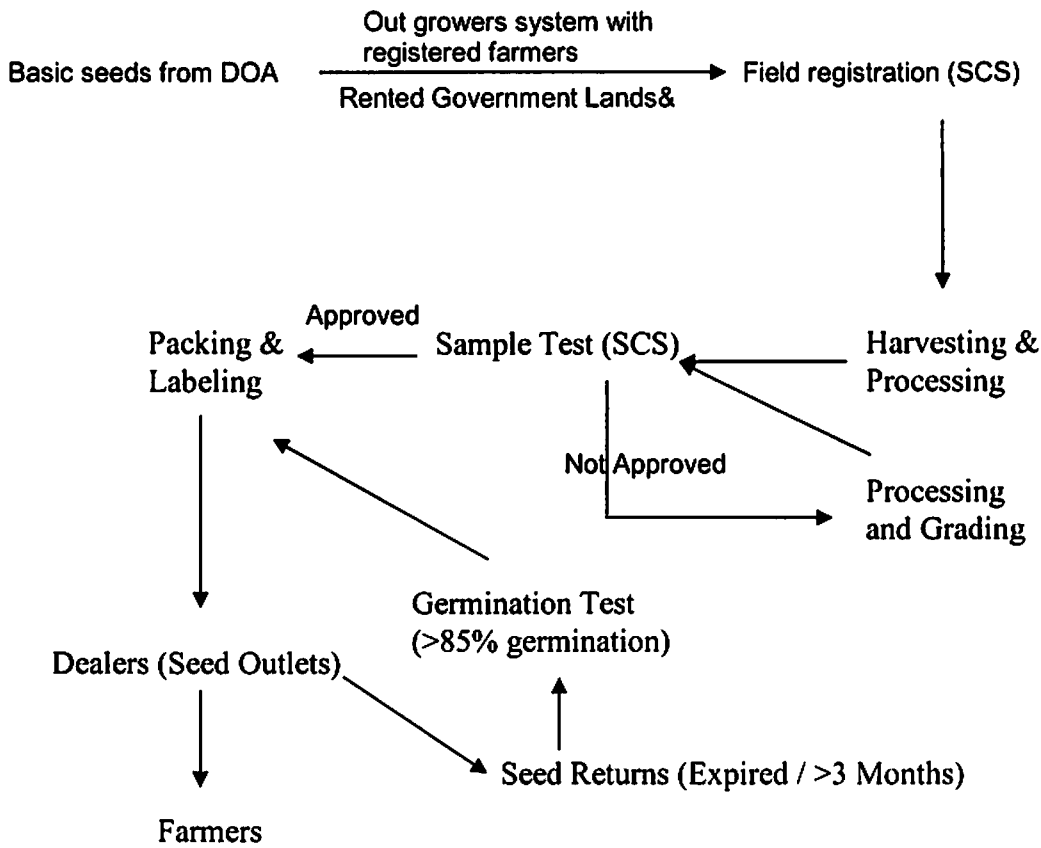
- Prices will be controlled by the free market system according to the demand and supply and government must not intervene for controlling the prices because they do not have ownership for it due to the little involvement in the seed production. Therefore, government must not involve in marketing and distribution of seeds.
- Activities of the seed certification service must be efficient and fast. If not seed producers will not care about their label due to delays. Seed producers are interested more about the quality of the seeds rather than the label, because they want to protect their reputation.
- Importation of crops (that can be produced locally) must be limited. (Eg: chilli)
- Government must intervene for importation and production of some crop seeds (Eg: Big onion)
- Proper planning and managing mechanism must be implemented with proper agricultural policy.
- Now there is no proper extension service in the country, extension service is done by the retail shop dealers. Many problems are created due to this mechanism. So extension service must be privatized or reorganized the ASCs for that.
- DOA must do the research and development activities, plant breeding, basic seed production, and certification etc. not marketing and distribution.
- Seed act must be implemented as soon as possible and must prepare the standards for seeds as SLS, ISO etc.
- Main problems and mistakes prevail at seed dealers' level. So government must have proper procedure for regulating them. And quality standardization procedure must be introduced after declaring seeds to retailers too.
- There is no proper program for record keeping and data collection, so accurate database must be maintained to estimate the yield / production and input requirement. Must not depend on the wrong statistics in current procedure.
- Proper surveys and research must be conducted to get accurate details about the field.

