

**GOVERNMENT OF INDIA
SCIENCE AND TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:2622
ANSWERED ON:17.03.2006
DEVELOPMENT OF INDUSTRIES
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Will the Minister of SCIENCE AND TECHNOLOGY be pleased to state:

- (a) whether the Government has any scheme to encourage industries to undertake research and development activities on a large scale;
- (b) If so, the details thereof; and
- (c) the steps taken by the Government to encourage export of technology?

Answer

MINISTER OF SCIENCE & TECHNOLOGY AND MINISTER OF OCEAN DEVELOPMENT (KAPIL SIBAL)

(a) & (b) The Government has many schemes to encourage industries to undertake research and development activities on a large scale. The Department of Science and Technology (DST) initiated a "Drugs and Pharmaceuticals Research Programme" in 1994-95 to promote R&D in the drugs and pharmaceutical sector. During January, 2004, the Government established a Pharmaceutical Research and Development Support Fund (PRDSF) under the administrative control of DST with an initial corpus of Rs. 150 crore and the "Drugs and Pharmaceuticals Research Programme" was merged with PRDSF. The corpus of Rs. 150 crore was dissolved in 2005-06 and the entire money is available for funding R&D in the drugs and pharmaceutical sector. Under PRDSF programme, support is provided to R&D institutions for collaborative R&D projects as well as soft loan is provided for industrial R&D projects for pharma projects. The Department of Science & Technology constituted a "Technology Development Board" in 1996, which supports development and commercialization of indigenous or imported technology. The Council of Scientific and Industrial Research has a scheme on "New Millennium Indian Technology Leadership Initiative (NMITLI)" which encourages industry to undertake research and development in a proactive public-private partnership mode. The Department of Biotechnology has a scheme on "Small Business Innovation Research Initiative (SBIRI)" to encourage research and development in the biotechnology sector. The Department of Scientific and Industrial Research has a scheme on "Technology Development and Demonstration Programme" (erstwhile PATSER) to encourage industries to take up new product / process development. All the above schemes provide support to industries by a way of grants, loans and/ or equity.

Besides, Government has evolved, from time to time, several fiscal incentives to encourage industries to undertake research and development activities. The major fiscal incentives include: weighted tax deduction under section 35(2AB) of Income Tax Act 1961, which allows a weighted tax deduction @150% on R&D expenditure to companies engaged in the business of bio-technology or in the business of manufacture or production of drugs, pharmaceuticals, electronic equipment, computers, telecommunication equipment, chemicals, aircrafts & helicopters and automobiles including automobile components in government approved in-house R&D centres; and 10 year tax exemption under section 80-IB(8A) of Income Tax Act 1961 to approved companies whose main objective is undertaking scientific and industrial research & development.

(c) Department of Scientific and Industrial Research (DSIR) is the only government department that has a scheme on "International Technology Transfer Programme" which is aimed at promotion of international technology transfer and trade including export of technologies, projects, services and technology intensive products. A number of steps have been taken under the scheme to encourage export of technology. These include: compilation of technology export performance and capabilities of small and medium enterprises in the country; showcasing and demonstration of technology export capabilities through international exhibitions and "Technology Trade Facilitation Centre"; organization of "International Training - cum - Awareness Programmes" targeted at overseas participants with a view to build Indian brand ambassadors amongst them; and capability building of industries and R&D establishments in areas such as intellectual property rights and product design for enhancing their technology intensive exports. The DSIR has a joint project with the Confederation of India Industry viz. "Technology Export Development Organisation" (TEDO) which aims to promote industry for technology exports in specific sectors. The DSIR has also promoted a "Centre for International Trade in Technology" in the Indian Institute of Foreign Trade whose main objectives are to conduct research on emerging technological issues in international trade with a view to provide inputs for policy formulation and to develop trained manpower in international technology trade who can possibly be engaged by industry in their endeavor to export technology.