

problem to the people of the city.

If an overbridge is constructed on one of the railway crossings, it will be quite helpful in alleviating the problem for the present. This can be constructed on Rani Bazar railway crossing. This crossing is near the hospital and half of the population of the city goes to the hospital through this crossing. Many patients have died at this very railway crossing. Therefore, keeping in view the human aspect, it has become imperative to construct this overbridge. The people of Bikaner city are being incited on account of this problem. Therefore, this problem has to be solved immediately.

[English]

- (vii) Need to provide financial assistance to the flood affected people of Punjab particularly Faridkot District

SHRI BALWANT SINGH RAMOO-WALIA (Sangrur) : Sir, as in the previous year, a sizeable part of the country has been badly affected by drought and floods. A delegation of some MLAs from Assam has recently been to Delhi in connection with the floods in Brahmaputra river and discussed with central leaders the grave situation arising out of this. To my satisfaction, the central Government have given them the fullest cooperation to tide over the problem. In my State, Punjab, lakhs of people are in great trouble due to floods. In Faridkot District alone, people in 200 villages have been affected by Floods. Crops in 80,000 acres worth Rs. 28 crores have been completely ruined. 5,747 houses collapsed due to incessant rains. In Muktesar Sub Division, cotton crops with a value of Rs. 20 crores have been destroyed. The farmers of this area are not in any way, in a position to bear this heavy loss. Now-a-days, agriculture has ceased to be a profitable profession. In such worst circumstances, this heavy loss will hit the very backbone of the poor farmers. So I appeal to the government to render immediate financial assistance to the extent of Rs. 25 crores to the affected farmers, so that they may have a sign of relief.

- (viii) Need to adopt necessary measures to improve the living conditions of Beedi workers in Andhra Pradesh particularly in Tirupati.

DR. CHINTA MOHAN (Tirupati) : The living conditions of the Beedi workers of Andhra Pradesh, specially in Tirupati Parliamentary constituency, which cover Kawetinagaram, Satyavedu, Sri Kalahasi, Sullunpet, Vengatagir Nagaram continue to be rather distressing and sad. The wages are very low for men and even lower for women and children. Long hours of working, occupational health hazards, lack of schooling, lack of health care, lack of housing have brought near havoc in the lives of the beedi workers and their families. In keeping with the liberal policies or programmes of the Government, immediate steps are called for to ensure some concrete improvements in the quality of life of these unfortunate victims of our society.

14.48 hrs.

RESEARCH AND DEVELOPMENT CESS BILL

[English]

MR. DEPUTY SPEAKER : We will now take up Item No. 12 in the Agenda.

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE (SHRI B.K. GADHVI) : On behalf of Shri Vishwanatha Pratap Singh, I beg to move :

"That the Bill to provide for the levy and collection of a cess on all payments made for the import of technology for the purposes of encouraging the commercial application of indigenously developed technology and for adapting imported technology to wider domestic application and for matters connected therewith or incidental thereto, be taken into consideration."

Sir, as hon members are aware, this is a very small but very important Bill and it is on a very proper direction. Our policy on foreign investment and collaboration is selective. While the emphasis is on achieving technological self-reliance through development of a sound indigenous technology base, the policy also recognises that in an era of fast changing technologies, Indian industry should take advantage of the advances taking place elsewhere in the world. Thus import of technology is allowed wherever it is in the national interest and generally in areas where technology is not indigenously available or is not adequately developed. There are guidelines and parameters within which such technology import is allowed. Such technology transfer arrangement may take the form of technical collaboration alone or it may be in the form of financial participation in addition to technical collaboration. Apart from this, import of technology can also take the form of import of designs and drawings and deputation of personnel. Import of technology in any of the above mentioned form requires Government's approval. The number of technology transfer arrangements approved during the last three years is : 1983—673 ; 1984—752 ; and 1985—1,024. As regards the annual outgo of foreign exchange on account of remittances of various forms of technology payments it has been in the region of Rs. 300 crores.

Though the relevance of import of technology cannot be minimised, there is critical need for the development and commercial application of indigenous technology. With this end in view, it was proposed in the Long Term Fiscal Policy announced in December 1985 that in order to provide further incentives for the commercial application of indigenously developed technology, a Venture Capital Fund would be set up to provide financial support for pilot plants attempting commercial application of indigenous technology and to adapt previously imported technology to wider domestic applications. It was further envisaged that the Venture Capital Fund will be funded in part by a 5% Cess which will be levied on all payments made purchase of technology from abroad,

including royalty payments lumpsum knowhow payments and payments for designs and drawings. The present Bill is intended to give legal shape to that announcement.

The proceeds of the above cess, not exceeding 5 per cent will first be credited to the Consolidated Fund of India and after due appropriation, paid to the credit of the Venture Capital Fund which is being set up as a part of the Development Assistance Fund of the Industrial Development Bank of India. The fund will be administered by the IDBI. A simple procedure for collection of the cess is being evolved in consultation with the Reserve Bank of India. The annual collection from the cess is expected to be about Rs. 15 crores. (*Interruptions*)

With these words, I commend the Bill for the consideration of House.

MR. DEPUTY SPEAKER : Motion moved :

“That the Bill to provide for the levy and collection of a cess on all payments made for the import of technology for the purposes of encouraging the commercial application of indigenously developed technology and for adapting imported technology to wider domestic application and for matters connected therewith or incidental thereto, be taken into consideration.”

Mr. Madhav Reddi, you may initiate the debate please.

SHRI C. MADHAV REDDI (Adilabad): Mr. Deputy Speaker, Sir, I rise to oppose this Bill in the present form, though the idea is very good. In December 1985, when the new Fiscal Policy was being initiated by the Finance Minister he made a promise that he would agree for levying a cess on all the imported technologies and at that time we thought that it was going to be a very substantial measure and we would be going to mobilise substantial resources

for the development of indigenous technology in this country.

Sir, what we have today is a very meagre 5 per cent cess. That too, the maximum is 5 per cent. Even though the Minister has now said that the Bill does not say so, the Bill says that it is upto 5 per cent, which means it can be 1 per cent, 2 per cent or 3 per cent. I will be happy if it is 5 per cent. But I am not sure that is the intention of the Bill. It is only upto 5 per cent and then there are exemptions. The Government has got powers to exempt any class of industries or entrepreneurs.

Now Sir, another important aspect of the Bill is that whatever is collected, it is being credited to the Consolidated Fund of India. This cess is intended for a specific purpose. It is not to be another source of revenue to the Government. Now having credited to the Consolidated Fund of India Rs. 15 crores, or Rs. 20 crores whatever amount you may have, what you are going to do is this. Such sums as the Government thinks fit are going to be transferred to the industrial Development Bank of India to Development Assistance Fund. Please read this clause and tell us as to what you do with the rest of the cess proceeds. Now this cess is deliberately being collected only for the development of science and technology and for the adaptation and assimilation of imported technology in this country. That being the objective, how can you withhold the funds from being applied for the purpose for which they are being collected? Now the point is, this Rs. 15 crores is too meagre a sum. We expected that at least Rs. 500 crores will be available. And this amount would have been available to us, if the cess could have been more than that. Why should you not impose a 15 per cent cess not only on the technology but also on imported equipment; but we were told that this cess would be imposed only on the technology on the designs and drawings, etc? But as you know, Sir, when we import technology several times, it is a turn-key project and when it comes, we do not know how much the foreign collaborator is charging for the knowhow part of it; how much he is charging for the equipment part of it; how much for jigs and fixtures; and how much for drawings and designs.

Unless you impose a cess on the entire imported technology, designs, drawings, jigs, fixtures and also the equipments, I am sure you will not be able to get much. What sympathy we have for those people who want to import the equipments, even though it is indigenously available? We receive hundreds of applications everyday, that we want to import this equipment. Then it is checked up whether this particular equipment is manufactured in the country or not and it is often proved that it is being manufactured in the country. The Technical Cell of the Ministry of Industrial Development—the DGT—says that it is indigenously available. Again, the party comes to the Government and says Sir, the machinery is available, but its efficiency is less, so we must be permitted to import. And finally political pressures are put and the Government agrees for the import of the equipment, even though, indigenously that machine is available.

Sir, there should be a limit to liberalisation. We have been so much liberalising the policies of import of technology, machines, etc. etc. during the last few years. That our foreign exchange reserves have been depleted and now there is a big deficit of Rs. 10,000 crores. If that is the case, what sympathy you have for those people who deliberately want to import. Why don't you impose a cess on them—this 5 per cent or 15 per cent cess? If this is done, I am sure you will be able to get Rs. 1500 crores and with this amount you can take up several schemes of development of research and technology in this country. Sir, this Bill has got two aspects. One is the collection of funds, that is you are mobilising the resources. Sections 3, 4, and 5 deals with the mobilisation of resources, raising of these funds through cess. Now Section 6 deals with the application of funds. So, first of all, I would like to deal with the first portion, that is, the mobilisation of resources. I would like to point out here that it is too late in the hour that the Government has realised that there is a need for funding the development effort in this country. Sir, the development effort was going on in several fields. But as the Prime Minister once said we had been mainly concentrating on the "blue sky"

areas. That is what he said. We are still engaged in the rudimentary research or fundamental research. We have 35 to 40 research labs in the country affiliated to the CSIR and what are these research labs doing today. Much of their work is such, for which there is no market. There are hundreds of processes which had remained at the lab scale, they did not have funds for taking the research to the pilot scale and prove the viability of technology so that the industry could take up the project.

Sir, I know several of these research labs. There is a research lab in a very backward area in Jorhat which I have recently visited—the Regional Research Laboratory of Jorhat, in Assam. They have developed Technology about 100 small-small schemes. Many of these schemes are only bench-scale schemes. I was very interested to know about one scheme which was for the extraction of tartaric acid from the tamarind leaves. As you know, tartaric acid is manufactured today from the tamarind pulp. But a bright idea come to a scientist, why should I not develop a process for extraction of this chemical from the leaves because we have a lot of tamarind trees in the country.