13. Person: Mr.Gamini Karunasena
 General Manager,
 CADC Private Limited,
 Nawayalathenna, Katugasthota
 Tel.: 08-498682

Date: 26th June 2002

- Most leading low country vegetable seed producer
- After liberalization of the seed supply, there is no seed shortage and there are many varieties for same crop species and there are many brand for same varieties,
- Farmers have higher selection power; therefore, self-seed production has been reduced.

Mechanism:



Problems & Suggestions:

1. There is no proper government regulatory mechanism.
 - Regulatory procedure for seed producers is very poor. Therefore small, numbers of poor standard seed producing companies have emerged. They do not have facilities to supply good quality seeds. That is the main reason for availability of poor quality seeds. There must be a government intervention in this issue.

2. Seed certification service is inefficient. They certify only the seeds, which are produced by using the DOA issued basic seeds.
 - Government must provide the facilities (eg: technology, seed cleaners, graders, basic seeds etc.) for high quality seed production and quality check.

3. Lack of Research & Development, therefore hybrid seed importation has increased. There is a risk of being totally dependent on other countries / Imported seeds

4. Some companies change their prices according to the demand
(High demand → high price)

5. High land rent for government farms

6. There is a shortage of supplying some of the basic seeds varieties according to the demand.

Summary of Key Stakeholder Discussions

1. Mr. Bedgar Perera

Director Agricultural Development,
Ministry of Agriculture & Live Stock Development,
80/5, Govijana Mandiraya,
Rajamalwatte Road, Battaramulla.
Tel:01-863593.

- Government continue to regulate activities of seed sector, and changes will be done according to the requests of the seed handlers and requirement of the country
- National Agricultural Policy is being prepared.

- Major Content of Seed Act
 - Administration of the act –Director General of agriculture and authorized officers.
 - Establishment of the National Seed Council (NSC)
 - NSC will be responsible for implementing the activities of the seed sector and will ensure the quality and availability of seeds. NSC has power to control over the seed handlers.
 - Inspection and regulation of seeds handlers
 - Roles and duties of the seed certification service
 - Regulations, offences and penalties.

- The Seed Act is to be Gazette soon.

2. Dr. S. L. Weerasena

Director, Seed certification and Plant Protection – DOA
Tel: 08-388077 / 388076

- Regulations:
 - Plant Protection Act No. 35 of 1924 (amended in 1984 and 1999).
 - The gazette of the Democratic Socialist Republic of Sri Lanka No. 165/2 – 1981 November 02nd Monday.
- Consumer protection in ensured by the seed certification and plant quarantine act

- There is no legislative power for protection of the consumer, because after declared the seed quality can't be maintained because there is no regulatory mechanism to standardize the declared seeds (Seed act is not implemented)
- According to the new seed act – seed dealers need to be registered and an authorized quality control procedure will be implemented
- Price control mechanism is not imposed due to the free market system
- Basic and breeder seeds are supplied to private sector by the DOA and private sector has to produce certified seed according to the demand
- Government farms (DOA) don't stop competition with private sector for certified seed production. And gradually give local certified seed production for private sector under new seed and planting material policy. Because government has failed to supply / produce country requirement
- After implementing the seed act the government will be able to solve some problems in seed supply as low quality seed marketing, selling expired seeds etc

3. Mr. D. B. Weeratunga

Director, Seed and Planting Material Development Center-DOA

Tel: 08-388100

- Government certified seed production had to be reduced because of the high cost of production and low price. Therefore, private sector involvement has to be promoted by increasing prices of DOA produced seeds.
- There is a government subsidy scheme for local seed production. But, now it is very difficult because government has faced a financial crisis. Therefore, privatization of the seed industry has occurred gradually. It is the best solution for seed shortage. Private sector wants to conduct the certified seed production totally.
- Legal action could be taken under the Consumer Protection Act can get against those who supply low quality seed but that is not much efficient.

