

be assured that he will be given sufficient opportunity for getting education of his choice. I, therefore, request that this important matter may be included in the next week's agenda for discussion in the House.

[English]

THE MINISTER OF PARLIAMEN- TARY AFFAIRS AND MINISTER OF FOOD AND CIVIL SUPPLIES (SHRI H.K.L. BHAGAT): Sir, I appreciate the enthusiastic interest which the hon. Members of this House are taking in regard to the proceedings and business of this House by giving a number of suggestions. That shows their interest which I appreciate. I shall certainly convey the same to the Business Advisory Committee which considers the matters. As I had submitted earlier, it is for the Members to raise and for the Speaker to permit the number of matters which the hon. Members can take up with the Ministers or under Rule 377 and so on. I am just giving a suggestion. It is your right, you can say that. I would certainly like to respectfully react to what Prof. Ranga said about fixing some time to reply at this stage. I can only say that I have respectfully noted his suggestion. I cannot make any other commitment at this stage.

12.30 hrs.

### ELECTION TO COMMITTEE

#### Spices Board

[English]

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI BRAHMA DUTT): I beg to move the following :

That in pursuance of clause (b) of sub-section (3) of section 3 of the Spices Board Act, 1986, the members of this House do proceed to elect, in such manner as the Speaker may direct, two members from amongst themselves to serve as members of the Spices Board, subject to the other provisions of the said Act."

MR. DEPUTY SPEAKER : The ques- tion is :

"That in pursuance of clause (b) of sub-section (3) of section 3 of the Spices Board Act, 1986, the members of this House do proceed to elect, in such manner as the Speaker may direct, two members from amongst themselves to serve as members of the Spices Board, subject to the other provisions of the said Act".

The motion was adopted.

12.31 hrs.

### RESEARCH AND DEVELOPMENT CESS BILL—Contd.

[English]

MR. DEPUTY SPEAKER : Now, Item No. 10. Further consideration of the following motion moved by Shri B. K. Gadhi on the 24th July, 1986, namely :

"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 there- to, be taken into consideration."

Now, Shri M.C. Daga to speak.

He wants to regulate the time. I am going to regulate the time now. He is going on suggesting this.

SHRI NAWAL KISHORE SHARMA : (Jaipur) : You can regulate time but not regulate Mr. Daga !

[Translation]

SHRI MOOL CHAND DAGA (Pali) : Mr. Deputy Speaker, Sir, I congratulate the hon. Minister as he is piloting a Bill for the first time, but I feel that it has not been properly drafted. I have gone through the Bill and that is why I want to inform him

[Shri Mool Chand Daga]

beforehand that he will have to bring an amendment to it soon. These days the Government introduces these Bills merely to complete a formality. The sole objective of bringing this Bill has been stated in Para 5.35 of Long Term Fiscal Policy and I quote :

[*English*]

**LONG TERM FISCAL POLICY :**

Para 5.35.

The Fund will be administered by the IDBI.

At the same time, a small 5 per cent.

“R and D Levy” will be imposed on all payments made for purchase of technology from abroad, including royalty payments, lump sum payments for foreign collaboration and payments for designs and drawings. The levy will increase the cost of technology imports by a small amount (but without restricting access) and will also provide a source of funding the Venture Capital Fund aimed at promoting the commercialisation of indigenous technology. This experimental scheme, which will become effective from 1-4-1986, will be reviewed after three years.”

Mr. Deputy Speaker, Sir 1-4-1986 has passed. So, I don't know whether it will be effective from 1-8-1986, God alone knows !

[*Translation*]

This should have been included in the Bill and the bureaucrats should have brought it much earlier. I would like the hon. Minister to lend me attention, because it is an important Bill. Why is it so that Jammu and Kashmir has been excluded from the purview of the Bill in respect of import of technology? Has any tax been imposed on the import of technology and if so, why has Jammu and Kashmir been excluded? Does the Government want that somebody should import technology in Jammu and Kashmir and no tax or cess will be received in lieu thereof? I would like the hon. Minister to

clarify this and also consult the Law Department in this regard. If technology is imported in Kashmir, cess is not paid. Would the Government review this situation?

Mr. Deputy Speaker, Sir, there is a big difference between tax and cess. The Government can deposit the tax in the treasury whereas cess has to be utilised for that very purpose for which it has been collected. According to the Government, Rs. 15 crores will be received as cess and it wants to spend the entire amount to import technology, but if you take the trouble of going through the Bill, it is categorically stated therein :

[*English*]

Clause 4 says :

“The proceeds of the cess levied and collected under section 3 shall first be credited to the Consolidated Fund of India.”

[*Translation*]

Why should it be deposited in the treasury then? I fail to understand as to what purpose it will serve.

[*English*]

“.....and the Central Government may, if Parliament be appropriation made by law in this behalf so provides, pay...”

[*Translation*]

I have moved an amendment in this regard. Why should it be credited to the Consolidated Fund of India? When an amount is deposited in it, the Government has to seek the sanction of Parliament to spend it. Similarly all revenues are credited to this account. I fail to understand the provision envisaged in this Bill. This is not what I alone feel but even the Secretary in the Ministry of Industry has expressed similar views:

[*English*]

Shri S.D. Srivastav, the Industry Secretary, said :

"The details about the administration of the fund are yet to be worked out."

[*Translation*]

Kindly go through the statement that he made on the 25th April, 1986. I would like the hon. Minister to clarify it, when the Secretary says :

[*English*]

"How it will be administered, details are to be found out" This is the statement given by the Secretary of the Industry Department.

[*Translation*]

The Secretary in the Ministry says that details have not been worked out and when one goes through the Bill, one finds that in fact there are no details. What he has said seems to be correct. God knows when it will be prescribed. It has been stated in clause 8 and 9 :

[*English*]

"8. The development Bank may require an industrial concern to furnish, for the purposes of the Act, such statistical and other information in such form and within such period as may be prescribed."

