

Cotton seed war

Competition, not price control, needed in GM seeds

The row between the government and Monsanto, the world's largest seed company, over capping the sale prices of genetically modified (GM) Bt-cotton seeds and lowering the royalty for its proprietary insect-killer gene is in the long-term interests of neither the seed industry nor farmers. The agriculture ministry has already notified the Cotton Seeds Price (Control) Order in December last by bringing cotton seeds back into the list of items covered under the Essential Commodities Act. It is now said to be preparing to go a step further to mandate a sharp cut in the technology fee charged by Mahyco Monsanto Biotech Ltd (MMBL), Monsanto's joint venture with Maharashtra Hybrid Seeds Co, for licensing its crop genes to local seed firms. Irked by these moves, Monsanto has threatened to re-evaluate its India business, complaining such state interventions disallow recouping research and development investments.

However, regardless of the merits and demerits of the government's action or Monsanto's stand, this dispute certainly raises some fundamental issues. For one, is it fair for the government to dictate what royalty the holder of a proprietary product or technology should charge for licensing it to other companies for commercial use? Another pertinent question is whether the government is justified in controlling the price of a product which has neither been developed with any financial assistance from it nor has it been a recipient of any subsidy on its sale. Development of a new seed, especially one requiring genetic modification through frontline biotechnological tools, usually involves years of scientific effort and huge costs. The developers have to make substantial additional investments in generating massive data on parameters like efficacy, yield potential and environmental and health safety concerns. Unless the promoters are assured of recovering their costs, they will have little interest in making such investments.

The transgenic Bt-cotton, carrying an alien gene borrowed from a soil bacterium called *Bacillus thuringiensis* or Bt, has proved its effectiveness in boosting the country's cotton output. It has also been accepted wholeheartedly by cotton growers. Over 90 per cent of the cotton acreage is now under Bt seeds. Farmers would, obviously, not have embraced it if they had found it uneconomical to do so. In fact, the Commission for Agricultural Costs and Prices (CACP) has said in its 2014 *kharif* pricing policy report that out of 14 major *kharif* crops – including, among others, paddy, maize, *tur*, groundnut and soyabean – cotton gave the highest net returns despite a general slide in cotton prices.

If the government is truly keen to bring down the prices of GM seeds of cotton, the best way to do so will be to promote competition by allowing development of such seeds by more private and public sector bodies. But the government's present policies governing GM crops are far from conducive to the emergence of such competition. Well-advised changes in these policies are, therefore, urgently called for. That will let more gene-tweaked seeds to come up not only for cotton but also for various other crops for which such seeds are in various stages of development. Until that happens, the government should at least desist from messing up with the cotton sector which has flourished thanks to GM seeds.