4. Mr. W. P. Madawanaarachchi

Deputy Director, Seed and Planting Material Development – DOA

TP: 08-388608

- According to the new seed policy Commercial seed production and marketing mainly belonged to the private sector.

- Multinational companies (Eg: CIC), cooperatives, small companies, and individual farmers engaged in seed production extensively after the new seed policy. Cooperatives mainly produce seed paddy.
- They are profit oriented; therefore, they produce high demand crop varieties only. Other crops are neglected. Therefore, there is an availability problem according to the crop variety and region.
 - Government officers can't follow the earlier system. But, it is better to give subsidies to individual farmers and small-scale farmers for seed production and it will increase the regional level seed production. And government support must be given to individual farmers to produce their own seeds, at least for low demanded crops.
 - 15% - 20% public sector involvement must be maintained without totally privatizing.
 - Farmers must take the initiative and be organized for production of own seeds, by changing their attitudes on seed production.
 - Most of the officers and policy makers are concerned about the policy changes. But, they must think about and development of the seed and planting material production.

5. Mr. P. W. Rathnasiri (Mr. Abesinghe)

Deputy Director (Acting) Seed Certification Center, DOA

Tel: 08-388217.

- Certification is not essential. But, producers tend to request for seed certification due to high demand for certified seed among farmers
- Direct and efficient Legal action can't be taken against low quality seeds with dealers because seed act is enacted but some legal actions can be taken under Consumer Protection Act but it not much efficient.
- Phytosanitary certificate and ISTA certificate (issued by produced country SCS) are essential to issue the seed certification label for imported seeds.
- There are no authorized inspectors for field level supervision. Therefore, after declaring the seed, SCS can't take any action. But, if farmers complain about the low quality seed they are concerned.
 - Inadequate storage facilities in seed outlets (both ASCs and private dealers) and Difficult to produce some crop seeds due to seasonality, so there is a seasonal seed shortage in some crops.
 - Some private sector companies go through their own procedure for certifying the seeds without government intervention. If private companies can implement their own seed certification programmes, it will help to maintain their seed quality. But, they must be responsible for the quality of the seeds.
 - Normally DOA recommended varieties are only certified by SCS.

6. Mr. A. Palamakumbura
Research Officer,
HORDI – DOA,
Gannoruwa, Peradeniya.

- It is difficult to produce enough quantity of some varieties to meet the demand. Many risk factors affect the seed production.
- Seed firms are mainly concerned about importation of the seeds. Because it is difficult to produce seeds and they cannot compete with DOA for low prices. So private seed producers select only high demand crops.
- The shortage of seeds of low demand can be overcome by implementing the proper self-seed production programme – District wise extension programmes must be conducted to disseminate the technical knowledge of seed production.
- Public sector marketing system is poor due to problems of the government structure. (Research and development conducted by the DOA and extension service conducted by the Provincial Council) Therefore it is difficult to sell enough seeds through the ASCs.
- It is better to implement proper estimation programme throughout the country to determine the country seed requirement
- DOA must be market oriented and they must produce the seed, which are not produced by the private sector.

7. Ms. V. A. U. Mangalika,
Agriculture Instructor, Agrarian Service Center, Udahamulla. (DOA - Western Province)

- ASCs are controlled by the DOA and Department of Agrarian Service (DO-DAS, AI-DOA). And AIs sell the DOA produced seeds while the DO sell the other seeds (imported and private)
- DOA gives about 10% discount and private sector give about 30% discount. A committee, which includes AI and DO, controls the seed distribution and money handling. They must be responsible for any losses.
- There is no supply according to the demand. ASCs cannot predict the demand and they do not tend to store enough amounts due to the risk. Therefore most of the time ASCs face the seed shortages for highly demanded crops.
- Farmers association is very low so it is difficult to predict the seed requirement.
- Seed prices are high, but there are no considerable quality problems in the seed sector.
- There are not enough knowledgeable persons / staff for giving technical knowledge for farmers.