15.00 hrs

But he never thought of the economics of collecting the leaves—they are very small leaves—from the jungles, getting them to the laboratory and making tartaric acid on a very viable, economic scale. Several such schemes are lying in the laboratory.

The Glass and Ceramic Research Institute near Calcutta has a number of such processes. Very few have been exploited commercially. Many are at the laboratory stage. No funds have been given by Government of India or CSIR, to develop the processes. Similarly, in Jamnagar we have the Central Salt and Marine Chemicals Research Institute. They have a number of processes on a big scale, for making various marine chemicals. None of these have been taken up by the industry. We have the RRL at Hyderabad and Bhubaneswar, the NCL at Pune and NPL at Delhi, and the Electrochemical Research Institute at Karaikudi. Similarly, we have the Metallurgical Research Institute

at Jamshedpur, and the Engineering Research Institute at Durgapur, as also the Petroleum Research Institute somewhere in the North in Dehra Doon. Many such laboratories, though they have a lot of scientific talent, and thousands of scientists working, are engaged in the so-called “blue sky” research. They do not have funds. NRDC does only a sort of clearing house operation for all these Institutes. It has no funds. They just take the processes, print booklets and give them to entrepreneurs, and the latter try to produce something, but fail. NRDC tries to come to their help, but ultimately the entrepreneur suffers losses, and he will never go near such institutions again. This happens, because these research laboratories lack resources, and cannot take any processes available in the market, on demand basis. Most of them do fundamental research, because, somehow they have to keep themselves engaged. These are the areas which should have been concentrated upon.

When I read the Bill this morning, I found that in the application of funds, you have a limited field. I am surprised: Why should the Ministry of Finance be concerned with this field? Ministry of Finance's duty is only to think of levying a cess, and to mobilize resources. As far as application of funds is concerned the administrative Ministry should be concerned. I am not aware whether the Ministry of Finance has taken the advice of Ministry of Science and Technology, which is the administrative Ministry, or of the Ministry of Industry. I am sure they have not taken advice from IDBI also. Otherwise, they would have known the correct method of applying the funds and where to apply this fund, how to develop science and technology in this country, and which are the fields in which we have to concentrate. This is the position today.

What is said in clause 6 is that IDBI is going to give funds to the industrialists, who want to develop, who want to exploit a particular indigenous technology commercially. That is what is said. All the research units will be denied funds. They will not get anything out of this Venture Capital Fund. It is said in the Bill that this capital will form part of the Development Assistance Fund which was created under Section 14 of the Industrial Development Bank of India

Act. Section 16 says that once this Fund goes into the Bank, it can be spent^a only in accordance with that Section. It means that you have to amend Section 16 of the IDBI Act.

I do not know whether you have consulted the law Deptt. about it. But I am sure IDBI will not be in a position to spend this amount unless Section 16 is amended; this you may kindly check up. But my point is that these funds which are available today for the research and developments, however meagre the funds may be Rs. 15 or Rs. 20 crores—these funds should be available to the research labs. in the country which are engaged in the research and development.

There are a number of research labs. today about 900 and odd research labs. are there in the public sector and private sector which are engaged in the research and development activities in this country. Now, many of these research labs. have developed some process, particularly the private research labs and some of the research labs. run by the industry. But these labs are today suffering because of lack of funds; they will not get anything out of this fund unless this section 6 is amended or omitted; and it is left to the discretion entirely of the IDBI, because IDBI can prepare a scheme in consultation with all the research labs. or in consultation with the government and they prepare a scheme for the development of the research in the country, and funds should be applied in accordance with that scheme. Now that has been denied here; you are limiting this; you are telling IDBI that you can spend this amount only like this; that is wrong; and also I am surprised here that when such an important issue is being discussed, the Minister for Science and Technology is absent. I do not mean to say that the hon. Minister who Piloted the Bill does not know all these things, but I wanted the Minister concerned in-charge of the Administrative Ministry to be here to note down what is being said, so that he will be in a position to reply to these points.

Coming back to the question of R&D effort in our country, it is interesting to know as to what was the amount which we were spending in our country. What was the percentage that we were spending in our

country to our GNP? In India, our expenditure by the public, private and the government labs is of the order of 0.83 per cent of the gross national product; that is what we have spent in 1983-84. In the USSR in the same year it is 4.9 per cent; in the USA, it is 2.5 per cent; in Japan, it is 2.4 per cent of the GNP; and their GNP is very high. Now, considering this amount that we are spending, that is, 0.83 per cent, it is very very low. Similarly, if we consider it in terms of the turn-over—what is the percentage of the turnover of our country in the public sector—we are spending about 0.58 per cent of the sales turnover; in the private sector, our expenditure on R&D is 0.68 per cent of the sales turnover. Now this is the position. The expenditure is so low on the R&D and with such a small expenditure, I am afraid it will be difficult for us to take the country to 21st century, because, as we all know, Japan today has developed such a high technology in several new frontier fields, it is only because of the high expenditure on the R&D. That is not being done in our country, and there is a very strong case for increasing our expenditure on the R&D and from that angle, I feel the cess is very meagre; and nobody will grudge if you are going to increase the cess from 5 per cent to 15 per cent.

Before I conclude, I would say that there is no point in our trying to have a half baked solution to some of the important problems, and there is no point is also trying to see that we just try to tinker with the problems. Sometimes a good idea, a good scheme becomes just ritualistic in the hands of the government.

At the time when the scheme was announced, we thought that the revenue is going to be substantial. But I am very sorry to say that we are all disappointed. This is only a ritualistic Bill and it will not give you any revenue and there will not be any expenditure increase in the R&D effort.

Sir, regarding the mission oriented research, about which so much talk is there in this country, I would like to submit that we have no dispute about this mission oriented research. After all, we had been talking about this mission oriented research in the past in certain areas though our achievements are not very much. But I can say that in the field of atomic energy or in the field of the

development of the fast breeder reactor, certainly we should be proud of our research, that is really mission oriented research and such research important today. But what is actually required is market oriented research. That is more important for us.

Regarding indigenisation—I will take only one more minute, Sir—I would submit that our indigenisation has been very very poor. It is very hopeless indeed and the typical example of this is our Maruti Udyog Limited which has yet to indigenise itself.

PROF. MADHU DANDAVATE : Only the air in the tyres is Indian in it !

SHRI C. MADHAV REDDI : The production coming out in 1988, we have been told, will be about 90 per cent Indian ; that is 90 per cent of the components will be Indian. But the actual position is exactly the reverse. The components, sub-assemblies have to be imported for a long time to come and similarly there are several other fields in which the imported technology has not been replaced, had not been properly utilised even because the Government of India had not been enforcing the condition. Today, we have a rule that while giving a licence there is a condition that he will try to indigenise the imported technology. But that is not being enforced ; we are told that the collaborators are trying to see that we continue to import technology. There is a national register supposed to be maintained about foreign collaboration. That register has been compiled but still imported technology is continued to be used. It is only serving as a guide book. The idea was that the national register should be maintained and we should see that there is no repetitive technology and the technology, which has been imported should be properly assimilated and proper instructions should be given for proper enforcement. It is not being done. We thought that this Bill is going to give enough funds to enforce this. But I am very sorry that this Bill falls short of these expectations, in the present form and I oppose it, though I am quite in agreement with the principle of the Bill.

SHRI K.S. RAO (Machilipatnam) : Mr. Deputy-Speaker, Sir, I rise to support this Bill and not only support this Bill, but I have admiration also for the realisation of the Government about the import-

ance of Research and Development. In fact, this is proved in many respects that Indians abroad, in whatever corner they are, are no less in their wisdom, talent or intelligence and most of the people who went abroad have proved their talent in doing exceptional services. That means, obviously Indians are brilliant, are producing things which are being purchased in the Western countries and thus selling their technology by exporting them at a higher price. Though it is a product of the intelligence of our own people, we have to aim at higher results and we have to improve the things and see that they are also properly used in our country.

As the Government had already realised the importance of Research and Development and its performance, and as our hon. colleague Mr. Reddi had said the percentage of five might be too less. And, as the hon. Minister himself has said, if it is only 15 crores, no substantial achievements can be had with such a small amount. I am very happy...

15.14 hrs

[SHRIMATI BASAVARAJESWARI *in the Chair*]

DR. CHINTA MOHAN : What for are you happy ?

SHRI PRIYA RANJAN DAS MUNSI : He is happy because you are smiling.

MR. CHAIRMAN : Please address the Chair.

I am happy because the Government has realised that it is the technology that is to be imported and not the machinery. That is very essential because by importing the technology we can reduce our foreign exchange problem and we can make use of our own intelligent people here for generating the same technology which we are purchasing at a higher cost.

Coming to the clauses of the Bill, in the first instant, it is said that the cess will be utilised for adapting the imported technology to wider domestic application. This gives an opportunity sometimes to the same people who have paid the cess. They may be asking for this cess to be utilised for wider applicat-

ion of the same technology which they have imported. I want the hon. Minister to find out whether he can incorporate a clause to prevent those people who have paid the cess from taking advantage of this less on some pretext or the other.

As regards the percentage, I am also of the opinion that it has to be increased.

In clause 7 it is said that notwithstanding anything contained in this Act, the Government has got the right to exempt. I want that even if you have to put this clause, there must be restraint on the usage of this clause in giving exemption to anybody.

Also in regard to penalty it is said that penalty will be imposed not exceeding five times the amount in arrears. This appears to be a small penalty because those people who import the technology might under-value it. So a fear must be created in their minds that they will be penalised very heavily if they resort to under-value or such other methods.