"9 (i) If any cess payable by the industrial concern is not paid on or before making payments towards the import of technology, then it shall be deemed to be in arrears and the same shall be recovered by the Development Bank in such a manner as may be prescribed."

[*Translation*]

When you say 'as prescribed', it means nobody knows and this creates a deadlock. Even Parliament does not know when it will be prescribed. It seems that prior to bringing a business before the House, the Government does not seek the advice of the Law Secretary. Probably, the Government may have sought his advise in this case and he may have gone through it casually. I feel

that the officials of the Finance department were in a hurry to get it passed. Shri Gadhvi had been recently inducted into the Cabinet and he might have been asked to get it passed in a hurry.

[*English*]

MR. DEPUTY SPEAKER : Even though he is new, he knows, don't worry. Dagaji, he knows.

(*Interruptions*)

SHRI MOOL CHAND DAGA : You understand it because I always find that you apply your mind to the clauses of the Bill. But what is the purpose of passing this legislation? Simply we are saying that we want to levy a cess of 5 per cent for importing technology. It is a serious point.

[*Translation*]

What do we want? At least this should be clear as to what we want to enact. What will be administered, nobody knows, who will import or what methods will be adopted, nothing is clear.

[*English*]

We do not know anything about it. The Legislation has come before the Parliament, Parliament will approve it. Shri Gadhvi Sahib, you know, is a competent lawyer. He knows in the heart of hearts that it is not he who has seen the Bill.

MR. DEPUTY SPEAKER : After the debate only, Parliament is going to approve, Dagaji. Now, he has to pilot and he says, it is a very good Bill. So, he will also say, it may be passed as prescribed.

[*Translation*]

I have repeatedly said that the main business of Parliament has become to pass legislation. Our newspapers analyse the legislation. The main business of Parliament has become to pass legislation and the Opposition does not take the trouble to know the contents of a Bill. Their only function is to get ready for the Zero Hour...  
(*Interruptions*)

[English]

MR. DEPUTY SPEAKER : There is no Zero Hour.

[Translation]

SHRI MOOL CHAND DAGA : I am not understanding what purpose the Clauses 8 and 9 will serve. It is written in it that :

[English]

"Power to call for information and penalty for non-payment of cess."

MR. DEPUTY SPEAKER : Hon. Member's time is up.

SHRI MOOL CHAND DAGA : I am not repeating, I am making points. I am not repeating. I will finish my speech now.

MR. DEPUTY SPEAKER : You have already taken your time.

SHRI MOOL CHAND DAGA : I am finishing my speech.

[Translation]

Now the question is, apart from this, which are the other banks from where the people can take loans? The Government have Financial Corporations and I.F.C.I. and other banks. Why don't you delegate such a power to them. I.D.B.I. is such a bank which will administer. I would like to ask as to why technology is not being developed within the country and why it is not being imported by the foreign countries? The reason has been given in the report presented by his department. I would like to quote its extract. Please give me some time for it.

[English]

"The prime cause of India's poor performance in respect of R and D is not due to the paucity of resources devoted to it, but the suppression of the available scientific talent by the bureaucratic machinery and the so-called senior scientists; rampant favouritism and corruption in appointment, selection and promotion of scientists and failure to evolve a well thought out comprehensive

plan for R and D work linked to the basic national goals".

[Translation]

This is the reason that your technology is not being imported by foreign countries. I would like that the amendments moved by me may be taken into consideration. I hope the same will be done.

[English]

MR. DEPUTY SPEAKER : You were not repeating others' points. You were repeating your own points.

SHRI K.R. NATARAJAN (Dindigul) : Mr. Deputy Speaker, Sir, on behalf of ADMK, I support the Research and Development Cess Bill, 1986. However, I would like to make some suggestions in this regard. This Bill seeks to levy a cess on all the payments made for import of technology from abroad for the purpose of paying incentives for the development of indigenous technology. Technology is defined as any special or technical knowledge or any special service required for any purpose whatsoever, by an industrial concern under any foreign collaboration, and includes designs, drawings, publications and technical personnel.

Here, we have to see whether the levy of cess will help the development of indigenous technology. If the answer is "Yes", then the cess may be levied and collected. But it is not clear, in this Bill. When no special or technical knowledge is available or not adequate developed. Then we have to import technology in the interest of the nation. We can convert, modernise or adopt the imported technology for the development of indigenous technology. Then the cess should not be levied. In other cases, namely import of machinery and plants, it may hamper the development of indigenous technology. In such cases, levy of cess should be increased to more than 5%. In the modern world, we have to compete with the advanced countries in evolving modern technology on par with the other countries to develop the industries including agriculture. The development of modern technology can only be made through the research work. So it is a 'must' to have Research and Development Institute. There

is no provision for the establishment of Research and Development Institute in the Bill. A sum of Rs. 15 crores is not enough for the purpose. At least, Rs. 500 crores should be set apart for the Research and Development work. I hope that the venture capital fund is created for that purpose in the Bill. Then this fund should be separately kept and managed by a separate Body or Institute which should be managed by scientists.

Clause 5 says that the venture capital fund shall form part of development assistance fund of IDBI. In my opinion, this system may defeat the purpose. It should have a separate agency. In order to augment the resources of the venture capital fund, the collection of custom duty on the imported material should be added in sub-clause 2 of clause 5 of the Bill.

So far as the power of application of the fund is concerned, it should be vested in the Research and Development Institute, if created, or else, in the Central Government but not vested in the IDBI as mentioned in Clause 6.