8. Mr. Aruna Weerakoon

President, Seedmens Association, No. 289, High Level Road, Colombo 05.

(Chairman / Managing Director, Agro-Culture Trends (Pvt) Limited)

TP: 01-822545

- There are some problems due to some seed dealers (seed quality reduce due to improper storage); therefore, seed importers try to reduce the gap between seed importer and farmer. Because, seed is the most risky input.
- Orange Certificate / ISTA (International Seed Testing Association) Certificate and permit for shipment are essential for importation of the seeds. DOA / Quarantine service releases the seed after their investigations.
- They conduct the extension programmes (how to cultivate the new variety) for farmers after the distribution of new seed varieties among the dealers and the farmers. Problems in seed industry are varying according to region and crop type.
 - Minister complains about price of imported seeds-selling price is 300% higher than CIF price (seed is high risk product and importers have to bear many costs before distributing the seeds)
 - Seed importers are not responsible for the declared seed which the dealers have but some times importers have to compensate the farmers (low quality seed due to improper storage facilities with dealers)
 - Some times Indian products are imported without ISTA certificate. So low quality seeds can be brought into the country. (Eg: low quality Delhi Hot-hybrid chilli variety)
 - There is no Seed Act to get proper legal actions within the country.
- Implement the Seed Act as soon as possible.
- Implement proper permit system for seed importers
- Government officers must be fully aware of the current system and they have to make reasonable decisions.
- Farmers must be made aware of the seed market and they must buy the seeds from reliable places.
- Dealers' network must be reorganized to cover the whole country (there are shortages for some brands due to failures of the distribution).
- Implement quality control system after releasing the seeds to retailers.
- Research and development must be conducted to produce hybrid seeds locally
- Poor extension service. It must be reorganized or privatized to disseminate proper technical knowledge.
- Proper market system must be implemented to sell the product. Not enough to improve only production system.
- Proper information system must be developed to disseminate the latest information (through ASCs).

**9. Mr. Alfrad Subasingha, Chairman / Managing Director and
Mr. P. Selvakumar, Technical Manager,
TROPICAL SEED COMPANY (PVT) LTD.
127, W. A. D. Ramanayaka Mawatha, Colombo 02.
Tel: 01-421356.**

- There is no agreement among the seed importers about price determination
- According to the liberalization policy, importer can determine the pricing and anybody can be registered as an importer.
- Government complains about high price, (label price is 300% of CIF value). They don't have a proper idea about pricing, costing and market valuation. And government officers must know about the risk and importance of the seed market
- According to the policy government can't control the importation and pricing. (Private sector must be allowed to determine the price and free market system will lead the price according demand and supply)
- There is no proper programme for estimating the country seed requirement. (There is surpluses for some seeds because some companies import their maximum capacity)
- High risk due to storage problem – losses about 10% - 30% (many dealers do not have proper cooling facilities. Some times importers have to bear the losses)
- Most of the dealers are not qualified – Agro product dealers must have reasonable knowledge about agriculture product (selling, store the seed, check the quality of the product etc.)-Retail dealers must be trained and standardized to give instructions to farmers and select the good products
- There is poor extension service
- There is no proper agriculture policy - Long-term agricultural policy must be implemented and it must not be changed according to the government.
- Present rules and regulations must be implemented properly
- DOA and private sector must have linkages and discussions when they get the decisions and implementing the programmes. And DOA must have proper investigation procedure before getting some action
- Proper marketing system must be developed to sell the products. It is not enough to concern only about production and development

10. Mr. M. Kuree

Exotic Foliage Export Company (Pvt) Ltd.,

No. 52, Sarasavi Mawatha, Castle Street, Colombo 08.

