

To reduce price of GMO cotton seed, should India regulate royalty fees or promote competition?

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The row between the [Indian] government and Monsanto. . . 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. . . .

. . . [T]his 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 . . . usually involves years of scientific effort and huge costs. . . . Unless the promoters are assured of recovering their costs, they will have little interest in making such investments.

. . . .

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.

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