To find out ways and means to achieve the goal set in this Bill I am of the opinion that apart from the encouragement that is being given to the universities and other research institutions in the country, I want the Minister to find out whether he can encourage some of the non-residents abroad or a pool of such scientists. They can be helped financially by some of these institutions. Then we can utilise their skills which they have acquired and assist the industry in the country in getting the technology at cheaper cost and also avoiding the problem of foreign exchange.

Under the pretext of protecting the nascent industry and technology in the country we have not been able to come out of our inhibitions for importing the modern technology all these years. By doing so, we will not only modernise our industry but also give a head start to our R&D. And it must be used with a greater speed than what is being done now by providing more and more funds.

I remember that a provision has been made in the Income-tax Act for levying 25 per cent tax at flat rate on the amount paid for the import of technology and foreign collaborations. I want the hon. Minister to find out whether that 25 per cent can be

utilised for this and added to this Venture Fund so that it can do more good to the purpose for which this Bill is brought.

The system of education, as you are aware, today is not R&D oriented. Most of the people are going only for desk jobs or white collar jobs possibly because the remuneration, the encouragement and the social status that is being given to the scientists in various fields is not upto the degree that it should have been. All those people in the developed countries, who are in R&D, are being paid substantially because they must also have some satisfaction of the job along with the remuneration. Unless that is done, they will not be able to keep their heart and soul on the job which they are doing.

As regards the research and development that is being done by the universities and institutions, no substantial results of the same have come out for application in the industry. So, I wish that encouragement should be given to that research which can be directly put into operation by the industry at a short span of time. I also wish the hon. Minister to come forward with a statutory provision that the major industries also should not only have the research and development or namesake but also produce certain results which are acceptable in the international standards. Merely saying that they have done some research should not be accepted without strict monitoring. This cannot be done just by the Industrial Development Bank of India which collects the cess. I wish, a separate department or a separate organisation must be set up to process all the applications for importing the technology, collection of cess and utilisation of those funds and to monitor how those funds are used by the industries which have taken advantage of cess. Unless these are done in a very systematic and intensive way, the research and development will remain only on paper but will not be translated into reality and its benefits will not be enjoyed by the country men.

A technology data bank is already said to be in the mind of the DGTD. It is good to maintain such a bank. Not only the information must be passed on to all the State Directorates of Industries, but also all the major industries should be permitted to use that information without

much complication or delay.

As the Prime Minister said, the procedures also must be simplified in this regard and they should not lead to lot of harassment or delay. As we are living in an age of fast-changing technology, complicated procedures and consequent delays in allowing the technology to be utilised immediately may prove that it becomes obsolete by the time the permission to use it is given. So, the Government must realise the value of time, apart from its good intentions in bringing forward this Bill.

Adventures and innovations have gone out of our minds. The new generation, the student community is not thinking in terms of this because the fruits of adventure and innovation are not very remunerative. So, this aspect also must be taken note of by the administration and encouragement should be given for adventure and innovation. It is no use finding fault with the younger generation unless these aspects are taken care of with determined will on the part of the Government.

I wish, the education for doing desk jobs should be discouraged and there must be a gap between the desk jobs and the R&D jobs.

As Mr. Reddy has said, it can be thought of whether the customs and excise duties which are being charged on the import of machinery, can be directly used for R&D. A separate discussion can be held on this to increase the concentration on R&D.

Possibly, we have not realised the value of R&D. While we are prepared to pay hundred times its value for importing technology from abroad, we are not prepared to spend even ten per cent of it in developing the same in our own country.

So, I request the hon. Minister to take all these aspects into consideration and see that not only the Bill, which he has said is very small but admirable, is passed but also the purpose with which it is thought at must be achieved in greater

degree and speedier manner. Thank you very much.

DR. G.S. RAJHANS (Jhanjharpur) : I rise to support this Bill. In fact there is very little one can speak about this Bill except to congratulate the Government. This is a laudatory effort when long term fiscal policy was announced here. In December 1985 the Government had promised that it would bring forth a Bill whereby cess would be levied on imported technology. Government is only fulfilling its promise. But I am really disappointed to see that the Government estimates that only Rs. 15 crores were collected out of this cess.

I just said earlier there is very little to say regarding this Bill. I only seek certain clarifications from the hon. Minister.

Please refer to page 2, clause 3(1)—

“There shall be levied and collected, for the purposes of this Act, a cess at such rate not exceeding five per cent, on all payments made towards the import of technology, as the Central Government may, from time to time, specify, by notification, in the Official Gazette.”

My submission is why 5%, why not 10% or 15%.

SHRI MOOL CHAND DAGA : Why not 15%?

DR. G.S. RAJHANS : There are quite a few industrialists who on the basis of imported technology manufacture their products at a nominal price and sell to the people including the Government undertakings at an ex-orbitant rate. I give a practical example. A few years ago I was a senior executive in one of the largest manufacturing unit in Asia. The owner of that factory had imported technology on the basis of which he used to manufacture refractory bricks. Refractory bricks are a sort of bricks which are made of Silica and Sillimanite. It is a very costly type of brick used in steel furnace. The cost of the brick on the basis of imported technology was Rs. 40/-

and the industrialist was selling at Rs. 800 per brick. I told you privately about that.

SHRI MOOL CHAND DAGA : Now you are telling openly. (*Interruptions*).

DR. G.S. RAJHANS : The industrialist was fleecing the customers, the steel plants. Most of the steel plants are to-day in the public sector.

In this process the manufacturer was looting the public money shamelessly and I am afraid it is happening to-day also. So, my submission is that instead of 5% the cess should be something like 10% or say 15%.

Please refer to page 3, clause 7, where in the Bill gives power to exempt any industrial concern from the payment of the cess. My apprehension is that this power may be misused. I would request the hon. Minister to clarify what will be the basis for exempting cess in certain cases.

Then please refer to clause 8 on page 3 regarding power to call for information. Again I would say from my practical experience that whatever the Government may say, the industrialists are not obliged to furnish information as required by the Government and if they do not furnish the information what is the penalty? There is no penalty at all. So, I would request the hon. Minister to clarify what penalty he proposes to levy in case information is not furnished by the industrialists in time.

Again please refer to clause (2) on page 3. Clause 9(2) says :

“The Development Bank may, after such inquiry as it deems fit, impose on the industrial concern, which is in arrears under sub-section (1), penalty not exceeding five times the amount in arrears.”

I say, why only five times? Why not ten times so that this may be a lesson to that industrial concern?

I would like to add only one more

point. You say that the Government estimates to collect Rs. 15 crores as cess. It is really surprising that when it is being told that Rs. 15 lakhs will be spent on the collection of this cess, what I can say is that I have no comments to make. If you spend Rs. 15 lakhs on the collection of Rs. 15 crores, this is a little too much, it is on the higher side. (*Interruptions*).

AN HON. MEMBER : It is only one per cent.

DR. G.S. RAJHANS : I understand it is only one per cent, but it can be minimised to a very great extent and overheads can be minimised to a very great extent. I would only request the hon. Minister to look into this problem. That is all that I had to say, Madam. Thank you very much.

15.33 hrs.

SHRI HANNAN MOLLAH (Ulubria) : Madam Chairperson, though it is very late, at least Government understood and realised that it is necessary to tax the private capitalists on the question of research and development of our technology. The present Act, i.e., Industrial (Development and Regulation) Act, empowers the Government to levy a cess of only 0.12 per cent on the industry to promote R&D. But this new Amendment will enable the Government to collect some more amount. I agree with other Members that it is totally disappointing. When the preparation of this Bill was going on, the Secretary, Department of Industrial Development, Shri S.D. Shrivastava, told the newsmen that one per cent of the cess will mobilise Rs. 250 crores. How suddenly it became only Rs. 15 crores when it is finalised? I do not know. So, it is a very meagre amount in the context of the vastness of the country and the requirement of the development of our technology which will be very low. So, we cannot appreciate this attitude of the Government because the investors, the capitalists, are just profit-mongers and they are looting the country and taking all the opportunities from the Government. But they are not ready to spend it for the research and development. You know, it is not my view. Even many experts on this subject have pointed out. There is virtually no research and development,

particularly in private sector, even to improve the imported technology in India. This is the situation. For example, take automobile industry. 2½ decades before, they like Hindustan Motors imported some technology. Now, it is obsolete. They are going in for new one. Even after 30 to 35 years of activities, there is no development. While hundreds of licences are given to automobile industry, there is no attempt to develop indigenous technology. Why is it so? Then, you take the question of TV or CTV. We have to develop the technology, imported technology. But we are going in for import of it and it is just assembling here. HMT is the best watch manufacturer in the country. Initially, 90% of parts were our own. But now about 30 to 35% of parts, we are importing. Where are we going? As I said, Mr. Kurup, Director of SHAR in a seminar said :

“There is practically no improvement of imported technology in India with the result that when obsolescence sets in, the industry has to again go in for imports.”

This is the situation. He further says :

“While the industry mostly favour open general licence for imported technology, the technologists involved in the development wanted a total ban on import.”

This is the view.

In the private sector, you know, our jute industry is one of the oldest industries but it is not developed or modernised. Only 5 or 6 jute families exploited the industry and they did not develop. In West Bengal, jute industry which is one of the pillars of economy is on the verge of collapse. This is how the profit-mongers are doing. But we are imposing some levy, mild levy on them and we are collecting Rs. 15 crores. This is the purpose of this Bill.

While the import of new technology is going on, in the technological research and development policy of the Government, there are so many things which are not

actually helping the research and development. I can refer to one of the reports of the Public Accounts Committee. CSIR was set up in 1942 with the objectives to undertake scientific and industrial/applied research of national importance. Secondly, it was set up to utilise the results of research towards the development of the industry. This is the declared objective. But in 1984, the report of the PAC says that we failed in this objective :

“The Committee are disappointed to note that CSIR has failed to make any significant impact in the development of technology for use in India.....

Thus less than 50% of the processes developed by CSIR were actually utilised for commercial exploitation and production has actually started in respect of less than 15% of the processes.”

