

Indian Farmers Cotton on to New Seed, in Blow to Monsanto

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In a tiny hamlet at the heart of the cotton belt in northern India, Ramandeep Mann planted Monsanto's genetically modified Bt cotton seed for more than a decade, but that changed after a whitefly blight last year.

Mann's 25-acre farm in Punjab's Bhatinda district now boasts "desi," or indigenous, cotton shrubs that promise good yields and pest resistance at a fraction of the cost.

Mann is not alone.

Thousands of cotton farmers across the north of India, the world's biggest producer and second-largest exporter of the fiber, have switched to the new local variety, spelling trouble for Monsanto, the Creve Coeur-based seed giant, in its most important cotton market outside the Americas.



The Indian government is actively promoting the new homegrown seeds, having already capped prices and royalties that the world's largest seed company is able to charge.

"Despite the whitefly attack, farmers in northern India are still interested in cotton, but they are moving to the desi variety," says Textile Commissioner Kavita Gupta.

Official estimates peg the area planted with the new variety at 178,608 acres in northern

India, up from roughly 7,413 acres last year.

That is still a tiny percentage overall, and most farmers in the key producing states of Gujarat and Maharashtra are sticking to Monsanto's GM cotton, which has been instrumental in making India a cotton powerhouse.

And the impact of whitefly, a pest that thrives in dry weather, may not be as big this year, as monsoon rains are likely to be plentiful. Experts said two straight droughts fanned last year's infestation.

But the new seed is still a setback for Monsanto, which has also been hit by a roughly 10 percent decline in cotton acreage in India this year as farmers switch to crops like pulses and lentils in the aftermath of the whitefly blight.

Seed sales slide

Monsanto's Bt cotton sales in India have fallen 15 percent so far in 2016, said Kalyan Goswami, executive director of the National Seed Association of India.

The firm, which last year sold some 41 million packets of Bt seeds in India, could stand to lose up to \$75 million due to lower sales and the steep cut in royalties enforced by the government earlier in 2016, according to Reuters calculations.

The company, which unsuccessfully challenged India's decision to slash royalties in court, declined to comment for this article.

But in the wake of the whitefly infestation, Mahyco Monsanto Biotech (India) Pvt. Ltd., a joint venture with India's Mahyco, said last year that Monsanto and its Indian licensees marketed their product as resistant to bollworms, not other pests.

Some experts were optimistic the indigenous cotton seeds developed by the Central Institute for Cotton Research (CICR), which comes under the farm ministry, would catch on over time.

"Just wait for the crucial three to four years to see a complete, natural turnaround. By then most farmers will give up Bt cotton and go for the indigenous variety," said Keshav Raj Kranthi, head of CICR.

Kranthi said planting a hectare with the Indian variety cost less than half the farmers paid to sow Bt cotton over the same area, and the crop yield was almost as high.

Unlike genetically modified seeds, farmers could also store and replant the local seeds the following year, he added.

Some experts voiced caution over the new variety, however.

"By all accounts, the indigenous cotton looks pretty promising, but it will be put to test this year," said Devinder Sharma, an independent food and trade policy analyst. "It's a potential game changer, but it has to succeed first."

Bollworms reappear

Experts began raising doubts last year about the resilience of Monsanto's lab-altered Bt

seeds, which still account for more than 90 percent of the cotton seeds sold in India.

Monsanto's Bollgard II technology, introduced in 2006, was slowly becoming vulnerable to bollworms, they said, as any technology has a limited shelf life.

Kranthi cited the increase in insecticide consumption as a sign of rising pink bollworm infestation.

In 2015 cotton farmers used an average 1.20 kg of insecticides per hectare (about 1.07 pounds per acre), up from 0.5 in 2006 (about 0.44 pounds), when Bt cotton seeds were at the pinnacle of their productivity.

Between 2006 and 2015, fertilizer consumption for the cotton crop doubled to 270 kg per hectare (about 240 pounds per acre), said Kranthi, indicating rising costs of cultivation and stagnating yields of Bt cotton.

But the more pressing concern for many has been whitefly, with farmers like Mann answering the call from India's farm ministry and state agriculture universities to switch to local seeds to fight it.

"The only other option we had this year was to plant the Bt cotton again or leave the land fallow. Both were fraught with economic risk, and to obviate that risk we decided to plant the desi variety," he said. (\$1 = 66.75 rupees)

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