

DRAFT ACTION/IMPLEMENTATION PLAN FOR REVIVAL OF SINDH SEED CORPORATION (SSC)

Introduction

Good seed of improved varieties is one of the most important agriculture inputs for obtaining increased crop production and giving economic benefit to the growers. The quality seed not only gives an impetus to increased crop production but also maintains the quality of production, which fetches higher value in the market.

2. The Sindh Seed Corporation therefore came in to existence through an Act of Parliament passed in 1976 to produce, multiply, procure, process and supply Basic and Certified seed to improve crop yields in Sindh and enhance productivity at national level. The Sindh Seed Corporation started functioning in 1983 and Grant-in-Aid is being provided by Sindh Government to meet salary component and day-to-day expenses. The Grant-In-Aid has been reduced and frozen to Rs.17.00 million since 1997-98 therefore SSC maintain the gap between actual expenditure and Grant-in-Aid through sale proceeds.

3. The Sindh Seed Corporation has been performing its role and has earned credibility of supplying quality seeds at reasonable prices and made grower community certified seed minded. However, on the other side the SSC has failed to achieve full capacity of the processing plant and has remained depended on Government grants to pay salary to staff and failed to work on commercial lines. Apart from posting of non technical and non professional staff to run the SSC, the main reasons for failure of SSC in achieving the targets to provide and supply quality seed of various crops to the farmers at affordable price are as under:-

- Lack of Quality technical leadership and Posting of non technical and non professional Managing Director and Directors in SSC on deputation and their frequent transfers on political ground.
- Over staffing and excessive employment on political ground than actually needed for effective and efficient functioning of SSC.
- Lack of monitoring and evolution programs and missing information flows to run the corporation efficiently.
- Lack of strengthening of operational plans for the improvement of SSC.
- Lack of professional development and capacity building programs for the staff and other related stake holders.
- Lack of motivational and commitment programme to uplift the moral of the SSC staff.
- Lack of plans for sustainable, productively- driven growth and production of technologically related critical thinking work force.
- Lack of coordination with private sector.

- Inadequate supply of pre-basic seed.
- Absence of systematic and scientific Seed multiplication System
- Unsatisfactory procurement and marketing plans.
- Lack of accountability and transparency.

4. Due to the above mentioned reasons Sindh cabinet in meeting held on 16-06-2001 decided to close down the Sindh Seed Corporation. The Sindh Government while negotiating Agriculture Sector Loan with ADB had agreed to the Closure/Divestiture of the SSC including, SASO and Food Department. The SASO has already been closed whereas Provincial Food Department's restructuring is in progress. However the decision of closure has created a vacuum and provided room for private seed companies who have thronged in market with sub-stranded seed products at exorbitant rates fleecing the growers in the name of certified seed on the one hand and adversely hitting yield and ultimately worsening economic health of growers on the other.

5. Realizing the need, importance of the quality Seed and following reasons the Sindh Cabinet reconsidered its earlier decision dated 16-06-2001, and decided in its meeting dated 24-09-2002 to consider revival of SSC as a lean and more efficient organization:-

- ❖ Existence of SSC helped growers to become certified seed minded and developed a certified seed market which made it possible for the private sector to play its role and bridge the gap.
- ❖ SSC made access possible for growers to latest varieties of different kinds of seeds as produced by breeders and enabled them to choose the best suiting their requirements.
- ❖ SSC played an informal regulatory role over private sector by compelling them to maintain quality in their products at reasonable rate.
- ❖ The growers of Sindh would be deprived of an institution, which has been playing its role and can play it more effectively and efficiently to the benefit of peasantry class if some period is allowed along with reforms introduced.

6. The Sindh Cabinet in its subsequent meeting dated 24-02-2004 constituted a Ministerial Committee to decide the fate/future of Sindh Seed Corporation.

The Committee realizing the ground reality, recommended the revival of Sindh Seed Corporation as under:-

- ⇒ To continue the Sindh Seed Corporation as lean and more efficient organization.
- ⇒ Out of 189 staff presently on strength only 98 be retained and remaining 91 be declared surplus for further adjustment or offered golden hand shake package.

⇒ Federal Government may be approached to enhance cash credit limit for seed operations.

⇒ Finance Department as per past practice should provide grant-in-aid to SSC for salaries and day to day expenditure till it is able to operate on commercial lines.

7. The Honourable Chief Minister Sindh agreed to the proposal and decided that revival should be operational as soon as possible.

8. During review of ASPL-II implementation, realizing the importance of the Sindh Government decision to retain Sindh Seed Corporation as a lean and efficient organization to promote seed industry in the Province as against earlier decision of its closure, the ADB mission in the revised Aid Memories proposed *inter-alia* following follow-up action.

