

**GOVERNMENT OF INDIA
MINISTRY OF SCIENCE AND TECHNOLOGY
DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH**

**LOK SABHA
UNSTARRED QUESTION NO. 3392
(TO BE ANSWERED ON 13.03.2020)**

CONSULTATION PROCESS FOR NATIONAL POLICY

3392. SHRI FEROZE VARUN GANDHI:

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

- (a) whether the decision to restore the 200 per cent income tax deduction for in house research and development encouraged the private investments;**
- (b) if so, the details of the investment during the last three years;**
- (c) whether the Government had begun the consultation process for National Science Technology and Innovation Policy for India; and**
- (d) if so, the process of consultation and the advancements so far in this regard?**

ANSWER

MINISTER OF HEALTH AND FAMILY WELFARE; MINISTER OF SCIENCE AND TECHNOLOGY; AND MINISTER OF EARTH SCIENCES

(Dr. HARSH VARDHAN)

- (a) Sub-section (2AB) of section 35 of the Income-tax Act, 1961 provided for weighted deduction of 200% to a company engaged in the business of bio-technology or manufacturing of article or thing (except article or thing specified in Schedule-XI) for the expenditure (not being expenditure in the nature of cost of any land or building) incurred on scientific research on an approved in-house research and development facility. This was reduced to 150% with effect from assessment year 2018-19 and to 100% with effect from assessment year 2021-22 by the Finance Act, 2016. There is no proposal under consideration for restoring the deduction to 200% for in-house research and development. Further, it is the stated policy of the Government to phase out all exemptions and deductions while simultaneously rationalizing the tax rates. In line with the said policy of the Government, the Taxation Laws (Amendment) Act, 2019 (TLAA), *inter-alia*, reduced the corporate tax rates by providing for a concessional taxation regime of 22% for existing domestic**

companies and a concessional taxation regime of 15% for new manufacturing domestic companies (satisfying prescribed conditions) provided that they do not avail of any specified incentive or deduction. Further, such companies opting for the concessional tax regime shall also not be required to pay any Minimum Alternate Tax (MAT).

(b) Expenditure incurred on scientific research by DSIR approved in-house R&D centres of Industries as reported in Form 3CL during last three years are as follows:

Year	Amount (in Rs. crores)
2016-17	13774.00
2017- 18	16015.00
2018-19	18905.23

(c) & (d) Yes Sir. The Government has begun the consultation process for a new draft of National Science Technology and Innovation (STI) Policy for India. A draft framework has been prepared for initiating consultations on a new STI policy involving Office of the Principal Scientific Adviser (PSA) to the Government of India. Accordingly, 6 consultative groups involving (i) Scientific Ministries, Industry and Academia (ii) Socio-economic & other line Ministries (iii) State Governments (iv) Global Partners (v) Young Scientists and technologists including women, and (vi) Science & Innovation Attaches of Indian and Foreign Missions have been constituted. A policy drafting committee has also been constituted. One meeting of the Consultative Group on “Scientific Ministries, Industry and Academia” and Drafting Committee has been held so far.