As far as exemption is concerned, the grounds of exemption should be clearly stated in Clause 7, in order to avoid arbitrary nature of the bureaucracy in dealing with such applications. Though it is stated as Research and Development Cess Bill, there is no provision in the Bill for the establishment of Research and Development Institute. This anomaly should be avoided. Even though the venture capital fund is created under Clause 5, its function is not clearly mentioned. So, the function of the venture capital fund may be clearly stated in Clause 5.

With these words, I conclude.

**SHRI RAM SINGH YADAV (Alwar) :**  
I rise to support the Research and Development Bill. First of all, I congratulate the hon. Minister that he has taken the progressive step in taking into consideration the utmost requirement of the country and that was how to adopt and how to improve, how to utilise the foreign technology to suit the local conditions of the country or the nation.

The hon. Minister has provided in Section 3, the imposition and collection of the cess. In Section 5 of the Act, there is a provision for creation of the venture capital fund and that venture capital fund shall be a part of the development assistance fund which is credited to the Industrial Development Bank of India. But as Mr. Mool Chand Daga has suggested, it is a very relevant point but when there is a cess, when it is a matter of fact, the intention is that it can be utilised exclusively for the purpose for which it has been collected and it shall not go to the consolidated fund. There should have been a separate fund for that and, as a matter of fact, it cannot be utilised for other purposes. Secondly, when there is a collection of this fund, then whether there is a proper utilisation of this fund should be seen and there should be a supervisory body which can see whether the industrial concerns for which you are advancing this fund or the amount of this fund is being properly utilised or not. Because you have not made any provision here as to what will be the scientific supervisory body which will report to the Industrial Development Bank of India or the Government of India or any other competent authority that this amount has been properly utilised or not. So this is a lacuna and I think the hon Minister will take into consideration as to how this lacuna can be rectified.

There is an overlapping provision also. There is the Council of Scientific and Industrial Research and the Public Accounts Committee in its 171st report has observed that proper funds are not being provided to the CSIR and that the working of the CSIR is not upto the mark. The Public Accounts Committee have given the reasons. Now the scope of the CSIR is very comprehensive and virtually it will be the same scope which you have envisaged in this Bill now. This is overlapping. It is better if you entrust this work also to the CSIR and this funding also can be channelised or entrusted to CSIR for its proper utilisation.

I think the purpose is that only those industrial concerns which have given the cess shall be allowed to utilise that fund for development of the technology or for adapting that imported technology to suit local conditions of the nation. Now if that is the intention—although it is not very clear from

[Shri Ram Singh Yadav]

the Bill that only those industrial concerns will be allowed to utilise the fund which have given this amount by way of cess, but if that is the intention, then it must be obligatory on the industrial concerns that it shall have to set up R and D wing in its own concern and whether that R and D is working properly or not, it has to be looked into by some competent authority or by some scientific supervisory authority which provision is very necessary and it has not been made in this Bill.

Another lacuna with regard to the imported technology is that the major population of the country, say 75% of the population of the country depend on agriculture and only 15% depend on industry. This amount which is being collected by way of a cess from industrial concerns which are importing foreign technology shall be utilised, as it is gathered as the intention of the Bill, only in the industrial sphere and agriculture has not been included in the term and definition of industry. Therefore, that technology shall not be utilised in the field of agriculture and, therefore, it is very necessary to make a provision in the Bill that if there is a need that this amount may be used for agriculture technology and improvement of agriculture technology, then there should have been a provision in this Bill, but it is not there. Rather there is a prohibition, an implied prohibition, that this amount cannot be used for agriculture technology and for the development of agriculture technology. Therefore, the hon. Minister will think over this suggestion also as to how this provision can be incorporated or can be brought into this Bill by way of an amendment as you think it proper.

It has been talked that the scientists of the nation should be as a matter of fact given recognition and encouragement and this is one step to give encouragement to these people. I have seen in the 171 report of the Public Accounts Committee in which it has been specifically stated that the young scientists are not given a chance in the Executive Committees which are engaged in various disciplines of the science and technology and therefore they like to opt to go to other countries to exhibit their efficiency and to have the proper achievements in their fields.

So, I will suggest to the hon. Minister that there should have been the creation of a Scientific Research Institute by making a provision in this Act, so that the scientists or the young scientists can make use of it. Therefore, in conclusion, my suggestion is that there should have been a provision for the creation of a Scientific Research Institute which can utilise the funds which are being collected under the provisions of this Act. The Development of the technology or the improvement of the technology should also be utilised in the field of Agriculture and there should have been a provision. If it is not there at the moment—it may be in the mind of the Government—at the appropriate time this amendment may be incorporated in the present Bill. The amount of Rs. 15 crores which has been envisaged by way of collection of cess so far as improvement of technology is concerned or adaption of imported technology is concerned is a meagre amount. The intention behind this Bill cannot be achieved by this amount of Rs. 15 crores. By the maximum collection of a cess of 5 per cent, the Government cannot fetch more money. So, my submission is that you may make the provision to go up to 10 or 15 per cent. Why do you keep a ceiling? It may be left to the discretion of the Government. It may be 5 per cent or 7 per cent or more. My submission is that you keep it atleast at 15 per cent. With these submissions, I support the Bill.

[*Translation*]

SHRI GIRDHARI LAL VYAS (Bhilwara) : Mr. Deputy Speaker, Sir, you have given me an opportunity to speak in the end and I am thankful to you for that. I support this Bill. A lot of things have already been said here in regard to the cess being levied for research and development. This cess is being levied to facilitate import of technology so as to develop indigenous technology and maximise the production in the country. But I would like to draw the attention of the hon. Minister to the fact that there are some people who are indulging in fraudulent activities on the pretext of importing technology. A cement factory has been set up in our region at Beawar. All the machinery and technology for the cement factory are available indigenously. The machinery can be got manufactured in the

Hindustan Machine Tools factory and other factories. But even then foreign exchange worth crores of rupees has been drawn from the Government of India in the name of importing foreign technology for that factory. You might be knowing that the capitalists maintain links in foreign countries. Recently, the Government have arrested a number of such persons in connection with the foreign exchange, who open different accounts in different countries without seeking permission from the Government or the Reserve Bank and indulge in underhand dealings.

