

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:6271
ANSWERED ON:05.05.2000
PATENT REGIME
SATYAVRAT CHATURVEDI;SUNDER LAL TIWARI

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether financial returns under the patent regime prevailing in the developed countries got better returns by way of latest technology;
- (b) if so, the details thereof;
- (c) whether the Government have allowed the Indian companies for out-right purchases of obsolete and third rate technologies;
- (d) if so, the reasons for taking such a decision;
- (e) whether the Government are aware that multi-national companies have not shown their interest in providing the latest technology due to restrictions on foreign equity upto 40% under FERA/FEMA; and
- (f) if so, the details of social and financial justification in adopting such a policy?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

- (a) and (b): The secure environment provided by a strong patent regime in developed countries catalyses not only inventive/creative activity but also encourages investors to exploit the latest technology, especially those developed with large outlays of resources on research. This has the spin-off effect leading to the establishment of production facilities, larger volume of sales and service, infrastructure development and employment generation which, in combination, impact on higher economic and financial returns.
- (c) and (d): Indian companies have been given freedom to negotiate the terms of the technology transfer with their foreign counterparts according to their commercial judgement and technological requirements.
- (e) and (f): As per the extant Foreign Direct Investment Policy, 100% foreign equity is allowed in most of the sectors except a small negative list and sectors where foreign equity caps are provided based on assessment of national interests. Even in the past 100% subsidiaries were allowed where the foreign collaborator proposed to bring technology developed through application of large resources in research and development and which was proprietary in nature. Moreover, companies are freely allowed to import capital goods as per the EXIM Policy in force.