

GOVT. EYES PUBLIC-PRIVATE FUND TO GIVE R&D A SHOT IN THE ARM

Relevant for: Science & Technology | Topic: Indigenization of technology and developing new technology

In an effort to stimulate investment in research and development (R&D), the Department of Science and Technology is mooting a fund that will match the contributions made by private companies in R&D.

Ashutosh Sharma, Secretary, Department of Science and Technology, told *The Hindu* that discussions were on with certain “large, private sector” companies and currently, a Rs. 40 crore target was on the anvil. “The idea is to pool funds from a group of companies willing to invest in fundamental research, such as quantum computers or artificial intelligence, and whatever is invested government will match that,” he added.

A major beneficiary of such private sector funds, Mr. Sharma noted, could be the Indian Institutes of Technology.

The scheme will be coordinated through the department’s Science and Engineering Research Board, which funds a variety of basic science projects in several universities.

Though India is among the top five countries in terms of its output of scientific publications, it doesn’t match up in investments.

The total expenditure on R&D has tripled in the last decade in nominal (revenue sans inflation) terms — from Rs. 24,117 crore in 2004-05 to an estimated Rs. 1,04,864 crore in 2016-17. However as a fraction of GDP, public expenditures on R&D has been stagnant — between 0.6-0.7% of GDP — over the past two decades. It is well below that in major nations such as the U.S. (2.8), China (2.1), Israel (4.3) and Korea (4.2), according to a 2019 report by the Economic Advisory Council (EAC) to the Prime Minister.

Public sector institutions form the lion’s share of India’s investment in R&D. In 2004-2005, private sector accounted for 28% of India’s research spend and in 2016-17 this increased to 40%. In most advanced economies, private R&D accounts for the bulk of investment in R&D.

Moreover, while the government is the major source of funds for R&D, it’s also the major user — in terms of money consumed by public sector enterprises or Central institutions.

“As a lower middle-income country, it is not surprising that India’s spending on R&D lags upper-middle income and high-income countries such as China, Israel, and the U.S. However, it currently underspends even relative to its income level... In fact, in 2015, there was a sizeable decline in R&D spending even as GDP per capita continued to rise,” the EAC report notes.

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