

1. Although it is the right time for elevating the mission of 'Make in India' to 'Innovate in India', significant challenges exist in doing so. Elaborate. How can these challenges be overcome? (12.5 Marks)

Answer:

India's rise in the Global Innovation Index from 88 in 2015 to 66 in 2016, along with the below mentioned factors, is a cue that it is right time for elevating 'Make in India' to 'Innovate in India':

- **Achieving technological self-reliance:** India's dependence on import for strategic sectors as well as rising protectionism in the western world calls for in-house innovation.
- Dealing with India's unique socio-economic challenges requires indigenous innovation.
- Attaining and sustaining double digit GDP growth in coming years would require India to become a knowledge-based learning society and enhance competitiveness of industries by improving efficiency and productivity.

But India still faces significant challenges to make innovation its hallmark on global stage which are:

- India's brand of innovation is associated with frugal innovation misconstrued as low cost and low tech products.
- Both the public and private sectors invest very less in research and development (R&D)—less than 1% of the country's GDP whereas US invest anywhere from 3-6%.
- India attracts only 2.7 per cent of global R&D spend, while China attracts 17.5 per cent.
- Only a few Indian universities (eg- IISc) ranks in the top global rankings. Also, Indian universities suffer from poor linkages to industry and rarely there are any strong research collaborations.
- The legal provisions are not implemented harmoniously causing overlaps, conflicts or inconsistencies among them.

Though it seems difficult to overcome these challenges but they can be overcome by:

- Articulation of a national vision of innovation: This can only be done through collaboration among the government and other key stakeholders including the private sector and academia, such as in Atal Innovation Mission.
- Investing in the core intellectual capability of universities and building appropriate innovation ecosystems in partnership with leading firms.
- Identification of focus areas where India seeks to innovate with appropriate technologies.
- Recognize that entrepreneurship and innovation are related but not the same, entrepreneurship is important for creating jobs and promoting self-employment while innovations happens in existing institutions.
- Government needs to build a competitive environment by prioritizing scientific research with a strong intellectual property (IP) system. A proper implementation of National Intellectual Property Rights Policy 2016 needs to be done
- Focus on improving India's rank in the Ease of Doing Business index.
- Effective regulatory regimes should be encouraged to support intellectual property and the longer term investments of firms.
- Government should make itself the showcase of digital transformation and innovation.

A smart pro-active strategy for innovation, supported by appropriate leadership from the government and the private sector can help elevate India's mission to "Innovate in India".

PRACTICE QUESTIONS

Answer the following Questions (12.5 Marks)

1. There is an urgent need for India to get infrastructure financing, however, the current investment model of PPPs is poorly designed and needs restructuring. Discuss the issues plaguing the success of PPPs with respect to stalled projects, risk management, governance & institutional capacity.
2. What are the reasons behind a low tax base in India? Discuss the issues associated with it and the steps required to widen the tax base.