13.00 hrs.

Strict action should be taken against those persons who try to import technology inspite of its being available indigenously. Instead of 5 per cent cess, you should impose 100 per cent cess. Indigenous technology has been developed here, but even then people import such technology. Action should be taken against such persons by the Government.

I would like to draw your attention towards the other type of cases. In the name of new technology, they are trying to import those factories etc. in foreign countries which have been declared as scrap there.

[English]

MR. DEPUTY SPEAKER : Mr. Vyas, you can continue at 2.00 p.m. The House stands adjourned for lunch and will reassemble at 2.00 p.m.

13.01 hrs.

The Lok Sabha then adjourned for lunch till fourteen of the clock.

The Lok Sabha re-assembled after Lunch at Five minutes past Fourteen of the clock.

[MR. DEPUTY SPEAKER *in the Chair*]

RESEARCH AND DEVELOPMENT  
CESS BILL—*Contd.*

[English]

MR. DEPUTY SPEAKER : Shri Vyas may please continue.

[Translation]

SHRI GIRDHARI LAL VYAS (Bhilwara) : Mr. Deputy Speaker, Sir, I was saying in regard to that concern which imported indigenous technology from foreign country in a fraudulent manner in spite of its being available indigenously. I would like to draw the attention of the hon. Minister to the fact that the expenditure of Rs. 200 crores in foreign exchange incurred on the setting up cement factory at Beawar could have been avoided, because the whole factory could be set up indigenously. You have given the definition :—

[English]

The definition of 'Industrial Concern' in the Bill is :

“ 'Industrial Concern' has the meaning assigned to it in clause (c) of the Industrial Development Bank of India Act, 1964, and includes any other person in whose favour a foreign collaboration involving the import of technology is approved by the Central Government.”

[Translation]

Regarding the manner the approval has been accorded by the Central Government, I would like to urge the hon. Minister that the big capitalists wrongly manipulate the definition. Therefore, it is necessary to remain alert in this regard. We could have avoided the expenditure in foreign exchange. That technology was imported. Granting permission by the Government was a wrong step. Such manipulations, therefore, should have been checked in a strict manner. Secondly, what I want to say is that there is a *mala fide* intention behind the collaboration with foreign concern entered into by this company. Foreign exchange was drawn here and the payment was made through the company's accounts maintained in the foreign countries. In this way, they cheated the Government of India in two ways. Stern action should definitely be taken against such a concern.

Similarly, I was urging in regard to Daruhara. In India, paper mill technology

[Shri Girdhari Lal Vyas]

has been developed indigenously for quite a long time, but many persons import scrap goods or scrap factory by paying its full price. They import such technology as is not required in the country. This should be taken note of. The paper mill, which has been set up there, is lying closed since its inception. Stringent action should be taken against such defaulting persons and officers who import in a fraudulent manner and take permission from the Central Government by using some influence. In this way, the system will be corrected. Similarly, the definition of the technology is :

[*English*]

“ “Technology” means any special or technical knowledge or any special service required for any purpose whatsoever by an industrial concern under any foreign collaboration, and includes, designs, drawings, publications and technical personnel”.

[*Translation*]

Here, that should also be excluded which can be developed indigenously even if it is a case of importing technology through foreign collaboration. Unless this provision is made in the definition, the big capitalists will go on cheating the Government of India in this way thereby benefiting themselves. There is need to improve this situation.

Thirdly, you have fixed percentage in section 3—

[*English*]

“(1) There shall be levied and collected, for the purpose 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”.

[*Translation*]

In this connection, I would like to say that more than hundred per cent cess

should be levied on that technology which is already developed here, but is still imported, so that the type of technology which has already been developed here is not imported. In this way we can save foreign exchange and foreign exchange reserve which that is getting depleted. By imposing such cess, this type of arrangement can be made in this section itself. Wrong type of people try to take the maximum advantage of the faulty provisions of law. Some provision can be made for them. The fourth is :

[*English*]

Crediting the proceeds of cess to the Consolidated Fund of India.

[*Translation*]

The objection made by some Members in regard to the Consolidated Fund is wrong. Amount of cess will be credited to the Consolidated Fund of India and will be drawn from it, but provision should be made to the effect that the amount collected through the cess is spent for that very purpose for which the cess has been levied, the amount of cess should be spent on designs, drawings and on the work of research and development undertaken for the development of other type of technology. But the amount should not remain unutilised in the Consolidated Fund. This system should be introduced in the proper way. Only then, the whole system will run smoothly. Similarly, a Venture Capital Fund has been created. We will get a sum of Rs. 1500 crores from it. There does not seem to be scope for any savings..... (*Interruptions*) It is a matter of pleasure that you have brought an amendment and fixed the cess at ten per cent. In regard to the Venture Capital Fund, I would like to urge that care should be taken regarding the expenditure incurred from this Fund. I want to submit that the Venture Capital Fund should not be made available to those companies who do not need it. These big companies try to utilise the funds in collusion with the officers fraudulently. Venture Capital Fund should be given to those people who want to develop some technology so that the country as well as the concerned industry gets developed and the maximum benefit is derived



therefrom. Under the power to call information you have said that you will call for all the information. But Information cannot be collected without penalty clause. People by giving excuses will try to mislead you and get benefited. You should provide for penalty so that you are able to get timely information and they get strict punishment. It is imperative to have such a provision. Similarly, in clause 9 (2) you have imposed five times penalty. The provision should be such that they get punishment. The big capitalists remain unaffected with five times penalty. You should make provision that if cess amount is not deposited in time, six or twelve months' sentence will be awarded. Unless you make this type of provision, they are not going to be affected. You have given this function to the Industrial Development Bank. You are aware that the big capitalists have full influence over that Bank. Therefore, you should separate this arrangement from it so that this provision is properly implemented. With these words, I support this Bill.