This is how, we waste the money. This is the situation which is going on in this field. In this report also, they have mentioned about the development of T.V technology. Even in regard to TV technology, the Government is going for import of technology. This is all our technological policy and this is not just the policy of this Government. It has not come out of the blue. Before they accepted this policy, this was the demand of the private capitalists. The Chairman of the FICCI has repeatedly demanded that Government should formulate a dynamic industrial policy which might permit flexibility in the import of technology. He also asked for “provision for delicensing more industries and relaxation of MRTP limits.” These kind of demands are repeatedly made by the private sector. On the basis of that, the Government has accepted and announced this new policy and they are opening the door for the import of technology because private capitalists always opt for the import of technology. They never develop. They never spend their money.

So I request the hon. Minister that even the Licence Act should be amended. When you give a licence for an industry, why don't you impose a condition that

they will have to set up one Research and Development Centre? Government will review from time to time the results so that if they fail to comply with the same development and research work, then we will take action against them. They only want profit and they do not want to spend the money for the development of the country. This attitude also should not be tolerated. This Bill is very soft for those people who are not ready to contribute to the development of our Research and Technology.

We are running after foreign technology. This is nothing new. This is private capital. Our Government also is running after the same foreign technology. The Western countries are dumping their obsolete technology on us. This is an instrument in their hands.

I quote Mr. John P. Metague, the Science Advisor to the President of USA to Congressional Committee :

“Many developing countries now see scientific and technological capability rather than military might as the one aspect of national character most likely to permit them to leap frog into the class of nations with significant international economic and political influence and because the USA is widely perceived as the world leader in the area, our nation’s scientific and technological expertise and resources have become a powerful foreign policy lever to strengthen our already close partnership with our industrially advanced allies and constructively influence our expanding relations with developing countries and transform to our advantage the political climate and competition with our adversaries.”

Another person is Mr. John Negropont, Head of the State Department of International Environmental and Scientific Affairs :

“Bilateral inter-governmental arrangement stimulates and supports specific science and technology activities, maximise political impact

and are important tools of foreign policy.”

They are very clear in their objective. But we fail to understand and run after this technology import. We are in a way sacrificing our national interest.

Our scientists are developing lot of things. But we are not using them commercially. Even what we import we do not develop it for further adoption. But we go for further import. This is the attitude of the private sector that is going on and the Government is also taking a lenient attitude towards private capital. On the Government side, there is lack of will to check these private capitalists who fail to fulfil their duty in the development of our indigenous technology. So if we want to actually develop our indigenous technology, we should change this attitude and we should bring some comprehensive Act which will give us more money. We can impose the levy and we can increase the percentage of this cess and we can impose that levy on the total imports, not on the technology imports alone, so that we can mop up more money and use it for the development of technology. So, in this matter I hope the Government will take note of all these things—how the western countries are exploiting the developing countries and their attitude. We should be giving more and more stress on development of our indigenous technology. Though sometimes we express our desire but the people who are in the field, especially in the private sector, are very much reluctant to do this. So I hope the Minister will take note of all these things and make a comprehensive proposal for mopping up more resources and develop our indigenous technology.

DR. PHULRENU GUHA (Contai) : I welcome this Bill wholeheartedly. I only wish that the Bill could have come earlier.

Knowledge is the best asset. This Bill will help the country to expand the knowledge. A large number of research was done in our country and also a large number of research are being conducted in our country also. It is most gratifying that

quite a few of our scientists have established their name in their fields of research not only in India but outside India also. India may be poor. No doubt a large number of our people are illiterate. But our scientists are recognised by the whole world. No doubt there is further scope for research in our country.

It may be mentioned that indigenous research is not done in our country upto the mark. There is large scope in this field. One of our learned friends mentioned that a number of research projects cannot be or are not used in our country at the moment. I just like to mention that it is necessary to use research projects carefully. The history of research will give us the idea that throughout the world many researches cannot be utilised within the short period of their publication but they are used later on. So in our country also the research should continue and we know all of them cannot be utilised just at the moment. Here I would like to mention that in one of the magazines I have seen a few months ago that in the world more than half the money spent on research is spent on cancer. But, as you know, upto now we have not found out the medicine for cancer. Does it mean that we should not continue the research on cancer? So the attitude on research should be changed also whenever necessary.

I want to point out that the cess to be collected should be spent very very carefully. Why I am requesting the Government to be careful is because there are some industrialists who do not even pay income tax properly.

They do not carry on their business on right direction. So, many of them may not spend money on research and development. I do not want to elaborate these points any more. Some industrialists who will bring technology from foreign countries may try to deprive the Government of a proper cess. Government should take great care from the very beginning and a regular fool-proof system is to be introduced from the very beginning. I would like to suggest that the cess should not be only 5 per cent. It should be at least 15 per cent. If more can be cessed, it will be far better. But I strongly request the Government to

consider that 5 per cent cess is nothing because all these industrialists are making money and they are depriving our common people and depriving our country for various reasons. So, I am requesting the Government to have the cess atleast at 15 per cent.

Another point is how to utilise the money properly. It should be spent for proper research and development. The money should be allotted for development after proper assessment. Here, I would like to say, because from the experience I have seen throughout my life, that unless research scholars do not know the big people in the country or outside often they do not get the opportunity for research. In this connection I would request that the ordinary research workers should get the opportunity also.

We cannot expect that from the very beginning a young research scholar will be famous in the country, famous in the world, but we expect that all these young people will get opportunity to work in laboratories. The selection should be carefully made looking after their method of work and their standard of work. This is my one important point. Further, the money should be allotted for the development after proper assessment. For research, two aspects are to be considered. One aspect is the subject of the research. Here, I would like to suggest that we have seen in our life that many subjects are selected where the research is done but which is not useful not for the country and not for anything but because a certain researcher is to be given help, so the subject is chosen. So, the subject is to be chosen very very carefully with some knowledge. I am requesting the Minister, through you Madam, to select the subject very carefully and select the scholar also very carefully.

I would like to mention here that quite often a young research scholar does not get proper support. If some big persons are not behind him—I do not mean rich persons but I mean big in other respects—he does not get the real position in the Universities, in the Laboratories and in other industries. Of course in the industry the scientists are often selected who are known to them. I do not mention about high-class research scholars.

But we cannot expect that all our young people will be well-known research scholars. I have already mentioned that from the beginning a careful selection of scholars is needed and selection of the research subject is to be considered very carefully, which will be helpful to the industry, to the country. Here I would like to say that we cannot expect all the result of the research will be utilised by our country immediately because in the future also the result of some of the researches will be used as it has been done. If we see the history of research, we will find that so many big research scholars have taken clue from the old research findings.

With these words, I request that the money should be spent properly for the development of our country. This Bill has been brought before the House at a very appropriate time, but, as I have already mentioned, it should have been brought a little earlier. I welcome the Bill and I thank the Government for bringing this Bill before the House.

SHRI ANAND SINGH (Gonda) : Sir, I support this Bill as another move that takes us towards dependence on our own research and technology or technological self-reliance, howsoever small the effort may be and the fact is it is very small; the quantum is next to nothing. If you allow me to quote certain figures, the figures in respect to other countries, in 1983-84 the USA spent Rs. 1,18,150 crores over research; USSR Rs. 40,000 crores; Japan Rs. 39,000 crores; and India Rs. 1200 crores plus this amount of Rs. 15 crores. Will it make any dent or difference—our adding Rs. 15 crores to Rs. 1200 crores—as against Rs. 40,000 crores spent by Japan? I am not comparing with USA; that is a big country. Anyway, howsoever small the effort may be, it has to be appreciated.

I would like to take the House way back to 1972 when our Prime Minister, sensing the same need, presided over a meeting of the Standing Group of Ministers looking after science and technology where they formulated certain proposals. They were not only formulated, but they were later on announced in the House in 1976. I would like to read out from this paper, *Approach to Science and Technology Plan,*

brought out by the National Committee on Science and Technology in January, 1973 : it says :

“To this end, the Government should commit itself to the levy of R & D cess on all industrial units in both public and private sectors on a graded basis. The finances so raised would be deposited with a Central agency which would make the disbursement from the industrial R & D cess fund...”

And keeping in mind the national priorities, this was decided :

“It is estimated that the R & D cess would realise resources in the neighbourhood of Rs. 300 crores the Fifth Plan period.”

It was planned in 1972. Later on, a blueprint was prepared by the Department of Science & Technology and the paper was distributed to all the Ministries for their comments, including your Finance Ministry. They definitely agreed upon because only then, in 1976, the Minister could make on the floor of the House the announcement. The announcement was made in his Budget speech that the R & D cess would be levied and also decided how it would be done. He also said that the Department of Industrial Development would be moving a Bill to amend the provisions of the Industries (Development & Regulation) Act, 1951 for this purpose.

16.00 hrs.

At this stage a very strange thing happened. What happened to these proposals? What happened to the announcement made by the Hon. Finance Minister Mr. C. Subramanian in 1976? Had this Bill been brought then, there would have been no need to bring this Bill today. It would have been in much larger quantum, it would have been administered by an independent body as it was stated then and it would have been totally different from what we are planning to do today, that is, small amount to be dabbled by IDBI—Rs. 15 crores.

I would like to know from the Minister

whether be will enquire into the matter because this is very serious and I sense that certain vested interests like multinationals, other countries which acted from behind the scene purposely saw that this Bill did not see the light of the day because it was they who stood to lose and it was the Indian masses who stood to gain. They had all the advantages as after 1976 came 1977, the dark period and in that period it was very easy for any proposal, any Bill to be thrown in the darkness or hidden, and exactly it was done that way. I would like to know from the Minister whether this decision of the Cabinet was ever negated by anybody. If anyone had any reservation, then the right course would have been to take it back to the same body which had made earlier the decision and place with its comments, request for either changing or dropping the bill, whatever it is, and then let that Committee itself modify the bill. These proposals, to the best of my knowledge, were never taken back there for reconsideration and it was expected that by the passage of time people would forget all about it, and people almost did, as we see that nobody talks about these proposals to day.