Tel: 01-699342

- Have to obtain ISTA (International Seed Testing Association) certificate (orange certificate) and Phytosanitary certificate from Quarantine. Now that ISTA certificate essential when they import more than 5kg of consignment. They have to pay \$70 for each ISTA certificate (for testing of seeds in the produced country). This expenditure on testing makes the importation of small quantities not profitable.
- If farmers complain about quality, the dealers are responsible for it. But in some cases the importers compensate the farmers.
- In tropical countries storage is difficult. (Seeds are the most risky input in agriculture sector. Therefore it should be stored under air-conditioned environment. This makes higher storage cost and higher losses especially for upcountry vegetables.)
- There are shortages due to higher demand in some seasons for some crops. Need of a proper market study is there to estimate the demand accurately.
- Establishment of legislation for unscrupulous traders and also for illegal operations by implementing a Seed Act is essential.
- Farmer must be active in getting actions against those who break the law.
- Government intervention is needed for importation and production of some seeds, which can't be supply, by the private sector. (Eg; Big-Onion)

11 Mr. A.Wijesingha

Samarakoon Agricultural Service, No. 829, Peradeniya Road, Kandy

Tel: 08-232586

- Dealers have to estimate the amount of the seed they can sell and they have to be responsible for declaring seed. So losses have to be compensated by retail dealers. (Some crop seeds have to be stored under cool condition, if not reduce viability)
- Normally they check the germination percentage in addition to SCS before selling the seeds.
- There is no proper national policy in agricultural sector in Sri Lanka to cover all areas
- Trend varies according to seasonality, market etc. therefore, the demand can't be predicted
- Poor and inadequate storage facilities are the main problems - viability reduces according to the storage time
- High risk due to low viability (eg: big onion seeds-3 months)

- There is no proper price control mechanism among seed importers and dealers; government must intervene for price control.
- In the case of vegetable sector, farmers are keen to know the demand and price of the product, so they change the crop type according to the season. Therefore, demand of the seed can't be predicted. So, there are seed shortages for some crops in some seasons.
- A broad national policy must be implemented for covering all areas of the agriculture sector- Demand and production must be predicted early and inputs and other facilities must be arranged according to that.
- Farmers must be aware of the current situation and government must lead and limit the farmers regarding their crop cultivation according the demand and supply
- Proper standardization and quality control program must be implemented for declared seeds in the seed out lets / retail shops.
- Direct strict legal actions must be implemented against illegal seed importers.
- Government intervention must be increased for production and importation of some seeds (eg: big onion)

12. Mr. Leo Nanayakkara,

**President, Seed Producers' Association, No. 400 / 2, Koswatte Road,
Kalpaluwawa, Rajagiriya.**

(Chairman / MD, Best Seed Company (Pvt) Limited)

Tel: 074-400085

- 60% of the seed paddy production is controlled by the private sector (total requirement about 2000,000 bushels; about 1300,000 bushels produced by the private sector and rest by DOA and own seed producers. Now seed distribution and marketing network is fast and efficient due to private sector intervention. They produce seeds in highly demanded crop varieties. Now there is no seed shortage in upcountry vegetables due to private sector involvement (after 1994). Low country vegetable seeds also can be produced totally by the private sector to meet the country requirement
- **They use many assumptions to determine the local seed requirement; therefore most of the values are incorrect - There must be a proper estimation programe to determine the country's seed requirement. It will help to overcome the seed shortages in the country and producers can estimate their capacity accurately.**
- Seed certification procedure is very slow; therefore seed producers cannot certify the full amount of their production - Seed producers check only for germination percentage of the seeds.

