

Reducing royalties for GMO seeds won't help Indian companies facing low cotton sales

The GLP aggregated and excerpted this blog/article to reflect the diversity of news, opinion and analysis.

A government panel on genetically modified Bt cotton recommended a steep reduction in royalty fees payable to seed technology companies. The committee has recommended a 70% reduction in royalty fees. . . .

If the royalty cut is implemented, domestic seed companies will benefit as they will pay a lower royalty fee and the price will be uniform across the states. . . .

. . . .

In the current fiscal, the industry has been hit by low crop acreages, adverse weather conditions, crop losses due to pest attacks, subdued cotton prices and poor farmer sentiments. The seed price is not as relevant in this mixture. Despite reducing prices (by offering steep discounts), companies were unable to arrest the drop in sales. In the nine months to December 2015, Kaveri's sales fell 24% from a year ago.

Unless cotton prices recover drastically (already down one-fifth from January 2014), the scenario is unlikely to change much. Cotton acreages are expected to remain at current low levels due to the shift in farmer preferences to other crops and inventory de-stocking in China, a major importer of cotton.

. . . .

Low royalty and seed prices may ease the pain of cotton farmers somewhat but the bigger problem is one of low demand for their product.

Read full, original post: [Weak demand a bigger problem for seed firms](#)