“Government of Sindh would submit to MINFAL by 30 June 2005, an action plan for promoting the seed industry that provides a level playing field to private seed companies.”

9. The SSC can be reactivated as efficient setup immediately by taking following measures:

- i. Rightsizing of SSC Employees.
- ii. To reduce the size of existing Directorates and postings of Directors amongst SSC senior officers in their line of promotions.
- iii. Posting of permanent Managing Director.
- iv. Establishing, coordination with private sector and gradual involvement of private sector for privatization/leasing of SSC.
- v. Constitution of Board of Governance by ensuring the participation of private sector including growers.
- vi. Provision of monitoring and evolution programs and information flows to run the corporation efficiently.
- vii. Strengthening of operational plans for the improvement of SSC.
- viii. Provision of professional development and capacity building programs for the staff and other related stake holders.
- ix. Provision of motivational and commitment programme to uplift the moral of the SSC staff.
- x. Provision of plans for sustainable, productively- driven growth and production of technologically related critical thinking work force.
- xi. Provision of coordination with local private sector, trading through local firms.

- xii. Provision of systematic and scientific Seed multiplication System
- xiii. Provision of satisfactory procurement and marketing plan.
- xiv. Rehabilitation of Seed Processing Plant.
- xv. Provision of revolving funds for purchase & sale of seeds.
- xvi. Formulation of four (4) years Seed Multiplication Programme for strict implementation.
- xvii. Strengthening of procurement processing and sale system at main Seed Plant at Sakrand.

10. To enhance the overall efficiency of SSC and to earn a strong reputation of an efficient and credible public service organization an action/implementation plan and areas of collaboration with private sector are as under :-

Action Plan.

- a) **Right sizing of the staff**
 - i) Restructuring of organization.
 - ii) Severance Package/ absorption of the surplus staff.
- b) **Financial Support.**
 - i) Rehabilitation of Seed Processing Plant to operationalise it .
 - ii) Development and mechanization of Seed Farms.
 - iii) Mobility for field staff.
 - iv) Clearance of financial liabilities.
- c) **Seed Production and Marketing.**
 - i) Development & reactivation of Seed Farms.
 - ii) Seed Multiplication Programme.
 - iii) Procurement and Marketing of Seeds.
 - iv) Quality Control measures.
- d) **The improved Management, Monitoring & Evaluation System, Professional Development and Capacity Building Programmes**
 - a. **Right sizing of the staff**
 - ❖ The Sindh Seed Corporation is presently operating with an employment of 184 persons including Managing Director on annual salary of Rs.37.00 million. SSC has decided to retain 84 employees on seniority basis (Annexure-A).
 - ❖ After rightsizing, the SSC can function efficiently with above work force on annual salary of Rs.15.00 million, thus saving of Rs.22.00 million annually.

- ❖ Presently four (04) Directorates are working in the SSC. After restructuring, these directorates will be merged into two (02) directorates as under:-
 1. Production, Processing & Marketing Division.
 2. Administration & Finance Division.
- ❖ The entire activities will be focused at Main Seed Plant Sakrand to improve and supervise the procurement, processing and marketing of seed. The Head Quarter of SSC will therefore be shifted to Sakrand to achieve these objectives.
- ❖ A Coordination Wing in SSC will be established to keep liaison between the division/wings of SSC as well as other Departments to increase the efficiency and to streamline the working of the Organization.
- ❖ The remaining 100 persons may be offered golden hand shake package adopted by the Sindh Government for the employees of SRTC and SASO. The total amount involved in the severance package as on 01-07-2005 is worked out to Rs.62.137 (approximately) as under:-

Golden Handshake	Rs.	43.536	Million
Gratuity	Rs.	14.512	Million
Leave Encashment	Rs.	04.089	Million
	Rs.	<u>62.137</u>	Million

b. **Financial support**

The Seed Plant Sakrand was commissioned during 1982-83. Due to continuous running of Plant wear and tear have occurred. The Funds were not available therefore no major repair has been carried-out. On one hand the processing capacity has reduced whereas the quality of the finished seed has also decreased. Similarly the cultivation at Seed Farms has been stopped. Neither proper implements are available nor farm land is development. Required irrigation is also not provided to achieve the desired production.

