

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

STARRED QUESTION NO:189
ANSWERED ON:22.08.2013
R D IN PSES
Jawale Shri Haribhau Madhav

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Government has formulated any Research and Development (R&D) policy for the Public Sector Enterprises(PSEs);
- (b) if so, the details thereof;
- (c) whether the Department of Public Enterprises evaluates the achievements of R & D initiatives taken by the PSEs vis-à-vis the targets laid down in the Memoranda of Understanding signed with the PSEs;
- (d) if so, the details thereof including the deficiencies found during the last three years; and (
- (e) the measures taken by the Government to promote R & D activities in PSEs?

Answer

THE MINISTER OF HEAVY INDUSTRY AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

(a)to (e) : A statement is laid on the Table of the Houses.

Statement referred to in reply to Lok Sabha Starred Question No. 189 regarding R&D in PSEs for answer on 22.08.2013

(a) For promotion of Research & Development (R&D) in CPSEs, Central Government has issued a guideline on 23.09.2011. As a result, R & D target, which is fixed annually along with other Memorandum of Understanding (MoU) targets, is a parameter of performance of the CPSEs.

(b) R&D is now a mandatory "non- financial parameter" under the MoU system with a 5% weightage attached to it. The prescribed performance indicator under R&D for CPSEs in the MoU is as under:

| Performance Indicators for R&D | Category of CPSEs | | |
|--|-------------------|---|-----------|
| | Maharatna | Miniratna-I, and Navratna II and Below | Weightage |
| Minimum Expenditure on R&D as a Percentage of Profit after Tax (PAT) | 1 % | 0.50% | 2.5% |
| Number of R&D Projects | 5 | 3 | 2.5% |
| Total | 5.0% | | |

(c) The evaluation of MoU parameters including R&D is undertaken by the Department of Public Enterprises (DPE) through the Task Force on MoU.

(d)& (e) Promotion of R&D is a continuous process. Since expenditure on R&D as percentage of turnover and as a percentage of profit after tax was low in CPSEs, a new Guideline for promotion of R&D was issued on 23.09.2011 with a compulsory parameter on monitoring of R&D expenditure and R&D projects in the MoU 2012-13. The deadline specified for furnishing self-evaluation sheet by the respective CPSEs, for the year 2012-13, through their administrative ministries/departments is 31.08.2013.