Is the bureaucracy so strong in this country that anything that is assured on the floor of this House even in the budget speech is again open to the scrutiny, judgement by the bureaucracy. There are many many resolutions passed here everyday and we do see small little things definitely being changed in their shape and contents by the bureaucracy at time, but I would say that this is one of the biggest decision taken in this country which was changed or removed by the bureaucracy. I would like the Minister to enquire into this. But this is not the end of the story. When Mrs. Gandhi came back to power, she again dug out this proposal in 1983 under her orders and these proposals were again found, dusted and dressed by the TPIC i.e., Technology Policy Implementation Committee. These proposals were again taken out, reshaped and given a new name. It was supposed to have been called Technology Development Fund based on the original decision. It is still there, it has not gone anywhere, people are working on it. The proposals have come out, even the Committee of Secretaries

have agreed on it as late as in January 1986. The quantum here again is about Rs. 500 crores. This Bill is also in the offing. It would come from the Ministry of Industry.

Now with one unreversed decision of 1976 being here and there being on trace of it, either the proposal or the Bill, another Bill is in the offing and now a third Bill is in front of us which is of much smaller quantum of much limited nature, I do not know as to what all we aim at in passing this Bill of Rs. 15 crores. Under the TPIC proposal, another Bill which will probably be coming shortly involving Rs. 500 crores and also includes in its contents along the research and development venture capital and risk finance also and will be administered by an autonomous body.

Firstly I would request the Minister to look into the past history of this Bill, and the original proposal of 76 budget and realise why this Bill is being and how certain vested interests which are trying either to finish the major Bill or side track it by putting forward new Bills of limited application. Will this Bill be in addition to the Bill that will be brought forward by the Industry Ministry? Will it be used as a cog in the wheel to stifle that Bill? Will it be stepping on the toes of the other Bill? If they play toeses with each other it is most welcome but if they step on each other's toes then the country will lose. We have already lost Rs. 800 crores by deferring this Bill because Rs. 300 crores in the Fifth Plan and it would have been Rs. 600 crores in the Sixth Plan. So the total loss has been Rs. 800 to Rs. 1000 crores to the exchequer already as of to day.

Not only that I would also to know how are we going to evaluate in terms of money the ten years' time of research that we have deferred. Can you in monetary terms tell me how much money it will mean to defer research for ten years? So the loss has been incalculable. I would request the Minister to bring a comprehensive Bill which will do some good to the country. What will this Rs. 15 crores do? Isn't it Sub-critical? Will you be doing the similar research as the other Ministry will be doing? This Bill is brought to avoid duplication but

and sub-criticality when the other Ministry will start doing it then again the question of same duplication will arise. If another Ministry is also coming with a similar Bill then it will be duplication. So I do not understand it.

I wholeheartedly support this Bill because it is in the right direction but whether it is right in quantum I doubt; whether it is right in its approach I have second thoughts about it. Therefore, I request the Minister that while considering he should take into consideration bills for the same intent and purpose, the other ministries, this Bill you say have 5 per cent levy but to go to Rs. 100 crores you have to increase it to 50 per cent. If you increase it to 50 per cent then you will not get foreign technology. So, you do not even have a broad base to increase the resources. If you add another 5 per cent you will get Rs. 30 crores. The competition is so big. So I request the hon Minister to have a look at the other Bills which are being formulated by the other Ministries. By bringing this Bill the Parliament might be reluctant to pass a much bigger Bill, a Bill with much larger horizon and greater adaptability and thus we might be losers instead of gainers. So I wonder how much this Bill is going to help us.

With these few words I request the hon. Minister to kindly have a second look at this Bill. I support this Bill but hope that by the time it is over the Minister will enlarge it in such a way that it becomes more useful for the country.

SHRI V. S. KRISHNA IYER (Bangalore South): Madam Chairman, this Bill it appears to me to be deceptive and a half-baked one. No doubt the objective is laudable. The objective is to impose a cess on all imported technology. This amount as a tax will be collected and paid to the Industrial Bank of India and that bank will credit it to a newly created fund by name 'Venture Capital Fund'. This fund will be utilised for the purpose of development of indigenous technology and also to adapt the imported technology to wider domestic applications. No doubt the objective looks laudable but in practice actually what you have

stated has been defeated when you go clause by clause.

What is the amount that you are realising! It is a mere Rs. 15 crores and that too if you levy a full cess of 5 per cent because you say upto 5 per cent. You are not sure whether you are going to levy full 5 per cent.

And then you have got another provision for giving exemption; every Government wants to have such a provision. Why do you want that? What for? I do not know for how many items and whom you are going to exempt. You have not stated that in the Bill. There is no provision even to frame rules. We do not know to whom the exemption would be given and whether the notification regarding exemption will be there and whether you would be accountable for that to the House. As I said, it is really deceptive.

I am a freedom fighter and having participated in the Swadeshi movement, I would caution the Government for one thing. Now-a-days we have been very liberal in encouraging imports, not only import of technology but import of everything. I would like to know from the Government what has happened to the economic self-reliance as enunciated by Pandit Jawaharlal Nehru. Immediately after our Prime Minister took charge of the country in the beginning of 1985 he said that we would not sacrifice self-reliance; we would give every encouragement for self-reliance. Is the present import policy of Government going to encourage self-reliance or are you going to give a go-by to self-reliance?

The honour of our country is at stake? do not forget that. The whole world is looking towards us; we are leaders of the non-aligned movement; we are one of the important countries in the Commonwealth. At the same time, we should not give the impression that we are borrowing everything from all other countries. We should give priority for the development of indigenous technology. This is what an hon. Member of the CPIM also said.

Our scientists do not get any encouragement, they are not given due recognition here. They go to United States and other

western countries, there they develop technology, do a lot of research and that technology is sent back to India and we are made to pay for it. That is what we are doing here. Whatever you are spending on the import of technology, why don't you with the same money encourage our own engineers, our scientists, our own skilled technicians, who are second to none in the world. There are a number of Bhabhas, Jagdish Chander Boses, Vishweswarayyas, Sir C.V. Ramans and others. Are we not ashamed now for going to every place with a begging bowl? After this Government came to power, day in and day out, everything is being imported. I feel very sad at my heart. Let us ask our conscience if it correct. Let us ask our conscience. We have become a laughing stock in the world. Who is ruling us? Is it not neo-colonialism?

16.14 hrs.

[SHRI VAKKOM PURUSHOTHAMAN
in the Chair]

I would request the Government to be very cautious and be specific as to what the Government policy is with regard to import. A number of instances have been given by the hon. Members. I would also give one or two instances, how the indigenous production is not being encouraged and we are making imports at the cost of indigenization. In this context, I would quote from the editorial of one of the leading dailies of Karnataka. It says :

"Stock of domestic fertilisers in silos and field warehouses have reportedly been increasing since November, 1985, touching 393000 tonnes in January 1985, 851000 tonnes in January 1986 and an unprecedented 1,606,000 tonnes in May this year.

The principle explanation for this anomalous situation is the steep increase in imports from just 1,355,000 tonnes in 1983-84 to 3,42,000 tonnes in 1984-85 and an almost equivalent amount in 1985-86. These imports were contracted based on an assessment of the likely trends in agricultural production and therefore in fertilizer demand, and were

aimed at meeting the shortfall in domestic fertilizer production relative to demand. In practice, agricultural production fell short of the Government's projections, leading to the current fertilizer glut."

"The surprising element in these developments is not so much the failure of the Government to assess trends in fertiliser demand correctly, but its recourse to imports despite the existence of substantial unutilised capacity in the domestic fertiliser industry."

So, we have a lot of stock of fertilizers in our warehouses lying idle. You have not utilised that, but at the same time, crores and crores worth of fertilizers (almost to the tune of Rs. 9000 crores) have been imported during this year. This is a matter which calls for investigation.

Similarly, there is another instance. I gave the instance of HMT in this very House. In Ernakulam in Kerala, the Defence Ministry wants to establish a very strategic defence industry. They called for world tenders. The HMT Unit of Kerala had offered the tenders and the concerned Government officials were satisfied with the tender specifications. They were quite satisfied about the capability as also other specifications and they were ready to accept the order of the HMT. But the senior higher ups in the Defence Ministry did not accept it. Though the HMT offer was lower and though they were having the necessary capability and capacity, they did not accept the offer. They wanted a West German firm's order to be accepted. I do not know what happened. I mentioned it in the House also. But I did not get any reply from any Minister right from the Prime Minister. Mr. Thomas is the MP of that area and because that unit of the HMT is in his constituency, he knows about it much better than myself. The Defence higher-ups wanted that the West German firm's offer must be accepted. What for? For reasons best known to them! So Sir, I would request the hon. Minister to look into this. The Government must clarify its position. This is not the way to function. The Government must be very very specific on these issues. You should come out with your import policy.

If you have the courage, say that you are going to import and you do not care for the indigenous industry, in which case we will know how to answer you back. But you say one thing and do something else. You say that you want the indigenous manufacturing and indigenous development should be there. But you do not encourage even your own public sector industries. After all, HMT is not a private capitalistic concern! Is that the way you encourage indigenous industry?

I can give any number of examples but for want of time, I do not want to go into all those details. Now I would like to mention only about one aspect, i.e. about encouragement to our scientists and to our R & D Department. Shri Madhav Reddi gave all the correct figures and I do not want to repeat all that. We have been spending a lot of money on science on technology. I know that. From a mere Rs. 20 crores for both Plan and Non-Plan expenditure in the First Plan, the amount had been increased to Rs. 3716 crores in the Sixth Plan and Rs. 7536 crores in the Seventh Plan. You have provided so much money. Where does it go? The only deplorable thing is that there is no proper management and there is no proper encouragement to our scientists or to our R & D Department. The people in the R & D Department do not want that really deserving candidates should continue there. There are a lot of politics in all those things. It is necessary that this sort of a situation should be rectified.