[English]

SHRI RAM SINGH YADAV (Alwar) : Have you received any information regarding the Home Minister's statement ?

MR. DEPUTY SPEAKER : I have not received anything.

SHRI NITYANANDA MISRA (Bolangir) : Mr. Deputy Speaker, Sir, I congratulate the Minister for introducing this Bill. The purpose is to create a fund for adaptation of foreign imported technology and application and development of modern indigenous technology which is available in our country. But this levy of 5 per cent cess from the entire expenses incurred for importing foreign technology...

SHRI RAM SINGH YADAV : Now, it is raised to 10 per cent by way of an amendment.

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE (SHRI B.K. GADHVI) : Accepted.

MR. DEPUTY SPEAKER : Not yet raised.

SHRI NITYANANDA MISRA : It comes to nearly Rs. 15 crores, which is a very small and meagre amount, to achieve the purpose which the Minister has in mind. In foreign countries, advanced countries, you will find that large amounts are spent for the development of technology, whereas the amount which we spend in our country is very small, and that is not sufficient to bring about a substantial development in the field of technology.

There is a craze for importing foreign technology into our country; and when we indiscriminately import technology, sometimes we make the mistake of importing that technology which is already obsolete and out-dated in a foreign country. They have rejected that technology, rejected the machinery, and they want to dump it in Third World countries. Sometimes we import such technology which my friend has already pointed out, very vociferously, and rightly so.

We pay a price for the technology that we import from foreign countries. If we pay the price, we shall have to see that we get the maximum advantage and mileage out of it. If we import a technology which has become obsolete in a foreign country, it will become so in our country also after a short span of time. Therefore, it will not serve our purpose. Therefore, when permission is accorded for importing a foreign technology, this should be borne in mind.

Secondly, when permission is given for importing a foreign technology, we must be very careful and cautious that the technology we import must be relevant and must be conducive to our conditions and environment. There are apprehensions that modernisation and foreign technology will create unemployment. There should not be any room for such an apprehension in our minds; because any foreign technology, howsoever advanced and developed it might be, should not be permitted to create unemployment in our country. Otherwise, it will create social tension and unrest. We must be careful about it.

When we import a foreign technology, we should make every possible effort to absorb it, to assimilate it completely and to

[Shri Nityananda Misra]

make it our own, and after some time to improve upon it also. We have got a vast technical and scientific manpower in our country which is not inferior in any way, in calibre and capacity, to its counterpart in other countries. So, we have a capacity to assimilate the foreign technology; but we find, in real practice, that most of these industries which collaborate with foreign industries to import technology, do not produce all the parts, equipment, and spare parts in this country as a result of which the benefit and the advantages which should accrue to us are not available. We must give importance to this aspect and there should be an element of compulsion for producing in our own country all the parts, equipments and machines which we require for this advanced technology, so that there will not be a perpetual dependence on foreign countries, to bring all these things in the name of developed technology.

We have observed that even after liberalization of imports, and after the import of foreign machines and spare parts, we have not been able substantially to boost our exports.

It clearly means with the help of imported technology, we have not been able to produce the commodities at competitive prices of a better quality which will have a place in the foreign market. The causes of these things should be identified, enquired into and remedial measures should be taken. We have in our country a large number of industries; according to the government statistics, there are 93,000 which are threatened with sickness. There may be other reasons responsible for it; one of them is obsolete, out-dated technology that they have, as a result of which the cost is high, productivity is low, quality is also low and the units are not viable. Therefore, we must take steps to make available better technology, improved technology to these industries so that they will get modernised. Only financial help is not sufficient for them; we shall have to see that they also enjoy this access to better technology so that we can rehabilitate these industries where bank finance of a very colossal amount to the tune of more than Rs. 3000 crores has been locked up.

We have got research and development

wing in every one of these industries, which is not functioning properly. We have got Regional Research Laboratories and Organisations whose activities should be linked up with the research and development in private and public sector industries, and the research in the whole country should be augmented, should be encouraged and sufficient amount of resources should be provided for that purpose. I give you one instance. Rourkela Steel Industry was established in mid 60s, and at that time the healthy process which was introduced was considered to be most sophisticated and advanced technology. but 20 years after we have not touched some machines which are supplied by them 20 years back and when there is a revamping or modernisation or extension, we depend upon West Germany for supplying equipment, for supplying consultancy, machines. So, it shows that even after introduction of a highly developed technology, we have not completely absorbed it, assimilated it as a result of which in future also we depend upon foreign countries for supplying us machinery, equipment and spare-parts and all that. This habit should be discouraged and even public sector industries, research and development wing should be strengthened, should be activated so that they will function and will achieve the purpose of the research and development organisations.

I hope the Minister will take steps to augment small resources for the development fund and because the need for our development of technology in this vast country with well spread out industrial base is very great, we hope this Bill will go a long way for the development of indigenous technology, and at the same time, they have a better application of the foreign imported technology.

SHRI D.B. PATIL (Kolaba) : This Research and Development Cess 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 adopting imported technology to wider domestic application, is a good thing. But I have my own doubts about the thing which is

likely to happen because of allowing import of technology freely. The original thinking was that import would be allowed only of basic technology. Here it has not been made clear anywhere whether import of technology would be restricted to basic technology or technology in general. If it is not restricted that way, then what is being contemplated in the Bill that indigenous technology should be developed, would not be achieved if the imported technology is made available easily. Moreover, this import of technology freely will affect adversely our self-reliance on technology. This should be taken into consideration.

