Protecting Indian Farmers from Corporates

Why in news?

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The Competition Commission of India (CCI) is examining the India's stand on the merger between Bayer and Monsanto.

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What are the concerns about this merger?

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- There is a proposed acquisition between Monsanto's entire shareholding by Bayer, which brings together two global giants in the seeds and agro-chemical markets.
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- If approved, the merger will lead to tight oligopoly of three multinational giants, which will control almost two-thirds of the global production in seeds and agro-chemicals as well as the valuable big data and IT platforms.
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- This will lead to price rise for seeds and pesticides and also will lead to control of the global food value chain.
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What is the global reactions on the merger?

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- The European Commission (EC) has identified preliminary concerns in the following three areas, namely,
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1. **Pesticides -** Due to limited competition between Monsanto's portfolio of

biological pesticide and Bayer's portfolio of chemical pesticide products, and the parties' overlapping activities.
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2. **Seeds -** Due to the parties' high market share in the breeding and licensing of vegetable seeds for several field crops such as oilseed, rape seeds and cotton seeds, and in the research and innovation programmes for wheat.
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3. **Traits -** Due to Monsanto's dominant position in several traits markets worldwide and Bayer being one of the few competitors, which has notably developed alternative herbicide tolerance traits to Monsanto's.
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- The EC will further investigate whether competitors' access to distributors and farmers could become more difficult if Bayer and Monsanto were to bundle or tie their sales of pesticide products and seeds, notably with the advent of "digital agriculture".
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How corporates abused Indian Farmers?

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- In India, Bayer has 60-65 per cent market share and Monsanto enjoys 15-20 per cent market share in corn insecticides in both the upstream market for seed treatments and downstream market for sale of seeds.
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- Monsanto abused its market power by using royalties for its GMO seeds, particularly in cotton which is often linked to farmer suicides in cotton belts.
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- Unlike in the US, Monsanto didn't sign any individual contracts with Indian farmers, due to the absence of a patent.
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- Monsanto locked 28 Indian seed companies through one-sided licence agreements to collect hefty royalties on its behalf.
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- The same issue of the likely abuse of dominance in charging high trait fee by Mahyco Monsanto.
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What are expected consequences for India?

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- The proposed merger will affect the innovative efforts in the next few decades besides increasing the dependence of Indian agriculture on the three global giants.
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- In India post-merger “Baysanto” will have a dominant platform in cotton seeds, vegetable seeds (cabbage, cucumber, onion, hot pepper, tomato) as well as in insecticides for rice, cotton and corn and will face insignificant competition.
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- The Bayer do not seem to have adequately answered many antitrust issues, for instance, the strong possibility of “bundling” by leveraging its dominance in one product line to force purchases in another.
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What needs to be India’s response in this regard?

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- For this cause recently CCI has invited public comments on the merger.
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- The Indian subsidiary of Monsanto challenged before the CCI, on complaints filed by various Indian seed associations and a reference by the ministry of agriculture.
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- CCI needs to consider the remedies sufficient to allay the risk of competition law concerns.
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- This remedy must deal with the possible adverse effects on innovation of germ plasm, traits, breeding technologies, crop protection, big data and digital farming.
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- CCI need to keep in mind that the peculiar vulnerability of poor and illiterate Indian farmers and their lack of bargaining power.
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- CCI also needs to consider cooperating closely with other competition authorities in the US and other affected countries.

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Source: Business Standard

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