Sir, you have given the detailed figures about items for which technologies have been imported. For more than 3000 items, you have allowed import technologies. I only say that it should not be at the cost of the honour of our country.

[*Transition*]

SHRI HARISH RAWAT (Aimora) :
Mr. Chairman, Sir, I have to make two complaints about this Bill. First, the hon. Minister has come with this Bill belatedly and even then it is a half-hearted measure. Belatedly, because had we enforced it at the time when we had allowed the import of technology on a large scale, we would

have spent quite a good amount on it by this time. You have allowed expenditure worth more than Rs. 300 crores on the import of technology and against that we will get only Rs. 15 crores and it is doubtful not only to us but to you also whether that too we will be able to get or not. Therefore, I urge that ways and means should be found out to increase this amount. Hon. Members of both the sides to the views you have expressed that we cannot depend for too long on the import of technology. Our country's economy is also not of that type that we may continue with such a situation for a long time. Already there is a pressure on our foreign exchange reserves. We have not been able to derive expected benefits. It has rather been observed that the people who were allowed to import technology have converted it into just a kit-bag technology. They bring it from abroad and start using it here. I think unless we indigenise it, adapt to our own conditions and requirements, we are not going to get the desired results. Therefore, I would like to submit that whatever money is being raised should be utilised for providing funds to our regional research laboratories so that they are able to develop technology according to our requirements.

On the other hand we provide some money to the private sector also from it. I apprehend that IDBI, through which we provide money to them, will give funds to the private sector, particularly to big Houses also which already have a lot of money. These Houses should rather be asked to spend a good part of the profit they earn on the basis of imported technology, or indigenising the technology, and in developing indigenous technology. Besides, the money which is under the command of the Government of India should be spent on our own laboratories.

Since much has already been said in this connection by our hon. Members, I would only urge that all our research laboratories are prepared to accept this scientific challenge but for that efforts should be made to create an atmosphere which may prove conducive for them to function properly. Also, Government should make efforts to make available to

them requisite resources. The present situation is that we have opened regional research laboratories or other laboratories but the technology so developed is not being utilised properly. Last time I went to Jammu, I found that the people there had developed and ingredient which is used in manufacturing beer. They gave that technology to the farmers who have started growing it in their fields but it has been observed that simultaneously you have allowed the beer manufacturers to import that technology also. You did not prohibit the import of that ingredient. It has discouraged not only our scientists but the farmers also who were encouraged to undertake its farming. They are also suffering losses. This is not confined to the Jammu laboratory only. Laboratories at other places are also facing the same situation. Therefore, I would urge that we may resort to import but for that a time limit should be fixed and after that permission to import should not be given. We should tell them that if they do not adapt that technology to our own requirements they will not be allowed to import it further. If you do not exercise such restraint over the private sector, I am afraid the private sector would like to continue this system for quite a long time.

The atmosphere in the laboratories is not conducive for our scientists. We do not pay them enough for a decent living. The result is there is constant brain drain. We have put them under so many bureaucratic controls that they feel discouraged. News about these things appear quite often. In this connection only yesterday there was a news item in the newspapers that a scientist had committed suicide. Such incidents have occurred even in Delhi. The scientists are not only going abroad, but also committing suicide. On the one hand there are no promotions for them and on the other hand, they are being discouraged. They are compelled to commit suicide. Therefore, I feel that the intention with which this Bill has been brought by you will remain unfulfilled. Unless we try to provide adequate funds, and try to prepare a proper atmosphere in the country, the people working in his field will go on getting discouraged.

With these words I support the Bill.

[English]

SHRI SHANTARAM NAIK (Panaji) : The Research and Development Cess Bill, 1986 is, in substance, a very good Bill, and as such I welcome it. However, I would like to make a few suggestions with the objective of achieving further the objects laid down in the Bill.

The Bill primarily seeks to collect a Cess, upto 5%, on the import of foreign technology. It seeks to create a Fund known as the Venture Capital Fund which will be part of the Development Assistance Fund; maintained under Industrial Development Bank of India Act, 1964. These being the three objects of the Bill, I would like to point out a few things: First of all, let me say that a Cess is a kind of tax which you levy on the import of technology. As far as taxes are concerned, do we enact a separate legislation for each tax that we impose? No. We have always a consolidated legislation on taxation. So, may I ask why, for a simple, individual Cess or one type of Cess viz. a cess on imported technology there should be a full-fledged, separate taxation? Could it not have been made part of some legislation which deals with imports? If this is taken to be the trend, in future whenever we impose some cess, or we levy a separate type of cess, we will have to come up with a separate legislation. Is this required? I would request you to make the levy of such cesses part of a major legislation which deals with import, rather than bringing them up in this manner.

Secondly, the basic object of this Bill is laid down in Clause 6 which says :

"The Fund shall be applied by the Development Bank to meet the expenditure incurred in connection with the measures and facilities which, in the opinion of the Development Bank, are necessary or expedient to provide equity capital or any other form of financial assistance to industrial concerns attempting commercial applications of indigenous technology."

One thing you are right : you give some assistance to those attempting commercial

application of indigenous technology. The other category, according to the Bill, are those :

"...adapting imported technology to wider domestic applications."

I do not think this will have any limit. This will lead to misuse of the funds. Each concern will be claiming to do this work, viz. adapting imported technology to wider domestic applications.

How are you going to do it unless you specifically define and specify these things? Clause 7 reads as follows :

"Notwithstanding anything contained in this Act, if the Central Government is satisfied that it is necessary or expedient so to do in the public interest, by notification in the, etc."

You can exempt any industrial concern from levying a cess. Now, you say here, it is necessary or expedient so to do in the public interest. Where does lie the public interest? The public interest lies in the collection of the cess; the public interest lies in the collection of the cess on imported technology and give the amount to those who are doing research and developing indigenous technology; the public interest does not lie in exempting a person from paying the cess, So, one way you are imposing the cess and rightly so, and other way you provide some sort of a clause to exempt and that too I can understand—some clause of exemption being there in a legislation, but that too, it is said in the Public interest. How can two conflicting public interests be there, one in section 6 and one in section 7? So, this contradiction lies in the very Bill.

Clause 5 of the Bill gives the source of fund. One source is the amount Paid under Section 4. All right. Then clause 5(2) (b) reads as follows :

"Any amount given as grants by the Central Government for the purposes of this Act."

Still all right. Then Clause 5(2) (c) reads as follows :

"Any amount given to the fund from any other source."

What does this mean? Now, this definite legislation having a definite source, all this thing and there you provide some sort of any other source without specifying the source, I think, it is not desirable. If you have got some intention. I think, of collecting some source for the benefit of research and development, I can understand. But kindly specify this source so that there is no ambiguity created under this legislation.

With these 3-4 observations I think you will come out with some amendment so that the Bill is made clear and specific and unambiguous. If we can make this Bill a part of any other measure, legislation, it is good.

DR. DATTA SAMANT (Bombay South Central) : Just for the sake of collecting small amount from the foreign collaboration, we are bringing some technology and collecting about Rs. 15 crores, the idea may be good, but, it is not going to help the backward country like ours, which needs a lot of research and development.

As a result of foreign collaboration in the last three years, the licences given are double than what were given since independence; and this shows how are we going to gradually depend on other countries and what are the effects on Indian economy because of such an act of the government. I have got a report. By and large, the foreign collaboration agreements are rather poor instruments for encouragement of the export. I have got figures from the Reserve Bank; because of this foreign collaboration, our export has not increased, though we have given double the licences; on the contrary, they are vehicles for induction and dumping of the import in our economy. They are not also effective instruments for raising the efficiency of utilization of Indian resources. What way these foreign collaborations are affecting the Indian economy? It is an important study on which we will have to think and the time has come. From

1970 to 1978, your added value is about Rs. 182 crores because of these foreign collaborations. In 1980-81, it is Rs. 277 crores, but the export remained Rs. 30 crores and Rs. 50 crores. So, there is no rise because of these collaborations; our export has not gone up; our Indian resources have not got any boosting because of these collaborations; the foreign money is being dumped on the Indian economy. Therefore, we have to face a lot of economic problems in our country. The government is not prepared to study, because I tried to search the results of foreign collaborations. What are the effects on the Indian economy? In 1970-71, 1971-72 and 1972-73, the study was done by the Reserve Bank. And the imports on account of foreign collaboration are to the tune of Rs. 69 crores, 100 crores, and Rs. 80 crores. But our exports were only Rs. 8 crores, Rs. 9 crores and Rs. 11 crores. This shows that the ratio is one-tenth! Therefore, I really, seriously consider that such type of thing and getting a small amount is not going to help to boost our exports, and because of our trade gap we are facing so many problems.

The World Bank has been asking us to de-value our rupee, and the Finance Minister has to consider this aspect also.

There are certain other points which I would like to point out. We have lot of resources. But as per the Government reports we are not exporting many things. Even in the case of vegetables, fruits and such agricultural commodities we are not exporting even though we can export a lot of them. We are exporting only about four per cent, that is only one per cent of the foreign exchange we are earning. India is a big country. We are now roughly earning around 60 crores by way of exports. Even if we develop the exports of fruits and vegetables, certainly, we can improve our exports and earn much more foreign exchange. We can earn lot of money.

I have recently visited the Research and Development Wing of the Hindustan Lever Limited. They are spending more than Rs. 10 crores for research and development. Their total turn-over is Rs. 700 crores. But they are spending about Rs. 10 crores

on research every year and their production is Rs. 70 crores. Some officers of the Central Research Departments have resigned and they have gone there. I have found that nearly 9.7 million workers are working there, which carries on some photo-synthesis also, and 20 per cent more yield is expected because of that. Therefore, we have to think over those lines. It is worth considering such private sector organisations and the Central Government will do well in learning from them.

