

Four out of five companies who applied for recognition get rejected by DSIR

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In Brief

The Department of Scientific & Industrial Research (DSIR) is operating a scheme for granting recognition & registration to in-house R&D units established by corporate industry.

The in-house R&D units applying for recognition to DSIR are expected to be engaged in innovative research & development activities related to the line of business of the firm, such as, development of new technologies, design & engineering, process/product/design improvements, developing new methods of analysis & testing; research for increased efficiency in use of resources, such as, capital equipment, materials & energy; pollution control, effluent treatment & recycling of waste products or any other areas of research. Market research, work & methods study, operations & management research, testing & analysis of routine nature for operation, process control, quality control and maintenance of day to day production, maintenance of plant are not considered as R&D activities.

The Department of Scientific and Industrial Research (DSIR) has recently started to release the list of companies that have secured recognition by DSIR, closed by DSIR and those that have withdrawn their applications. Over all, only about approx. 2000 companies are recognised by DSIR in India at this point in time, which is miniscule considering there are about 7000 companies listed in Bombay Stock Exchange (BSE) and there are about 1.5 million SMEs in India. This inference directly points to the lack of awareness of the scheme and how companies that believe they do not engage in R&D or have a proper infrastructure can benefit from the scheme.

From the recent list, it is evident that four out of five companies who applied for recognition get rejected due to lack awareness of R&D activities, set up etc.

Eligibility criteria

The basic criteria for DSIR recognition are given below:

- Company should be three years old
- Company should be listed under Pvt Ltd, Public Ltd.
- Company has minimum 1000 sq ft R&D area.
- Company should be involved in new product development, new process development and improvement of existing process.

Reason for Rejection

The reason for getting rejection from DSIR are multiple - lack of awareness about R&D activities, ineffective portrayal of the R&D layout, to mention a few. Some of major causes for the same are given below:

1. Company may not have a dedicated R&D Area or set up but it is engrained in the business without giving special emphasis to Research & Development.
2. Company may not have clarity on R&D activities which can be allowed by DSIR under this scheme.
3. Company may not identify the R&D expenses for last three years and this results in faulty filling-up of application form.

4. Company may not identify the major ongoing and future projects.
5. Company may not have clarity on future plans for R&D activities and fail in explaining the same to DSIR scientist.
6. Company may not have dedicated manpower, area and account for R&D.
7. Company may not shoot proper walk-in video for R&D facility.
8. Company may not reveal proper finance figures in the application.
9. Lack of confidence at the time of interview, and not being able to articulate to the DSIR scientist, the kind of R & D it is engaged in.

Checkpoints of DSIR process:

- Identification of R&D layout and extract the dedicated lab for R&D from existing layout
- Identification of R&D equipments, manpower
- Identification of R&D expenses for last three years
- Identification of R&D achievements for last three years
- Finalization of R&D expenditure
- Internal audit of R&D expenses, if any

The guidelines can be accessed from the following link:

http://www.dsir.gov.in/#files/12plan/bird-crf/rdi_guidelines_201511.html

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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