- **Government must be responsible for the seed shortage because of the poor determination of the cost of seed production. Therefore, they are selling the seeds at a lower price. This makes bad impression among farmers, private sector as exploiters. To overcome this problem, sometimes private sector tries to create an intentional shortage by stopping the production of some seeds.**
- **There is no proper agricultural policy (ad hoc policies are not enough, Eg: seed policy). A broader and long-term agricultural policy must be implemented to cover all the areas of agricultural sector. (Policy must cover all areas of importation, distribution, marketing of inputs and outputs).**
- **Prices will be controlled by the free market system according to the demand and supply and government must not intervene for controlling the prices because they do not have ownership for it due to the little involvement in the seed supply. Therefore, government must not implement the limitations in marketing and distribution of seeds.**
- **Activities of the seed certification service must be efficient and fast. If not seed producers will not care about their label due to delays. Seed producers are interested more about the quality of the seeds rather than the label, because they want to protect their reputation.**
- **Importation of crops (that can be produced locally) must be limited. (Eg: chilli)**
- **Government must intervene for importation and production of some crop seeds (Eg: Big onion)**
- **Now there is no proper extension service in the country, extension service is done by the retail shop dealers. Many problems are created due to this mechanism. So extension service must be privatized or reorganize the ASCs .**
- **DOA must do the research and development activities, plant breeding, basic seed production, and certification etc.**
- **Seed act must be implemented as soon as possible and must prepare the standards for seeds and seed producing companies as SLS, ISO etc.**
- **Main problems and mistakes prevail at seed dealers' level. So government must have proper procedure for regulating them. And quality standardization procedure must be introduced after declaring seeds to retailers too.**
- **There is no proper program for record keeping and data collection, so accurate database must be maintained to estimate the yield / production and input requirement. Must not depend on the wrong statistics in current procedure. Proper surveys and research must be conducted to get accurate details about the field.**