In another area from the roots of the coconut trees 250 coconuts of a special type are produced and they are useful in exporting coconuts. They are cultivating such plantations on a mass scale to produce more. The private sector is spending more money on research, more than the public sector.

From the Soya Beans roots also they are doing some research in Madhya Pradesh. Some research is going on and many people are employed in the modernisation. As many as five crores of textile workers, on the other hand, are unemployed, all over the country. The textile magnates, they swallow about Rs. 1500 crores and that is the amount swallowed out of Rs. 4,000 crores. The mill magnates in Delhi, Kanpur and Bombay are profiting by this and the textile workers are suffering. One worker is being paid for only about one-fourth of the work, or in other words the work done by the worker is four times the money paid to him, in monetary terms.

You are importing technology. There is not much coordination with modernisation. And this is adding to the unemployment problems. I think there will be five times more unemployed workers every year and they are going to create a lot of problems for this country.

And in this process the benefits go to Mafatlal, Birlas, Tatas and others. The downtrodden people are not going to be helped.

The Government has announced concessions to the tune of Rs. 31 crores. It has announced these concessions in spite of our shouting. In this House we were told

that the Government is going to reduce or revise the duties, so that the result would be the workers will suffer again. It is going to increase the difference between the poor and the rich in the country.

Now, it has also been announced that the IDBI is going to distribute some money. May I say that this is going to benefit again the same people? In the name of development they will take advantage of this. There will be more results if there is encouragement to individual research development, or if there is a research and development centre it will definitely be useful in meeting the needs of the country.

SHRI SHARAD DIGHE (Bombay North Central): I rise to support the Research and Development Cess Bill which is being discussed by the House.

It cannot be gainsaid that this idea of levying and collecting cess on all payments made for the import of technology for the purposes of encouraging the commercial application of indigenously developed technology and for adapting imported technology to wider domestic application is a good idea. I would merely say that this has been brought before the House at a very late stage. Not only that. But it is a half-hearted measure. Even though it is some sort of a fulfilment of a commitment made in the long-term policy statement which was issued in December, 1985, which had promised to create this Venture Capital Fund, to provide for the levy of 5 per cent R&D levy and also to create initial capital of Rs. 10 crores for this purpose as early as April, 1986, this Bill has been brought in July. Secondly, the promise which has been made to create the initial capital of Rs. 10 crores for the Venture Capital Fund, there is no mention of this. The Minister also has not made any statement regarding this while moving the Bill. I should say that the charity should begin at home. If we are serious about utilising this cess for this laudable object, then it is the duty of the Government first to establish the VCF with the initial capital of Rs. 10 crores on behalf of the Government. Unless that is done, I don't think that this will have any great impact on the purpose and object for which this Bill has been brought before the House.

I do not much quarrel about the 5 per cent levy that has been proposed here. It can be 10 per cent, 15 per cent. It can go even upto 100 per cent. There is no limit. It is understandable that the Government in its long term policy has already laid down that they will levy 5 per cent. So I can understand that the Government cannot go beyond what they have laid down in the long-term fiscal policy. But the main objection is, as the hon. Member, Shri Madhav Reddy and other hon. Members have said, that here we have said 5 per cent maximum and by notification Government will decide. So, we are not sure whether the Government is deciding this levy of 5 per cent or 1 per cent or even 1/2 per cent. Therefore, an assurance should be given by the Minister in this debate that the Government will begin with this 5 per cent levy as far as implementation of this Bill is concerned.

Many Members have referred to the exemption clause. No explanation has been given by the hon. Minister while moving this Bill as to what is in the mind of the Government as far as the exemption clause is concerned. To whom are we going to give exemption? What are the tests or guidelines? Or is it going to be arbitrary? I hope the hon. Minister while replying to the debate, will be kind enough to explain and clarify the Government's intention as far as these exemptions are concerned. Otherwise there will be suspicion in the minds of the public and the industrialists and also of those who are going to pay this levy, as to which class of industrialists is going to be exempted by using this power. Therefore, as I said, explanation is owed by the Government to this House as to the exemption in this respect.

Then there is also a clause which is regarding the penalty and this is one of the reasons why I say this is a half-hearted measure because the penalty suggested in this clause is also very lenient. As stated here in clause 9, the maximum penalty is an amount not exceeding five times the arrears. It will be a very lenient penalty. Many industrialists will prefer paying this penalty rather than paying the levy itself or delaying the payment of levy. Therefore, my suggestion would be that some amendment should be suggested even at this stage by the

Government that when a default is made by an industrialist, his licence may be cancelled or he may not be allowed to import this sort of foreign knowledge. If such a drastic penalty is provided, then only you will be able to recover this levy and use it as proposed in this Bill.

Many things are depending upon issuing notifications and making rules. I am afraid that delay may be caused in implementing this Bill itself by not issuing the notifications in time and by not framing the rules as provided by the clauses of this Bill. Therefore, my request to the Government would be that if they are serious about levying this cess and utilising it for a laudable purpose, then the notifications should be issued and the rules should be framed very promptly so that we can utilise the clauses of this Bill.

As I said in the beginning, the object of this Bill is very laudable. India's determined will to enter high-technology area has been heralded throughout the world. Such an entry is not merely a difficult proposition in terms of sheer cost that is involved but it is also to be seen from the point of view of what the technology should do once it is available for absorption. So, from that point of view this Bill will serve a good purpose if it is implemented promptly and if drastic measures are taken.

Our national laboratories and research and development centres should be involved in facilitating absorption of imported technology and upgradation of the technology as applicable in the Indian conditions. But as I have said and as several Members have also expressed their apprehension, unless it is drastically changed and unless there is a will to implement all the clauses before of this Bill, it will not serve the purpose for which it has been brought before this House. With these words, I welcome this Bill.

SHRI AJAY MUSHRAN (Jabalpur) :
Sir, I rise to support the Research & Development Cess Bill, 1986. As a matter of fact, there is nothing in this Bill to oppose or to give one's opinion because the spirit behind it is very laudable. As Shri Madhav Reddi has said, it is just a drop in the ocean by way of collecting Rs. 15 crores a year as

cess collection for the purpose of research and development in all spheres of technological development and advancement of the country. However, what is very glaring in the Bill is that the word 'research' has not been used even once in the entire Bill--neither in the Aims nor in the Objectives nor in clauses of the Bill. I personally feel that this Bill gives the impression as if the sole object of the Bill is to collect cess, create an amount, give it to the IDB to create a fund. Where will that fund go? What will be the priority of the Research and Development, where will it be spent?

The mere fact of execution and administration of this fund is in the Aim of the Bill, I suppose. The aim is to do the advancement of Research and Development. Not even those words are used in the Aims and Objectives in the Bill. The Aims and Objectives say—

"The proposed Venture Capital Fund shall be utilised for providing further incentives for the commercial application of indigenously developed technology and to adapt imported technology to wider domestic applications."

The Heading of the Bill is—"The Research and Development"

It does not say whether it is for the domestic use or it is for the adoption of the imported technology into indigenised circumstances and environment. But it talks of research.

You will recollect, last year we had passed a similar Bill on the anti-drug system. The Bill was brought by the Home Ministry. It was a single dimension Bill. It gave a certain amount of recommendatory guidance to the Health Ministry—that you should create certain anti-drug clinics. That has not been done. In a similar way this laudatory Bill does not give the details of either the research or the development or the priorities in which this small amount which is going to be created, which I am sure is a small beginning of a big thing, I understand. But the aim should be clear. If to-day we

pass a Bill and do not take a step of Rs. 15 crores in the right direction, tomorrow we may take steps of Rs. 100 crores in the wrong direction. And we keep on applying things which may not fit in with the priorities of the country. I suggest that those priorities should have been laid down in the Bill. My humble submission is that such a Bill with very wider applications should be brought by way of multi-ministerial consideration and should have been a multi-ministry Bill. After all, so far as research is concerned, the Ministry of Agriculture, Defence, Scientific Development, Commerce, Industry, will be involved in this Bill. It does not say anything about it. It does not say about the adoption of the high technology or old technology or the new technology or which field of technology. We do not mention about agriculture. We do not mention a word about Defence. We do not mention about so many research fields where we are spending thousands of crores of rupees. Take for example agriculture. To-day we have got Indian technology, indigenously developed which we can export. We are only talking in terms of import. Shri Datta made a point. But I would like to suggest that such Bills must be brought with a clearer and more defined expressions because leaving everything with all the rules and regulations which will be made hereafter will not serve the purpose. The authority of this Bill when it is enacted will carry the same way of statutory thing, a legal aspect. But the basic aspect which should have been covered here is, that is going to be the administration of this Bill. Is the Industrial Development Bank going to control funding of the Research and Development? Are the bureaucrats going to do the scientific administration of Research and Development? The Prime Minister has made very categorical statements while addressing the Council of Scientific and Industrial Research scientists that scientists should educate and train their own scientists to do their administration, and here we are bringing the Bill where the strings of the purse will be controlled by the bureaucrats. I am not commenting about the bureaucrats, there may be scientific oriented bureaucrats also, but the fact remains that simply to collect a meagre fund of Rs. 15 crores and to bring a Bill for Research and Development without

defining the fields of research, without defining the priorities of research has no meaning. Today we have not got drinking water in many places or large areas of the country are suffering because of that. Today we are importing thousands of crores of arms and equipments for the Defence, but they do not give you the technology, the technology has to be developed here. But why is it not developing? You go to any research and development Institute in the Defence Ministry, you find it has more to spend on bringing an engine from somewhere, getting materials of the aircraft from somewhere and making the aircraft or tank in the Indian name. That is not enough. These are the fields where you must have a break-through. That may not be a high technology, but I suggest that in such Bills we must define and express such ideas, particularly the priorities on which the Research and Development is to be carried out, financed by this fund.

