

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

UNSTARRED QUESTION NO:2668
ANSWERED ON:31.08.2007
OUTSOURCING OF R& D WORK
Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of SCIENCE AND TECHNOLOGY be pleased to state:

- (a) whether the World Investment Report released by UNCTAD has reported regarding updating of technology in India;
- (b) if so, the details thereof;
- (c) whether the Government is contemplating out-sourcing of Research and Development work to specialized centres;
- (d) if so, the details thereof; and
- (e) the extent to which the findings of the recent World Investment Report released by UNCTAD would be useful in updating technology in India?

Answer

MINISTER OF SCIENCE AND TECHNOLOGY AND MINISTER OF EARTH SCIENCES (KAPIL SIBAL)

(a)&(b)The World Investment Report 2006 released by UNCTAD has not specifically reported regarding updating of technology in India. However, it highlights the changing role of developing countries and transition economies in global foreign direct investment and international production system. It states that the outward investment by developing economies is increasing. The report highlights the limited role of India in outward foreign direct investment, which is evident from the fact that only one Indian company figures in the list of top 100 Trans-National Corporations (TNCs) from developing economies, given in the report.

(c)&(d) In order to take our technology to match global standards, the Government has launched schemes that promote public-private partnerships and R&D collaborations (nationally as well as internationally), rather than outsourcing of R&D to specialized centres. For example, under the scheme - New Millennium Indian Technology Leadership Initiative (NMITLI), the endeavour is to bring the best private sector partners and publicly funded institutions together to create technologies that provide technological leadership to the country.

(e) The World Investment Report 2006 released by UNCTAD focuses on FDI from Developing and Transition Economies and its main finding is -the rise of TNCs from these economies is a part of profound shift in the world economy. The report includes a reference of Prime Minister of India, stating that Indian Government will remove all barriers to growth and encourage Indian companies to go global. The report also refers to the assistance being offered by FICCI to improve the competitiveness of Indian businesses and enhance their global reach.

Thus, the findings of the World Investment Report 2006 report signal towards creating an enabling mechanism for the creation and rise of TNCs of Indian origin, who with their outward investments would be able to access markets, natural resources, foreign capital, technology or intangible assets, essential for their competitiveness.