13. Mr.Gamini Karunasena
General Manager,
CADC Private Limited,
Nawayalathenna, Katugasthota
Tel.: 08-498682

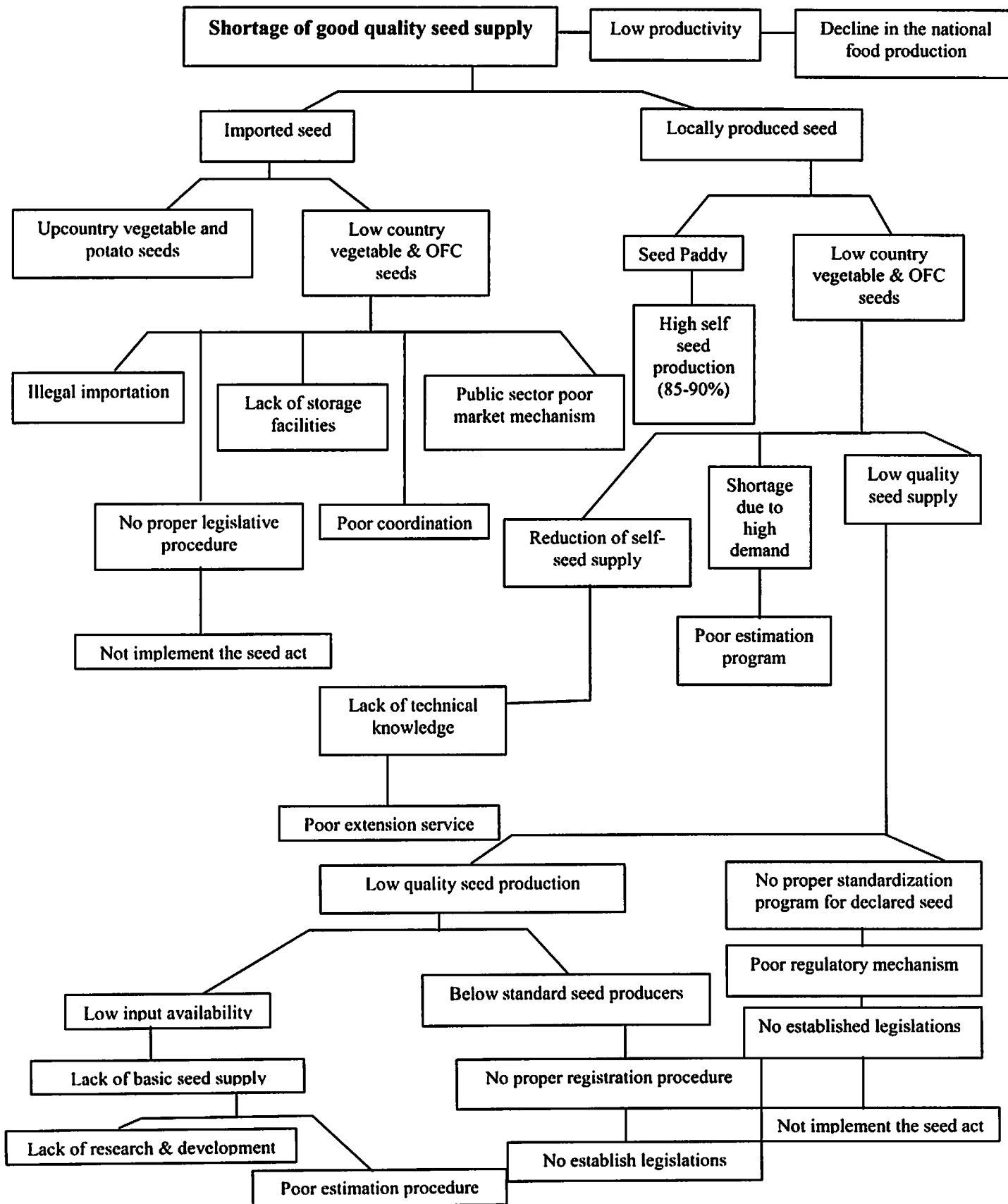
- Farmers have higher selection power; therefore, self-seed production has been reduced after the liberalization of seed supply.
- There is no proper government regulatory mechanism - Regulatory procedure for seed producers is very poor. Therefore small below standard seed producing companies have emerged they do not have facilities to supply good quality seeds. That is the main reason for availability of poor quality seeds. There must be a government intervention in this issue.
- Seed certification service is inefficient. They certify only the seeds, which are produced by using the DOA issued basic seeds.
- Government must provide the facilities (Eg: technology, seed cleaners, graders, basic seeds etc.) for high quality seed production and quality check
- Lack of Research & Development, therefore hybrid seed importation is increased. There is a risk of being totally dependent on other countries / Imported seeds
- Some companies change their prices according to the demand
(High demand → high price)
- High land rent for government farms
- There is a shortage of supplying some of the basic seeds varieties according to the demand.

14. Farmers' view about current seed supply procedure (Udakumbura, 2002)

- There are significant implications from current seed supply procedures. Distribution of poor quality seeds is the major problem in the seed industry. There is no seed availability problem due to liberalization of importation and commercialization of seed production.
- Majority of the farmers could not get the proper benefits from the commercialization of seed industry. Although it was implemented to solve some problems in seed industry, it had failed to achieve the targets due to some weaknesses.
- There is no strong legal base to safeguard the seed industry. Also there is no proper seed standardization program to determine the quality of seeds. This is one of the main weaknesses of the current seed supply procedures.
- Although local seed producers were discouraged due to the higher availability of seed in the market, there is a high potential as well for the local seed production. That is one of the best solutions for solving the current problems in seed industry.
- Most of the farmers had neutral attitudes because seed liberalization had both good and bad implications on farmers. Most of the farmers mentioned that there were no problems with