Sir, I would like to draw your attention to the Financial Memorandum which is attached here. It talks about the expenses of collection of the Fund. I think even a nationalised bank will not take 10 per cent on handling charges. After all what the Bank is going to do or the Ministry is going to do is only handling of the funds and 10 per cent of the expenditure will not be considered economic. I would suggest that giving such reasonability to such a high percentage of expenditure does not foresee the various economic constraints which the same Ministry imposes on certain other exceptionally necessary expenditures, and here they are very liberal. They say, the expenses of collection would reasonably come to about Rs. 15 lakhs per year. They may be more also.....

THE MINISTER OF STATE IN THE
DEPARTMENT OF EXPENDITURE
(SHRI B.K. GADHVI): That is one per
cent, not ten per cent.

SHRI AJAY MUSHRAN: Yes, it is Rs. 15 lakhs for Rs. 15 crores — one per cent. But even one per cent is big enough in a country where you are spending less than 0.9 per cent on R & D. It is quite considerable.

Now, clause 4 read in conjunction with

the Financial Memorandum says :

"Clause 4 of the Bill provides that the Central Government may, if Parliament, by appropriation made by law in this behalf, so provides, pay to the Development Bank, from time to time, from out of such proceeds (after deducting the cost of collection), such sums of money as it may think fit."

As we have the Industrial Development Bank, I suggest we should have an institution which you can name as Research and Development Bank or Research and Development Institute which should deal with this and the administration of this Fund should be purely in the hands of a scientific body and not in the hands of the Finance Ministry.

Regarding the finalisation or regarding making of rules and regulations under this Bill when it is enacted are concerned, I would suggest that scientists from fields of agriculture, in particular, Defence and Energy—because these are three fields from where the maximum foreign exchange expenditure is incurred today in the country these field scientists must be given the responsibility of making a break-through in the research and development field and they should be given full liberty in respect of financial expenditure also.

17.00 hrs.

Lastely, before I conclude, I would like to submit that if any industrial concern—whether private or public—has developed certain indigenous technology and if it is exporting that technology, then the Commerce Ministry should not come in the way of the spirit of research and development. When you import technology, based on that, you develop your own technology and you are in a position to sell that technology and your goods in the world market. Then, the Commerce Ministry should not say, "No, you cannot export this technology or you cannot export these completely indigenous goods". That is where the research and development should step in and that is why, I again and again say that so far as such Bills are concerned, which have a very multi-dimensional importance to the Ministries of Commerce, Defence, Agriculture, Science

and Technology, the rules which are being made should be made in such a manner that all these concerned Ministries should be made responsible for the correct expenditure of the funds which we are going to collect from the cess.

17.01 hrs.

[MR. DEPUTY SPEAKER *in the Chair.*]

Today the cess amount is very small. But tomorrow, the cess amount will be very big. Today it may be Rs. 15 crores. Tomorrow it may be Rs. 1500 crores or Rs. 15,000 crores. But whatever rules and regulations we make today, we should not just make them keeping in view the amount is a small one. We are thinking big but beginning is small. So, we must make such rules and regulations foolproof for the purpose of research and development.

THE MINISTER OF STATE IN THE
MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT) :
I beg to move that the debate on communal situation which is to be taken up at 5 p.m. and to be replied to by the hon. Home Minister may be taken up at 5-15 p.m.

MR. DEPUTY-SPEAKER : I hope the House will agree to it.

SOME HON. MEMBERS : Why ?

SHRIMATI SHEILA DIKSHIT : There are so many speakers who want to speak.

SHRI G.M. BANATWALLA (ponnani) :
Let the reply be over, and then we will continue with the debate.

MR. DEPUTY-SPEAKER : On the same subject, we are continuing.

SHRI G.M. BANATWALLA : Un-necessary modification.

MR. DEPUTY-SPEAKER : No, this is a sort of adjustment. I hope the House agrees to it.

[*Translation*]

SHRI RAJ KUMAR RAI (Ghosi) :
Mr. Deputy Speaker, Sir, I am thankful to

you for giving me time to speak on the Research and Development Cess Bill.

Our Prime Minister, the leader of the nation, had promised that he would take the country to the 21st century. Thereby he meant that the technology of the country would be updated so that we are able to march ahead in the race of development.

You may be remembering that in December, 1985 a long term fiscal policy was announced. At that time also it was stated that we would bring forward a Research Development Bill. It was felt that if we wanted to advance our technology, if we wanted to promote research and development, we should provide more funds.

Views from the Ruling Party and the opposition have been expressed on the subject. There cannot be two opinions that if we want to promote research, development and technology in the country, we shall have to levy some cess. Therefore, the entire House is one in regard to levying of cess. I also support this Bill but one or two doubts arise in this connection. When the entire Bill was read out and just now the hon. Member speaking before me also was saying—and I agree with him—that Government can give exemption on it, if it deems it necessary. But there is no provision in the Bill that on what grounds exemption will be given and whether the discretion will be arbitrary or used judiciously. These things create apprehensions in the mind. If such an apprehension has been expressed, it is not altogether baseless. While replying, the hon. Minister should keep these things in mind and specify the circumstances in which exemptions will be given. No one would like to object to a particular matter but if he uses his discretion incorrectly, he will definitely do something objectionable.

With the enforcement of this Bill, our research and development work will increase. At present, the Ministry has formulated quite general rules for the manuscripts etc. imported from foreign countries. You have kept this item under O.G.L. But you restrict import of micro-films. I would like that you may pay attention to these matters also.

We want to bring ancient manuscripts from other countries, we learn much from them and on its basis we undertake research and development. It is, therefore, necessary that even if we levy cess on it, it should be brought under that scheme.

With these words I support the Bill.

[*English*]

SHRIMATI GEETA MUKHERJEE (Panskura) : Sir, as I understand from the debate, this Bill has been criticised not only by the Opposition but also by the Treasury Benches. (*Interruptions*). Many lacunae were pointed out. I feel that though the objective is laudable but the way the Bill has been formulated definitely does not serve the purpose. That is why, I request the Minister in charge seriously to go into the objections already raised. I, on my part, would raise a few as quickly I can cover.

About the same glaring defects which have been already pointed out, one is this small fund due to the 5% cess levy. That too also, is not compulsory. With Rs. 15 crores, how many concerns this fund is really going to seriously help? This is a matter of serious concern. Had the capital goods also been entered in the List, then a cess of 20% could have been levied and then really it would have played a substantial part. Really something could have been done. Otherwise, it becomes more or less a pious wish with just Rs. 15 crores.

17.08 hrs.

[MR. SPEAKER *in the Chair*]

Secondly, many of us pointed out that the actual rate has been left to the administrative discretion, instead of spelt out in the Bill itself. This itself is rather interesting.

Then there is also the power for exemption. In my opinion, this actual rate to be levied by the administration and leaving out the powers of discretion to the administration really might be misused, may be for political patronage as well, a part from the normal factor of corruption. This, in my opinion, should not have been done.

On the side of application of the fund there are also many lacunae. First of all, this question that this will be given in other forms as well but also for equity capital of the concern attempting R & D efforts. This should directly be given for the R & D effort and for directly financing those which have been cleared by the Planning Commission, DGTD and also concerns like CSIR etc and that is how instead of general financing, the direct financing into the effort itself would help instead of equity capital which would not be worthwhile as the fund is not large.

It is also interesting that among the concerns which will be helped there will be no discrimination made between one concern and another. I believe naturally as far as the normal financial transactions go, the lion's share of this help may go to MRTP and FERA companies. Nothing has been spelt out. It should be clearly stated that R & D laboratories, medium and small enterprises and various public and voluntary agencies for promoting indigenous technology development will be the areas which will be helped.

Then the question of priorities. Here nothing has been said about which will be the priority areas. So if it is to be spread out on, for example, goods like after shave lotion, it will be frittered away. They are luxury consumption goods and they should not be in any case the area of priority. So also the new-fangled electronic goods which are also luxury consumption goods and they should not be the areas of priority. Here, for example, pulses, oil seeds and such like things which we need very much—there special development of R & D should be the area which should be helped. Non-conventional uses of energy and such other areas of social necessity should have been particularly pointed out instead of making it an overall thing. Therefore, I fully agree that this Bill is really a halfhearted measure.

Finally I would conclude by saying that R & D also is an industry and is an infant industry, in my opinion, and that really needs serious protection if it has to be saved. So indigenous technological development in R & D if it has to be saved and given protection, then really the need to

impose a cess as a proportion of the local turn-over of the product using the imported technology is there in order to generate enough funds for technical self-reliance and unless you really bring down your import of technologies there cannot be any effective protection to this R & D industry. So I request you to consider that in right earnest and take out the lacunae from the Bill if you want R & D to develop.

17.14 hrs.

DISCUSSION RE : COMMUNAL
SITUATION IN VARIOUS PARTS
OF THE COUNTRY—*Contd.*

[English]

MR. SPEAKER : Mr. Buta Singh.

SHRI AMAL DATTA : Is he going to reply to those charges ? The Indian Express, etc.

MR. SPEAKER : You are a lawyer. You must read your brief first and then come.

THE MINISTER OF HOME AFFAIRS (S. BUTA SINGH) : Mr. Speaker, Sir, I am sorry that my rising in the House woke up the hon. Member who was enjoying the sleep.

SHRI AMAL DATTA (Diamond Harbour) : Please repeat. I did not hear you. Did you say anything to me.

S. BUTA SINGH : Sir, first of all, with folded hands I have to make a very humble submission to this august House which I hold in highest esteem. It was mentioned on the floor of this House by my honourable friends, distinguished colleagues, Members of Parliament that we were callous and we were not attending this House. Even for the sake of imagination, a man like me who is humble, humbled by the onerous task which this nation has given to me, it will be far from my imagination that I would like really to be so arrogant as not to be present in the House. The hon. House knows that I was constantly busy in the other