

# Biotech Cos Upset with Bt Cotton Royalty Rates Order

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**New Delhi:** Biotechnology firms are crying foul against a government order that aims to help farmers by restricting royalty rates on Bt Cotton and increase competition by forcing companies like Monsanto to grant licences to all eligible seed makers who seek the technology.

The notification, meant to help farmers distressed by two droughts, also empowers an official body to decide if a particular technology is no longer effective enough to deserve any royalty at all, dealing a severe blow to international firms which dominate the market. Cotton seeds account for

about 40% of India's ₹10,000 crore seeds market.

Monsanto India's shares fell 8.5% on Monday because of investor concerns over the notification.

Syngenta International's Chief Operating Officer Davor Pisk said such a rule would force his company to review its priorities for developing GM products in India, although he remains bullish about other products. He also said compulsory licensing had an ethical argument only for live-saving drugs that were unaffordable. "If we start to extend that into other industries then I think there's a risk to undermine the whole basis of the intellectual property law, which in the long run would undermine the incentives for innovation and science-based research,"

he said. The notification escalates the raging dispute between the Centre and biotechnology companies including Monsanto over price controls recently imposed on cotton seeds. Officials say controls on prices were imposed after farmers and seed manufacturers complained that they were being exploited by alleged monopolistic and exploitative practices by Monsanto. The US firm strongly denies this.

Global companies accuse the government of creating an uncertain business climate

with arbitrary anti-innovation steps, two weeks before Prime Minister Narendra Modi's visit to the US, where he is due to address a joint session of the US Congress.

Market leader Monsanto and the industry executives said the notification would crush innovation and eventually hurt farmers.

"We strongly oppose the recent gazette notification ... as it a huge blow to the innovators in agri-biotech industry. It clearly indicates the intention of the government to disregard research & innovation and thereby not protecting IP in the sector," said Shivendra Bajaj, executive director, Association of Biotechnology Led Enterprises-Agriculture Focus Group (ABLE-AG), whose members include Syngenta, Monsanto, Dow Agri-

Sciences and Bayer BioScience.

"This order creates an environment of policy unpredictability and arbitrariness of decision making, which is contrary to the recently launched IPR policy. Such a decision will further create an environment of uncertainty and disincentive to technology developers for bringing new technologies into India, which will ultimately harm the farmers as new technologies come slow to them.," he said.

The new order immediately cancels all licensing agreements and mandates grant of new licenses on terms, which biotechnology firms say are heavily tilted against them. Royalties would be restricted to 10% of the price of cotton seeds for five years.



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