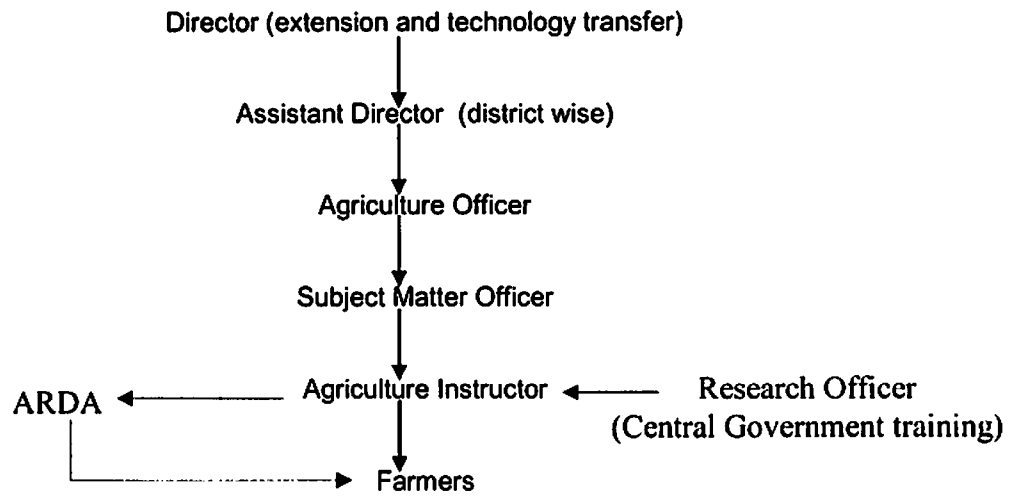
availability of the seeds and information flow. However, most of them were not satisfied with the cost of seeds, quality of seed and government intervention in seed industry. Most of them reported that the government intervention should be increased to solve the problems in seed industry.

Problem Tree

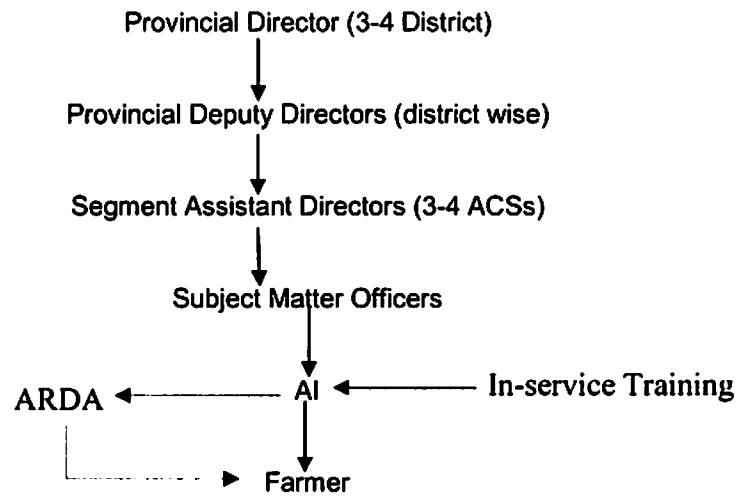


Information Flow (Government officers to farmers)

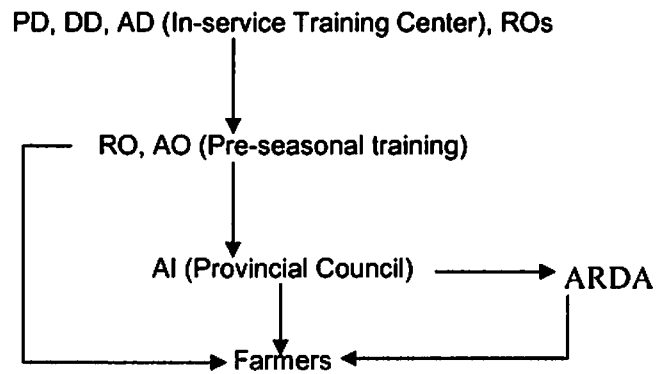
1. Central Government (inter provincial irrigation schemes)



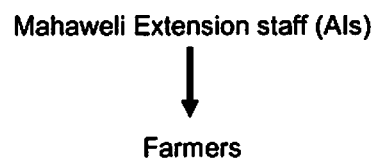
2. A) Provincial Council



2. B) Provincial Technical Working Group (PTWG)-(Chairman-PD)



3. Mahaweli Development Authority (Mahaweli Economic Agency)



- In addition Coconut Cultivation Board, Live-stock Development Board and private companies have their own extension service and information dissemination system

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