

*For Attention of All Industries and
Engineering Colleges*

INDUSTRY FAILS TO TAKE ADVANTAGE OF R&D SOPS

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This article by N. Suresh which was published in Times of India (Bombay Edition) of 10th November 1995 is reproduced here for the benefit of (i) Industries who wish to go in R & D activity and (ii) Engineering Colleges who are seeking interaction/Collaboration with Industries to assist them in solving their problems and also to undertake R & D activity.

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Industry has failed to take advantage of the tax incentives given by finance minister Manmohan Singh last year for investments in research and development (R&D) mainly because of its emphasis on importing proven technology packages from abroad.

In the 1993-94 budget, the finance minister had announced 125 per cent tax deductions for R&D programmes sponsored by industry in national research laboratories. So far, the department of scientific and industrial research (DSIR) has received only 12 applications from industry for tax concessions under this scheme. Six of them are for R&D projects in the National Chemical Laboratory, Pune, and six in other CSIR laboratories, DSIR additional secretary Ashok Parthasarathy said.

"We are worried by the development. We have to know what is holding industry back from investing in R&D," said DSIR chief R. A. Mashelkar as he sought industry's views on this while meeting with industrialists at the Federation of Indian Chambers of Commerce and Industry (FICCI) today. "This is not working. But we have to know why, before asking for more concessions from the finance minister in the next budget."

On the occasion, a memorandum of understanding was signed between FICCI and CSIR. The 40-laboratory network of CSIR will be available to industry for sponsored research. CSIR has signed a similar MOU with the other apex industry body, the Confederation of Indian Industry (CII).

An industrialist, Man Mohan, pointed

out that the primary reason for not availing of these facilities was the lack of credibility and proven nature of home-grown technologies. More importantly, neither are home-grown technologies attractively packaged, nor do laboratories market their technologies. Many industrialists said that there was a non-availability of information.

"But how come top foreign companies are aware of India's expertise in some R&D sectors?" asked a senior scientist. The world's leading chemical giant Du Pont has sponsored research programmes in CSIR laboratories. Another multinational Exxon prefers to use Indian-made catalysts in its industrial plants. Global consumer products giant Unilever opened an R&D centre in food-processing at Bangalore last year to take advantage of Indian expertise. Unilever has only three such R&D centres, two of them in Europe and one in the US.

Indian industrialists are not willing to take risks or build longstanding, fruitful partnerships with national laboratories. "Technology absorption is a painful, laborious process. Of course, imported technology comes well packaged because it is from commercial enterprises," pointed out a senior defence researcher. "But we have to work closely with each other if we have to develop strong Indian brands for the global market."

Emphasising this point Mr. Mashelkar said, "Nowhere in the world

are national laboratories like super markets where they sell attractively packaged technology. Risk-taking and industry-laboratory partnerships are essential."

"Fiscal incentives alone cannot spur R&D investments. Most industries do not have a technology development cell to scout for domestic technology sources," said a public sector manager. Academician A. K. Sengupta (from IIT, Delhi) provided a possible clue about how serious industry is about research. On an average, Indian industry spends 6 to 7 per cent of its sales turnover on advertising and marketing, 0.5 to 2 per cent on entertainment and only 0.6 per cent on R&D. If R&D spendings increase to 2 to 3 per cent, there will be Rs. 5,000-7,000 crores available for industrial research.

Such lackadaisical attitude of industry to R&D will have long-term effects on the national economy. For instance, it has already had an impact on the availability of talented people for industrial R&D. Every year, 90,000 students join engineering colleges across the country (including 1,500 in the IITs) and 50,000-60,000 of them pass out each year. Only about 40,000-45,000 are absorbed in the industry.

However, there is a shortage of qualified manpower. Nearly 30 per cent of posts in IIT (Delhi) departments are vacant because the institution cannot find the right people to fill the vacancies, Mr. Sengupta said.