About the cess, it is the general consensus of the House that the proposed levy of 5 per cent is too meagre and that it should be enhanced at least to 10 per cent. It seems that the amendment is coming from the Government. So, I would not make any comment on that.

I would like to say that import of technology should be allowed only on specific conditions. One on the specific conditions is that the import of technology should be allowed only if the import does not result in retrenchment of the workers in the industrial concern. And also it should be allowed only if the import of technology is likely to create additional employment potential in the country. The Bombay High Court had stayed introduction of computers at the Bombay Mazagaon Docks on the same ground as I have stated just now *i.e.* because of the introduction of computers there is likelihood of retrenchment of workers and secondly there may not be creation of additional jobs. So, the High Court has stayed that. Nobody knows the ultimate decision of the High Court. But it means that there is some force in that thing. So, I would request the Minister that when you allow import of technology, care should be taken to see that this should not result in retrenchment and should also result in creation of additional employment potential.

About the contribution of the Government towards this Fund, it has been stated in the Financial Memorandum that there is no commitment on the part of the Government. But one of the hon. Members, Shri Dighe, has very rightly stated that

there was a commitment on the part of the Government to make a provision of Rs. 10 crores. And in spite of that commitment by the Government, no provision has been made in this Bill. On the contrary, the Government is side-tracking the commitment and says that no funds from the Consolidated Fund are likely to be provided. This is not proper. The expectation of the Bill cannot be met by this meagre amount of Rs. 15 crores. It should be more than that. That should be taken into consideration.

About the expenses, we are told that an amount of Rs. 15 lakhs will be required for the collection of this fund. As the hon. Minister has said in his speech, there are on an average 1000 cases each year. If there are 1000 cases each year, I fail to understand how it is that for the collection of cess from 1000 cases the expenditure will be Rs. 15 lakhs. It comes to Rs. 1500 per case. This is on the higher side. This should also be taken note of.

Finally I urge upon the Government to take into consideration all these things.

SHRI G.L. DOGRA (Udhampur) : I rise to support the Bill. But I would like to draw the attention of the hon. Minister towards some aspects of the Bill.

It has been provided in clause 1, sub-clause 2 that it extends to the whole of India except the State of Jammu and Kashmir. I do not know why this exception has been made. Probably they thought that this law is being made under the residuary powers which are not applicable to Jammu and Kashmir State. But I think this piece of legislation is more under Entry 41 read with 42 of the First List of the Seventh Schedule. Otherwise also this was not required because when the technology is being imported and payment for it is to be made, the cess has to be paid to the Central Government before the payment for the import of technology. Therefore, those apprehensions which the draftsmen have in their minds, are misplaced. What will be the implication of this sub-section? Will the industrialists working in Jammu and Kashmir not be allowed to import technology? Or will

[Shri G.L. Dogra]

they be free from paying the cess? Both the things are undesirable. I do not think, this is good from any point of view. So, the Government must look into it. I do not find any valid ground for making this exception. This exception will irritate the opponents of Article 370 of our Constitution *i.e.* the Constitution of India. Anyhow, I would like to say that this aspect has got to be looked into. I do not think the Central Government wants to debar the entrepreneurs of J and K from importing technology. We have seen in various committees, and I think Prof. Dandavate will support me when I say this, that sometimes when our research in technology has gone to a stage of completion, we have made the mistake of importing certain technology. Take, for instance, colour T.V. I think our scientists had made a research. They had completed the research on an indigenous technology which was probably considered to be better than the technology of many countries, but probably it would have taken another three-four months. Therefore, they did not wait because the production of the parts had to be made at a commercial scale. So, in our impatience we imported that technology from abroad. Rather, what we did was we imported all the parts of colour T.V. and assembled them here. I do not know how far we have been able to make our own production in that field but somehow our research people not only got demoralised but research itself suffered a set back. Sometimes it is said that we import a technology which is a rejected technology in other countries, for example, crossbar exchanges in our telephone system. All the rejected crossbar telephone exchanges we are bringing to our country and all the junk is lying there and we have to suffer. You ring one number, you get another number. Even sometimes other persons are ringing up some other number but they get your number and they go on disturbing you. So, all these things we have got to see. We have got so many research laboratories and we have so many scientific laboratories in the universities. We are trying to correlate the research in the scientific research laboratories and in the laboratories of various universities and colleges. Where a lot of research is being done. This Bill should have been

for the import of technology and for levying cess thereon. As to who will control the imported technology, who will control what type of technology is to be imported and who will give the permission, all these things may have been fixed under an executive order but there should have been a self-contained Bill so far as the whole thing that is Import of Technology and cess thereon.

14.37 hrs.

[SHRIMATI BASAVA RAJESWARI  
*in the Chair*]

Research people should be associated with the import of technology for two purposes. Firstly, because our research teams may have developed some technology and secondly, to see whether what we are importing is modern enough to be imported. It is only the scientists who can guide us on these things. A committee should be appointed which should look into these points. I agree that at times we have to import the technology but it should not be at the cost of our research and it should not be a rejected technology.

So, I would again say that the hon. Minister should make it clear whether we want to debar Jammu and Kashmir from importing technology which others in the country will be allowed to import, or whether there will be no cess on the technology imported so far as Jammu and Kashmir is concerned. I do not know what is in the minds of the people who drafted this Bill and how they want to work. At least I being a Member from Jammu and Kashmir State, I have a right and my people have a right to know this. We do not want that you may not charge the cess but we also do not want that you may exclude us from this benefit. Thank you.

