

III(B). SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATIONS

1. INTRODUCTION

Scientific Research Association, Institutions, Universities and Colleges which undertake research in the area of Medical, Agricultural, Natural and Applied Sciences and Social Sciences seek approval under section 35 (1) (ii) or (iii) of the Income Tax Act, 1961 if they wish to obtain donations from industry or other sources. The institutions notified under the section obtain benefit to the effect that any sum obtained by them for research purposes is wholly exempted from the levy of Income Tax. The donors who pay sums to such notified institutions are allowed deductions from their income to the extent of donations given for scientific research.

Prior to 1 June 1982, ICAR, ICMR or ICSSR were the Prescribed Authorities for approving research foundations for notification by the Ministry of Finance in the areas of Agricultural Sciences, Medical Sciences and Social Sciences respectively. With effect from 1 June 1982, Secretary, Department of Science & Technology was designated as the single Prescribed Authority to deal with approval of all the above areas. Consequent to the creation of Department of Scientific and Industrial Research, Secretary, DSIR has been designated as the single Prescribed Authority for approval u/s 35 (1)(ii)/(iii) of I.T. Act 1961.

Through an amendment by the Direct Tax Laws (Amendment) Act, 1987, effective from 1 April 1988, certain provisions under section 35 inter-alia were deleted. Government however, reintroduced the provisions withdrawn earlier under section 35 of the Income Tax Act with modifications by Direct Tax Laws (Amendment) Act 1989 w.e.f. 1 April, 1989. The Prescribed Authority for Section 35 is the Director General (Income Tax Exemptions) in concurrence with Secretary, Department of Scientific & Industrial Research.

2. RECOGNITION OF SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATIONS (SIROs)

The DSIR has launched a scheme of granting recognition to Scientific and Industrial Research Organisations (SIROs) in 1988. SIROs recognised by DSIR are eligible for Customs Duty Exemption and Excise Duty Waiver in terms of notification Nos. 51/96-Customs dated 23.7.1996 and 10/97 - Central Excise dated 1.3.1997 respectively.

The DSIR has brought out Guidelines for Recognition of Scientific and Industrial Research Organisations (SIROs)

and Approval Under Section 35(1)(ii)/(iii) of Income Tax Act, 1961, which gives procedural details and application proforma for seeking recognition under the SIRO Scheme. Functional Scientific and Industrial Research Organisations (SIROs) having broad based Governing Council, Research Advisory Committee, Research Personnel, Infrastructural facilities for research, well defined research programmes and clearly stated objectives of undertaking scientific research are considered eligible for recognition by DSIR.

Applications for seeking recognition under the SIRO scheme are considered in DSIR by an Inter Departmental Screening Committee with members from Council of Scientific and Industrial Research (CSIR), Indian Council of Medical Research (ICMR), Indian Council of Agricultural Research (ICAR), Indian Council of Social Sciences Research (ICSSR), University Grants Commission, and Central Board of Direct Taxes (CBDT)/Director-General-Income Tax (Exemptions). The recommendations of the Screening Committee are put up for approval of Secretary, DSIR.

During the period January, 1998 to December 1998, the Screening Committee met 6 times and recommended 18 cases for recognition as Scientific and Industrial Research Organisations and notification U/s 35(1)(ii)/(iii) of IT Act, 1961. These include 11 cases in the Natural & Applied, Agricultural and Medical Sciences; and 7 cases in the Social Sciences. List of these SIROs is furnished at Annexures III-B.1 and III-B.2.

Recognition granted to SIROs is for duration ranging from 1 to 3 years. The SIROs are advised to apply for renewal of recognition well in advance (3 months prior to the date of expiry of recognition). Such applications received for renewal of recognition are examined by Research Review Groups by involving representatives from ICAR, ICMR, CSIR and ICSSR depending on the area. Based on the evaluation made by the Research Review Groups, renewal of recognition is granted to SIROs and concurrence of Secretary DSIR is communicated to DG (ITE), Calcutta for notification of SIROs u/s 35(1)(ii)/(iii) of IT Act, 1961.

At present there are 534 SIROs duly recognised by DSIR. Of these, 188 are in the area of Natural & Applied Sciences, 164 are in the area of Medical Sciences, 37 are in the area of Agricultural Sciences, 119 are in the area of Social Sciences and 26 are Universities/Colleges. DSIR has brought out Directory of Recognised Scientific & Industrial Research Organisations in November, 1998.

The SIROs have employed qualified scientists and researchers and also established good infrastructural facilities for research. They have developed new processes, procedures,

techniques and technologies and also filed several patents. They have also organised seminars/symposiums/workshops and published research papers/reports/books.

RESEARCH

2. CUSTOMS DUTY EXEMPTION ON GOODS IMPORTED FOR USE IN GOVERNMENT FUNDED R&D PROJECTS

The Ministry of Finance has introduced a provision in section 110A of the Customs Act, 1962, which provides for exemption of goods imported for use in R&D projects funded by the Government. The exemption is available for goods imported for use in R&D projects funded by the Government. The exemption is available for goods imported for use in R&D projects funded by the Government. The exemption is available for goods imported for use in R&D projects funded by the Government.

4. RESEARCHER TRAVEL VOUCHER FOR R&D PROJECTS

The Government has introduced a provision in section 110A of the Customs Act, 1962, which provides for exemption of goods imported for use in R&D projects funded by the Government. The exemption is available for goods imported for use in R&D projects funded by the Government. The exemption is available for goods imported for use in R&D projects funded by the Government. The exemption is available for goods imported for use in R&D projects funded by the Government.

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