The allocation of Rs.450.00 million under ADP 2005-06 has therefore been made for Revival/Rehabilitation of Sindh Seed Corporation. The PC-I scheme at cost of Rs.388.576 million has subsequently been approved in principle in PDWP meeting held on 19-07-05. The funds will however be released after the decision of Provincial Cabinet on the revival of SSC. The areas of funding are as under;-

- i) Rehabilitation of Seed Plant
- ii) Development and mechanization of Seed Farm.
- iii) Mobility for field staff.
- iv) Procurement and Distribution of Seed.
- v) Clearance of liabilities.

c. **Seed Production and Marketing.**

i) **Development and reactivation of Farms.**

Presently 5945 acres of land as per details below are available for seed multiplication.

<u>Farm</u>	<u>Total Area</u>	<u>Undeveloped Area</u>	<u>Cultivable Area</u>	<u>Area in Acres</u> <u>Remarks</u>
Pai Sakrand	372	16	300	56 acres area under road, building, villages & channels
Setharja	1041	75	850	116 acres under Road Building, graveyard, garden, & channels.
Ruk	107	25	72	10 acres under Road Building, garden & channels.
Ghotki	1417	525	800	92 acres under Road Building, villages & channels.
Lodra	2898	2029	700	169 acres under Road Building, villages & Channels.
Lakhi	110	35	70	05 acres under Road Building.
TOTAL	5945	2705	2792	448

The land will be developed and mechanized to increase the area for production of maximum Basic seed by SSC to meet the requirement of SSC as well as Private Sector. Provision of funds is available in above ADP scheme.

ii) **Seed Multiplication**

To streamline the seed multiplication system following short term & long term plan have been formulated:-

Short Term Plan

To facilitate successful operation of SSC activities following steps have immediately been taken.

- SSC will multiply pre-basic/basic Wheat seed on an area of 800 acres for Production of about 24000 mds (960 M.T) during 2005.
- SSC will purchase 400 M.T certified Wheat seed variety to activate its Marketing outlets and commission agents. In addition to this 200 M.T Wheat seed available with SSC will also be marketed to growers for procurement during next year i.e 1st year of the revival of SSC.

- During 2005-2006, 800 M.T Cotton seed and 200 M.T Paddy seed will also be procured for sale.
- Rs.29.00 million are involved against which Rs.15.00 million are therefore required which will be revolved during Rabi and Kharif season till funds under aforementioned scheme are released. The funds will be provided from Foundation Seed Cell of ARI, Tandojam, till any other arrangements are approved by the Government.
- Gradually efforts would be made to include seed multiplication activities of Sunflower and other Oil Seeds, fruits and vegetable

Long Term Plan

- A 4 years seed multiplication plan of SSC at Basic Seed Farm has been prepared for production of basic seed required for further multiplication, procurement and sale (Annexure-B).
- The seed production, expenditure, income and net profit out of seed farm are detailed at Annexure-C. The summarized position is given below;-

Summary

Qty in m.t
Amount in million rupees.

Year	<u>Seed Production</u> <u>(Seed Farms)</u>			<u>Expenditure Income</u>		Net Profit
	Wheat	Cotton	Paddy	Expected Income SSC Share	Expected Expenditure SSC Share	
1 st Year	960	-	-	5.341	2.781	2.56
2 nd Year	1536	448	783	17.543	7.213	10.33
3 rd Year	2100	720	2304	31.18	10.674	20.51
4 th Year	3200	1200	3600	49.20	15.442	33.76

iii Procurement & Marketing

The requirement of certified seed, area under crop and %age of certified seed availability against available processing capacity as well as seed requirement is given below:-

<u>Crop</u>	<u>Area (Hec)</u>	<u>Total seed Required M.T</u>	<u>Certified seed required M.T</u>	<u>Processing Capacity M.T</u>	<u>%age Certified Seed against capacity</u>	<u>Share of Private Sector</u>
Wheat	883000	105600	20 % 21120	17000	80	20
Paddy	576000	11520	30% 3456	1600	46	54
Cotton	610000	12200	100% 12200	4000	33	67

- SSC will register its contract growers for basic seed multiplication which has been stopped since long. The advisory services will also be provided to these growers for seed production and procurement.
- The procurement and payment system will be streamlined to avoid any delay at any stage.
- In past the seed was marketed by SSC through 5 main centers at Hyderabad, Mirpurkhas, Sakrand, Sukkur and Larkana. In future entire seed would be marketed through net work of Private seed companies.
- The procurement and sale targets showing physical and financial position are at Annexure-D.