SHRI B.K. GADHVI : Mr. Chairman, Sir, I am very happy that from all sections of this august House, a concern has been shown that more efforts should be there for development of technology and research in the country. Perhaps therefore that is the very reason why they have taken up this Bill with a little more seriousness and also have expressed the feeling that

more efforts would have been made to mop up greater funds. If we see only from the Arjun's eye to this Bill, the amount that has been contemplated through this Bill, through the cess, is only Rs. 15 crores. Normally, one would wish that for assessing or for focussing attention to any object, Arjun's eye should be the ideal; but in this matter I would wish that Members ought to have applied Bhim's eye. Whoever sees it should have not only the eye of the bird. Therefore, when we look to the total picture as to in what direction our efforts are, and what is the coverage of our efforts towards development of technology and research, then, not only we have to see this Bill, but the overall projection. And in this respect, for overall projection, I would like to inform the House that in the 7th Plan outlay, for research and development work in all Ministries, the total outlay is Rs. 2466 crores. In the year 1983-84 approximately in the public and private sectors Rs. 500 crores were used besides the research and development outlays for our national laboratories and other institutions coming within the purview of Science and Technology Department. To have an indication as to what is the extent of scientific activity in the country, the indication would be to compare it percentagewise with G.N.P. India, presently, in the beginning of the Seventh Five-year Plan, is to spend one per cent of the total GNP. When we compare this percentage, then, I have got the figures of some countries. I would give you one or two examples. You can take for example USA. In 1983, it was only 2.7 per cent of their GNP. So with other countries. In Japan it was 2.6 per cent, in our Sixth Five year plan it was 0.77 per cent but now it has gone to 1 per cent. And I would also like to point out that during the Sixth Plan period, against the plan allocation of Rs. 1,959 crores, the non-plan component was about Rs. 1500 crores for Science and Technology, making a total of Rs. 3400 crores. In the Seventh Plan period, the non-plan expenditure will be expected to be of the order of Rs. 4,000 crores. Thus, the total plan and non-plan expenditure would amount to around Rs. 8500 crores. And this compares with Rs. 8680 crores which has been estimated in the Report of the Study Group

on Science and Technology. This Rs. 8500 crores one may add to Rs. 1500 or Rs. 2000 crores representing estimated expenditure by the private sector in this direction, during the Seventh Plan period. And thus, the overall Science and Technology expenditure in the Seventh Five Year plan period would be of the order of over Rs. 10,000 crores. And that would average about Rs. 2000 crores in the first year of the Seventh Five Year Plan. Therefore, I am submitting : What is the object of this Bill, because we are considering this Bill? The object of this Bill is not to cover the total activities of the development of research and technology in the country because, as I heard the speeches with very rapt attention I would say, the impression which I formed—of course, I hope I am wrong—is as if that this is only the initial and first efforts we are doing in this sphere. But that is not so. Of course, whatever figures I gave, as our hon. Member, learned Madhav Reddi told, they cover both mission-oriented researches as well as market-oriented researches. Our thrust may be a little more in other plan outlays on the mission-oriented researches like atomic energy and space development and other things. But with regard to market-oriented researches also, the thrust is, and the help is not only through this Bill, but the other help exists already. But this Bill was brought in the last Session and its object is that in the long-term fiscal policy we had decided and it was accepted by this honourable august House that a venture capital fund should be started so that an entrepreneur who has got competence, who has got know-how, who wants to establish a pilot project, but who does not have the money by way of contributing to the equity contribution in that project, should have some room somewhere from where he can get this money, and that is why, now I would say that in this pilot project or the venture it is not that only the loan which will be given or the assistance that will be given from this fund would be the only constituent of the fund or the capital. Along with the equity participation, he can draw the loans also from the financial institutions. There can be his own contribution by way of promoter's contribution, but if the promotor's contribution is also falling short, then he can resort to the

[Shri B.K. Gadgvi]

assistance from this fund and he can continue with his pilot project or commercialisation of the already developed technology or imported technology which could be spread out on a broader base and which could be commercialised. So, with a view to lend a helping hand to the entrepreneur this Bill has been brought and I would say that in long-term fiscal policy it was stated that Rs. 10 crores would be provided, I do say that besides the present Rs. 15 crores, Rs. 10 crores to this fund would be provided. They may be either from the Government or from any financial institution. But when you examine the nucleus as to what would form the nucleus of this fund, then it is not only the cess, but besides cess, any amount given as grant by the Central Government for the purpose of this Act, any amount given to the fund from any other source and any income from investment of the amount in the fund. So, everything would form the nucleus and I can assure the hon. House that although for technical reasons IDBI cannot impose a cess on the imports, it is only the Government that can do and therefore, what Government realises has to be initially credited to the Consolidated Fund of India and later on it can be given to the IDBI which is a financial institution, but I can assure you that cess realised over these imports would not be used for any other purpose excepting the purpose which is contemplated in the Bill.

The Second thing I would like to point out is this. It has been apprehended as to why we have kept the exemption, why we allow exemption. Normally no commercial venture, no commercial undertaking would be available to have exemption from this fund. But there might be a case. By way of illustration, I may give that, supposing somebody wants to import some technology in the field of medical facilities. It may be just cancer detection aid or some other technology or to detect the present disease AIDS. If somebody wants to import technology for welfare purpose, for a charitable purpose, then in that case, this is only an enabling provision for which that has been kept. But it would not be applied to other cases. The benefit of exemption would not be given to any other or any profit making concern.

Thirdly, Shrimati Geeta Mukherjee has pointed out that they are big people, and so many other Members have also supported it. But let me assure you that we would sufficiently instruct IDBI that in framing rules, as far as possible the big concerns, the profit making concerns having finances with themselves would not be entitled to have any assistance. From this fund, we can help entrepreneurs in the small scale sector and other people who find a little difficulty and constraint in raising the equity capital. They would only be given assistance and this thing would be made clear when the rules are framed and guidelines are issued. They need not keep any apprehension over this.

