

Union Budget 1994-95

Extracts from Finance Minister's Speech and Finance Bill relevant to Science and Technology

I Extracts from Budget Speech

1. We live in a world where science and technology have become a major determinant of the power and wealth of nations. India is proud of the achievements of its scientists and technologists, but a great deal more needs to be done to make science and technology an effective instrument of national renewal. To accelerate the development and application of indigenous technology to production processes, I propose to credit the 5 per cent cess on payments of royalty for imported technologies which is presently collected under the Research and Development Cess Act, 1986, into a new Fund for Technology Development and Application. This fund will be placed at the disposal of the Department of Science and Technology to help the indigenously developed technologies reach the stage of commercial application. Necessary amendments to this effect will be made in the R & D Cess Act. I shall propose some further measures to promote research and development when I come to my tax proposals.
2. The role of science and technology is critical for modernizing our economy and making it globally competitive. The outlay for the Department of Science & Technology has been raised by 19% from Rs 189 crore in Budget estimates 1993-94 to Rs 225 crore in 1994-95.
3. Encouragement of science and technology is essential for promotion of growth. At present, when an assessee makes a contribution to a National Laboratory under the aegis of Indian Council of Agricultural Research, Indian Council of Medical Research or Council of Scientific and Industrial Research, he or she gets a weighted deduction of 125 per cent of the contribution. I propose to extend this benefit to all Universities, deemed Universities, Indian Institutes of Technology and scientific laboratories under the aegis of the Defence Research and Development Organization, the Department of Electronics, the Department of Bio-technology and the Department of Atomic Energy.
4. Pollution control is of vital importance to all of us. I, therefore, propose to include pollution control

- among the eligible projects for concession under section 35AC of the Income-tax Act, so that a person who makes a contribution to such a project claim 100 per cent of such contributions as a tax deduction.
5. In the Eighth Plan, we have given high priority to the development of human resources. The bulk of outlay for this sector is in the plans of the State. The outlay for Education in the Central plan is being increased by 17.6 per cent, to Rs 1.541 crore in 1994-95. Special efforts are being made for strengthening of elementary education, for which the outlay has been increased from Rs 442 crore in Budget estimates 1993-94 to Rs 523 crore in 1994-95. The allocation for the University Grants Commission has been increased from Rs 159 crore in the Budget estimates for 1993-94 to Rs 209 crore in 1994-95. Special allocations have been made to upgrade the quality of libraries and laboratories in the system of higher education. Provision has also been made for the establishment of an Indian Institute of Technology and for two Central Universities in Assam.

II Extracts from Finance Bill

6. Clause 13 seeks to amend sub-section (2AA) of section 35 of the Income-tax Act.

It is proposed to provide that any sum paid by an assessee to a university or to an Indian Institute of Technology for carrying out programmes of scientific research approved by the prescribed authority will be eligible for weighted deduction of one and one-fourth times of the sum so paid.

The definition of 'National Laboratory' is also proposed to be amended to widen its scope and to include a scientific laboratory functioning at the national level under the Defence Research and Development Organization, the Department of Electronics, the Department of Bio-technology or the Department of Atomic Energy.

This amendment will take effect from 1st April, 1995 and will, accordingly, apply in relation to assessment year 1995-96 and subsequent years.