

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

UNSTARRED QUESTION NO:6470  
ANSWERED ON:06.05.2015  
R D ACTIVITIES BY MNCS  
Patil Shri Sanjay(Kaka) Ramchandra

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

- (a) whether Research and Development (R&D) activities by Multi-National Companies have created enclaves for world class technological development;
- (b) if so, the details thereof;
- (c) whether this has helped in creation of a pool of highly skilled scientists and technologists through the setting up of R&D centres in India;
- (d) if so, whether the Government proposes to encourage companies in the country to establish similar centres; and
- (e) if so, the details thereof and the steps taken by the Government in this regard?

**Answer**

MINISTER OF STATE OF SCIENCE AND TECHNOLOGY AND MINISTER OF STATE OF EARTH SCIENCES (SHRI Y.S. CHOWDARY)

(a)&(b) Madam, Multi-National Companies (MNCs) have established Research and Development (R&D) Centres mainly in Bengaluru, Pune, Mumbai, Hyderabad, Chennai and National Capital Region of Delhi in the country. These Centres carry out basic and advanced research, new product & process development, product design, engineering research & implementation, software module development and software tool design in high technology industries, such as telecommunication equipment, information technology, engineering services, pharmaceuticals and biotechnology.

(c) Yes Madam, the Research and Development (R&D) Centres established by Multi-National Companies (MNCs) have helped in creation of a pool of highly skilled scientists and technologists. The MNCs had established 871 R&D Centres till December, 2010 and according to a survey conducted by Indian Institute of Management, Ahmedabad, 42 per cent Centres employed less than 50 R&D personnel, 18.3 per cent Centres employed 50 - 100 R&D personnel, 24.2 per cent Centres employed 100 - 500 R&D personnel and 11 per cent Centres employed more than 500 R&D personnel.

(d)&(e) Multinational Companies (MNCs) set up R&D Centres in the country under the automatic Foreign Direct Investment (FDI) route and the Government as such does not have any specific proposal to encourage them. However, the Government encourages the domestic companies to set up in-house R&D Centres within the companies and at present, there are 1820 in-house R&D Centres of industries recognized by Department of Scientific and Industrial Research (DSIR). The Government provides a number of fiscal incentives to industries for scientific R&D, such as: weighted tax deduction @200% on expenditure incurred in approved in-house R&D facility; customs duty exemption on imports made in industries for use in R&D projects funded by Govt; central excise duty waiver for 3 years on specified goods designed, developed and patented by a wholly owned Indian company in any two countries from amongst India, USA, Japan and in any one country of the European Union; and tax holiday for ten consecutive assessment years to commercial R&D companies approved before 31.03.2007.