

# Union Budget 1993-94

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

### I Budget highlights

1. Weighted deduction for contributions for specific scientific research programmes made to approved scientific research association, university, college or other institution to the extent of 125% of the amount contributed w.e.f. 1.4.94.
2. Donations to universities and approved educational institutions of national eminence to qualify for 100% deduction u/s. 80G without any monetary limit from 1.4.94.
3. Approvals to charitable institutions qualifying to receive donations u/s. 80G to be granted for five years instead of three years at present.

### II Extracts from Budget Speech

4. (Para No. 59) To promote a cleaner and healthier environment, I propose to allow depreciation admissible on plant and machinery relating to environment protection and pollution control at 100% instead of the existing 40% of capital cost under the Income-tax Rules.
5. (Para No. 60) Hitherto, our institutions of higher learning have been almost entirely dependent on Government funds. As government funds are limited, we must find ways of funding these institutions from industry. This will also bring them closer to industry and more responsive to its needs. I, therefore, propose to raise the income-tax deduction given to contributions to approved universities, institutes of technology, institutes of management and equivalent institutions from 50% at present to 100%.
6. (Para No. 61) A strong science and technology base is an essential prerequisite for a modern, progressive economy. Indian scientists and technologists have proved, time and again, that they are second to none in the world, given the right work atmosphere, proper motivation and adequate facilities. Indian industry needs to spend a lot more on research and development. In doing so, I would encourage industry to make use of the facilities offered by our national laboratories and research institutes. To that end, I propose to introduce a weighted deduction of 125% of the contribution out of income from business or profession for research programmes in approved national laboratories and institutions carrying out research and development in natural and applied sciences. This weighted deduction will be available only for research programmes determined by the users and the producers of research, and approved by the prescribed authority.
7. (Para No. 72) At present, charitable trusts and institutions have to seek approval every three years from the Commissioner of Income-tax in order that donations to them are eligible for tax exemption. To reduce paper work and simplify the procedure, I propose to increase the maximum

period of approval by the Commissioner to five assessment years.

### III Extracts from Finance Bill

8. (Page No. 42) Clause 9 seeks to amend section 35 of the Income-tax Act relating to deductions in respect of expenditure on scientific research.

The proposed amendment seeks to insert a new sub-section (2AA) in section 35 of the Act. New sub-section (2AA) provides that any sum paid by an assessee to a National Laboratory for carrying out programmes of scientific research approved by the prescribed authority will be eligible for weighted deduction of one and one-fourth times.

No contribution which qualifies for weighted deduction under this clause will be entitled to deduction under any other provision of the Act.

The authority which will approve the National Laboratory will also approve the programme and procedure. Such programme and procedure will be specified in rules.

The clause also empowers the prescribed authority to call for such document or information as it considers necessary to satisfy itself about the genuineness of scientific research activities of the National Laboratory applying for approval.

This amendment will take effect from 1st April, 1994 and will, accordingly, apply in relation to assessment year 1994-95 and subsequent years.

9. Clause 13 seeks to amend section 80G of the Income-tax Act relating to deductions in respect of donations to certain funds, charitable institutions, etc.

It is proposed to allow 100% deduction in respect of any sum paid to the National Foundation for Communal Harmony and to a university or educational institution of national eminence as may be approved by the prescribed authority in this behalf.

This clause further seeks to provide that in cases where an institution or fund falling under sub-clause (iv) of clause (iii) of sub-section (2) is approved by the Commissioner, the approval can be granted by him for a period up to five assessment years instead of up to three assessment years under the existing section 80G.

The proposed amendment in relation to the National Foundation for Communal Harmony and approved by the Commissioner vide sub-clauses (1) (a), (2) (a) and (3) will take effect from 1st April, 1993 and the amendment in relation to a university or educational institution of national eminence vide sub-clauses (1) (b) and (2) (b) will take effect from 1st April, 1994.