The summary of sale targets and estimated profit from marketing of seeds is as under:-

SUMMARY

Amount in Million rupees

Year	WHEAT		COTTON		PADDY		Total Profit
	Target	Profit	Target	Profit	Target	Profit	
1 st Year	600	1.5	800	05.0	170	0.175	8.675
2 nd Year	3680	4.4	1200	10.5	616	0.327	15.227
3 rd Year	5520	6.6	1600	16.0	1960	4.490	27.090
4 th Year	7360	8.8	2000	20.0	3060	8.550	37.350
TOTAL	-	21.350	-	51.50	-	13.542	86.342

iv. Quality Control

The quality control over seed to be produced at the aforementioned Farms as well as with registered growers would be made by SSC. For this purpose existing Quality Control Laboratory at Sakrand Plant will be strengthened to increase the capacity and efficiency.

d) The improved Management, Monitoring & Evaluation System, Professional Development and Capacity Building Programmes

The PC-I scheme at the cost of Rs.388.576 million has been prepared providing the cost estimates.

Financial Review/Position.

The requirement of funds to meet the salary expenses and other day to day expenses during the 4 years are detailed below:-

Fig in Million Rupees

<u>Proposed Budget Estimate</u>			
<u>Year</u>	<u>Salary</u>	<u>Other Contingencies</u>	<u>Total</u>
1 st Year	15.00	03.00	18.00
2 nd Year	17.00	05.00	22.00
3 rd Year	19.00	06.00	25.00
4 th Year	22.00	06.00	30.00

The summary of income from Farms/Marketing and deficit/saving against budget estimate is given below:-

Fig in Million Rupees

<u>Year</u>	<u>Income of Farm</u>	<u>Income from Mkt</u>	<u>Total</u>	<u>Annual budget</u>	<u>Deficit</u>	<u>Saving</u>
1 st Year	2.56	6.675	09.235	18.00	8.765	-
2 nd Year	10.33	15.227	25.557	22.00	-	3.557
3 rd Year	20.51	27.090	47.600	25.00	-	22.600
4 th Year	33.76	37.350	71.110	30.00	-	41.110
TOTAL	67.16	86.342	153.502	95.00	8.765	67.267

PRIVATE SEED INDUSTRY - AN ACTION PLAN

The recognition by the Government of the need to make a major intervention in the seed sector specially to enhance participation of the private sector is a major step forward in advancing the seed industry in the right direction.

2. The private seed sector has been allowed to enter in to seed business since 1992-93. They were confined to procure Basic seed from the SSC and produce certified seed with their registered growers for further processing and distribution. Unfortunately SSC failed to produce Basic Seed for their requirement. A Foundation Seed Cell with Agriculture Research Sindh has therefore been established but due to limited resources, it is not possible to meet demand.

3. About 45 private seed corporations have been registered in Sindh who are supplying certified seed to the growers in the province. The SSC cannot meet the total requirement of certified seed of the province, therefore private sector has also to come forward to bridge the gap of seed requirement..

4. The private sector collaboration in the over all management of the seed was discussed with the Sindh Private Seed Companies. They were of the view that the strengthening of the SSC will automatically strengthen the seed production and marketing system of Private Seed Corporations. They also showed their willingness to collaborate with SSC provided they are allowed to utilize available resources.

5. Areas for promoting private sector.

- As per provision of Seed Act 1976, the SSC has to supply Basic seed of improved varieties to private seed corporations. Since in past the basic seed was not produced in excess quantity, resultantly private sector has been supplying certified seed of second & third generations. Foundation Seed Cell has also been established with Agriculture Research Sindh, which is also not able to meet their requirement due to their constraints. A Foundation Seed Cell on the pattern of PSC will be established in SSC to meet the basic seed requirement of private sector in collaboration with the cell of Agriculture Research Department.
- Seed processing facilities are mostly not available with private sector. SSC has established mini processing Units at different five locations in all over Sindh. The private seed corporations will be facilitated by processing their stocks at nominal charges.
- Quality Control system is totally lacking with private seed companies. The quality control laboratories will be established by SSC at different locations which will provide seed testing facilities to the private sector.
- The private seed companies can be collaborated in a joint venture to market seed produced by the SSC in future.

- The seed multiplication facilities will also be offered to the private sector at SSC Farms on agreed terms & conditions.
- The Government of Sindh would encourage research and development of crop varieties in the Private Sector through appropriate measures to provide for the much needed plant breeders right.
- Provision for special incentives like; duty free import of plant material, duty free import of processing machinery, permission of credit at reasonable interest rates and tax holidays could be considered
- Private Sector will be involved in Seed Multiplication Process.
- Small Seed Processing Plants available with Sindh Seed Corporation will be privatized/leased out to private sector seed companies.
- Any other proposal would be considered to widen the mutual cooperation between seed cooperation and Private Seed Companies to ensure availability of better quality and timely supply of seed to enhance productivity.