Now, another point has been taken by Shri Madhav Reddi about the research and development of national laboratories which are not functioning. Precisely that is the point. We want to improve upon the situation. We want to encourage the scientists also, research scholars also. And, therefore, the outlays have been enhanced from year to year and also it is seen that they get adequate facilities and all other equipment they want. But one point that has been made is, why we are not imposing cess on equipment and machine. For equipment and machinery, there is already a tax, by way of custom. If we go on putting taxes, in other words, imposing excise duty, then it may be costlier and ultimately it is our experience that cost goes down below to the consumer and it is never absorbed by these people. Therefore, we have taken care of that.

But with regard to 5% cess, the point made is why it is kept at the maximum. Of course, the Bill reads like that. But I assure that we are not going to make less than 5% initially. After three years, we will again review the whole scheme—this is just a start—and thereafter, if it is found that there is a need to be enhanced, then certainly that aspect would be considered. So, on that count, no apprehension should be expressed.

Another point told is about the penalty. Of course, this is my maiden piloting of the Bill and I must be chivalrous. That is why, I accepted the suggestion made by Shrimati Geeta Mukherjee that the penalty should be enhanced, and I have moved an

amendment to the effect that the penalty should be enhanced from 5 times to 10 times.

**PROF. MADHU DANDAVATE :** Even if it is not a maiden performance, you should always be chivalrous.

**SHRI B.K. GADHVI :** Of course, I do not know. They say, the days of chivalry have gone.

So far as utilisation of the Fund is concerned, Member have expressed fear that it may be utilised for any other purpose. It cannot be and that is why the name given is "Cess". Tax can be utilised for any other purpose. Cess can be utilised only for the purpose for which it was imposed. So, it has been imposed for this very purpose and there should be no apprehension on this count also. (*Interruptions*)

That we cannot do. The big house would import technology from abroad and if we make it a point that we will pay only to those people, then the entire object would be stultified and nullified. It is because the import of technology would be resorted to not by the small people but by and large by the big business houses, viable houses and viable concerns. And, therefore, we put a cess on them. The cess is for the purpose of promoting the ventures or promoting the enterprise and the entrepreneurs who come forward to commercialise this, develop technology and put it in the market as their own venture by way of their pilot projects. That is why we are not doing so. I do not think your suggestion would be ideal in that respect also.

One point that is taken up is capital goods. As I have already stated, so far as non-luxury sector is concerned, it is also our point that non-luxury goods should be utilised by certain people. We will have a look into the guidelines. We will take care of the technologies which are specially meant for luxury goods or other things. Then selective approach would be there and so far as the assistance is concerned also, it would be on selective basis and it will be taken care that the needful industry should get the benefit of this and not the luxury industries or the industries which are meant

for only some people who have already a capacity to afford some other things also.

**SHRI K.S. RAO (Machilipatnam) :** Will non-resident Indians be given any preference ?

**SHRI B.K. GADHVI :** Non-resident Indians will be given preference if they come under the law.

**SHRI K.S. RAO :** Will the cess be given to them ?

**SHRI B.K. GADHVI :** If they come within the parameters. If they do not come within the parameters then I do not think they can be given.

Shri G.L. Dogra and others asked why it has not been made applicable to Jammu and Kashmir. I wish that we could do so. But the point is that the subject matter of this Bill does not relate to any of the specific entry in Seventh Schedule of the Constitution. Parliament is competent to do so, to enact this legislation under Article 248 of the Constitution read with Entry 97 of the Union List. But since Articles 248 and 97 are not applicable to Jammu and Kashmir, the Bill cannot extend to cover that State and, therefore, we are not extending it. It is not for any other reason. But they should not feel that because the Bill does not cover Jammu and Kashmir, therefore, Jammu and Kashmir people should not be entitled to import the technology. They may not have to pay the cess. But they will be entitled to import the technology and, therefore, the industrial development of the State would not be retarded in any way.

By and large, there is a little constraint on time also. I have covered the points and, therefore, I am hopeful and I am sure the House would pass this Bill.

**MR. CHAIRMAN :** The question is :

"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

[Mr. Chairman]

to wider domestic application and for matters connected therewith or incidental thereto, be taken into consideration."

**The motion was adopted.**

MR. CHAIRMAN : The House will now take up clause-by-clause consideration of the Bill.

Clause 2—(Definition)

SHRIMATI GEETA MUKHERJEE (Panskura) : I beg to move :

Page 2, line 20.—

add at the end—

"and foreign capital goods."(1)

SHRI C. MADHAV REDDI (Adilabad) : I beg to move :

Page 2, line 20.—

after "publications" insert—

"consultancy"(6)

Page 2,—

after line 20, insert—

"(i) "plant and equipment" means any machinery, components, sub-assemblies and spares."(7)

SHRI MOOL CHAND DAGA (Pali) : I beg to move :

Page 1, line 13.—

add at the end —

"or such other bank as may be notified from time to time by the Central Government."(17)

MR. CHAIRMAN : Do you want to say something, Mr. Madhav Reddi ?

SHRI C. MADHAV REDDI : Yes. I heard very carefully the hon. Minister's

reply to various points raised by us. On the point of the import of technology and also on the import of plant and equipment and capital goods, the hon. Minister pointed out that already there is a tax on the import of capital goods.

There are certain machines on which there is no Customs duty, that goes to the general revenue. I want that the resources for research and development should be augmented. The cess should also be imposed on the equipment so that the Government may get substantial amounts from out of this to spend on the research and development and I feel that it is necessary that we should not spare the capital goods also.

15.00 hrs.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

Twentieth Report

[English]

SHRI PIYUS TIRAKY (Alipurduars) : I beg to move :

"That this House do agree with the Twentieth Report of the Committee on Private Members' Bills and Resolutions presented to the House on 23rd July, 1986."

MR. CHAIRMAN : The question is :

"That this House do agree with the Twentieth Report of the Committee on Private Members' Bills and Resolutions presented to the House on 23rd July, 1986."

**The motion was adopted.**