



Making ‘National Mission on High Yielding Seeds’ Actionable

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In India's journey towards Viksit Bharat, the Ministry of Finance- Government of India, has made several important announcements in the Union Budget 2025-26, particularly those aimed at accelerating the agricultural growth and enhancing farmers' income to transform India the 'food basket of the world'.

A notable highlight is the launch of the **National Mission on High Yielding Seeds**, reflecting India's strong commitment to catalyse the progress of agricultural research and promoting climate-resilient, high-yield seed varieties. The mission holds multiple objectives, being (1) the strengthening of the research ecosystem, (2) targeted development & propagation of seeds with high yield, pest resistance and climate resilience and (3) commercial availability of more than 100 seed varieties released since July 2024. In this context, reinstating the **200% income tax deduction on R&D expenditure** within the seed sector would be instrumental in encouraging greater private sector participation, ultimately driving the success of the said mission by catalyzing the research

ecosystem and contributing towards the food & nutrition security of the country.

Globally, private sector agriculture seed companies typically spend between 10-12% of their revenue on research and development (R&D), whereas, in India, it only amounts to approximately 3%. Given India's aspirations to become a global superpower, with agriculture as a critical component of the global economy, incentivizing R&D and prioritizing the Indian private seed sector could have socio-economic multiplier effects, while mitigating emerging risks to the food chain. The health of the nation relies on a strong agricultural seed system, as food and nutrition security remains a key focus area in India, with the task of feeding a population of approximately 1.4 billion people. Natural resources & crops face multiple biotic and abiotic stresses that are worsened by the effects of climate change, among other factors. Therefore, incentivizing increased private sector investment in R&D is strategically crucial to enhance food & nutrition security in the region.

In this context, over multiple engagements undertaken through the Policy Advocacy Research Centre (PARC), it was understood that efforts need to begin with increased research and focused development of high-quality seeds. Crop improvement research is driven in some crop by public research but the importance & need for private sector investment in seed research has grown multi-fold in the last two decades.

Subsidies supporting private sector R&D for seeds are currently not viable, given the strains of national finances. Furthermore, multiple factors have laid pressure on the exchequer to control food price inflation with productivity & planning often at stake due to the factors mentioned earlier. Poor yields

the testing protocols have to be devised across the diverse agro-climatic zones prevalent across India.

Given the thrust needed to encourage investments in R&D and the current situation when subsidized research is not financially viable, the PARC study suggests that a reinstatement of 200% tax rebate on R&D expenses incurred by seed companies would ensure required cash flows to increase private investments in R&D.

To ensure that the Indian seed sector maintains parity with their global & regional counterparts, most of whom have access to institutionalised foreign investment in R&D coupled with technology transfers, the reinstatement of 200% tax rebate on R&D for Indian private seed sector companies would offer incentives for further increasing investments.

In view of India's ambitions of being competitive through building self-reliance & resilience coupled with ensuring future food & nutrition security, fiscal incentivisation of R&D through the reinstatement of 200% tax rebate for seed sector would be a progressive & affordable measure to undertake. This should be backed by a strong regulatory framework which will govern the processes for gaining access to the rebate in a transparent and auditable manner. It is also worth considering funding large scale PPP projects between public and



and failing crops due to disease, pests or climate change are an indicator of the challenges that need to be addressed on war footing. Through the primary research study undertaken by PARC, the study shows that incentivisation mechanisms through increasing tax rebates for expenses incurred by seed companies on R&D expenses would encourage enterprises to commit more resources. Furthermore, when engaging with Micro, Small & Medium Enterprises (MSME) enterprises, who focus more on undertaking R&D activities of indigenous & region-specific seed crops, most respondents opined that their growth & survival depended on differentiation, achievable only through more R&D. Between 2016 & 2020, tax rebates on R&D for seeds (biotechnology) fell from 200% to 150% and currently stands at 100%. Research in seeds often carries tremendous risk, with stringent compliance norms, as the outcomes desired are not always achieved, but should not be discouraged. Furthermore, it is a lengthy & time-consuming process which usually takes up to 7 years wherein

private research organizations on crops of national importance like Oilseeds and Pulses where the historical investments have been low. This two-pronged approach of encouraging private investment in seed research will help the country to emerge as the 'food basket of the world' in our journey towards Viksit Bharat.

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