

Private investments in R&D require eight fold increase : S&T minister

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The Department of Science & Technology (DST) and Confederation of Indian Industries (CII) on July 12, 2012 released a white paper on Stimulation of Private Sector's investment into Research & Development. Union Science & Technology and Earth Sciences Minister, S.Jaipal Reddy was present on this occasion.

Speaking on the occasion, Mr Reddy said business enterprises are one of the main source of innovation. They play a significant role in funding and performing R&D in most countries and, more than ever, governments seek to increase business investment in R&D and innovation. Global competition has led countries to seek to boost the innovative capacity of the business sector.

The minister said Government of India has laid high emphasis on attracting investment of private sector into R&D to match public investments (that is 1% of GDP each by Government and Industry) before the end of 12th Five year plan. The minister referred Prime Ministers' appeal to the Private Sector to invest into R&D and match the public investments into R&D in this regard. He said Science Technology and Innovation Policy 2013 enunciated by the Prime Minister during the Indian Science Congress this year also gives emphasis on attracting private sector investment in R&D. The minister further called upon the private sector to work together with public sector in PPP mode for the public good and happiness of the people of India.

He said size of the 12th Plan for S&T sector has been estimated with a public investment of Rs. 1,20,430 crores. Given the current levels of investment of the private sector, an approximately 8 fold increase in the engagement of the private sector into R&D would become necessary. This is an ambitious goal for both the government and private entrepreneurs.

The minister said as a follow-up of the recommendations of the sub-committee on PM's Council on Trade and Industry for PPP for R&D and clean energy, a "Joint Committee of Industry and Government for stimulating investment of private sector into R&D" was constituted by the Department of Science & Technology for co-development of a white paper for addressing the needs for stimulation of the private sector investment into R&D in India.

Expressing his happiness, the minister said that the Joint Committee has made six key recommendations for implementation by the Government and Industry. These recommendations are; redefining private sector R&D investment as per global norms; mandatory disclosure of R&D investment by private sector; rationalization of heads of R&D investment for direct and indirect incentives; valuing and incentivizing IPR assets; building technology depth of industry through PPP in national priority areas and incentivization of commercialization of R&D.

He congratulated the Co-Chairs of the Joint Committee, Shri B Muthuraman, Vice Chairman, Tata Steel and Dr T Ramasami, Secretary, Department of Science & Technology and members of the Joint Committee Shri Bharatia, Dr Naushad Forbes, Shri Kris Gopalakrishnan, Dr Brahmachari, Dr Shailesh Nayak and former DBT Secretary Dr Bhan for bringing out this very useful document.

Reddy further informed that the Ministry of Science and Technology has undertaken several initiatives to strengthen the academics and industry interface in science. Some major initiatives in this direction include New Millennium Indian Technology Leadership Initiative, Biotechnology Industry Partnership Programme (BIPP), Small Business Innovation Research Initiative (SBIRI), Contract Research and Services Scheme (CRS) in Biotech Sector, Drugs and Pharmaceuticals Research Programme (DRPP) has supported 105 industry- institution alliance projects. National Mission on Nano Science and Nano Technology has supported 6 joint Institution-Industry linked projects on nano functional materials, smart textiles, rubber nanocomposites, silicon sheets and biotechnology applications, Water Technology Initiative and Solar Energy Research Initiative has made conscious efforts to develop consortium projects involving academia, research institutions and industry and Prime Minister's Doctoral Fellowship Scheme in collaboration with private sector

Reddy said he sincerely feel that the initiatives on private sector engagement in R&D need scale up to a great extent if India were to achieve the goal of 2% of GDP expenditure on R&D and taking a leadership role in Science and Technology. He hoped that DST in association with the private sector will work together to follow-up the recommendations made by the Joint Committee in a time bound manner so that a significant change in the private sector engagement with R&D is seen in a very near future.

The release of white paper is a sequel to the constitution of a Joint Committee by the DST & CII for developing a white paper to stimulate investments of private sector into R&D, to reach 1% of GDP with equal contribution from the Government during 12th Five Year Plan.

This has been done to fulfil India's aspiration to emerge as one of the top five knowledge powers in the world, private sector's investments into Research & Development need to increase from its current 0.3% of GDP that is significantly lower than those in developed and other emerging economies.

After evaluating the global trends, India's current scenario and studying stakeholders' inputs and aspirations, the Joint Committee has addressed the issue holistically and made following recommendations. The Joint Committee will also oversee the implementation of these recommendations on a time bound manner.