

THE FACT THAT unemployment levels in India are at a 45-year low at 6.1 per cent, is nothing short of shocking. But the trend of joblessness and jobless growth have been a long-standing reality of the Indian economy. Even when India achieved its historical best in terms of growth between 2004 and 2009, only a million jobs were created, when more than a million jobs were needed each year, as per a Planning Commission study.

Clearly, the Indian economy has a structural issue that impedes job-creating capabilities. To overcome such a

largest company, equals 20 per cent of India's GDP.

These comparisons show the importance of transforming India from a factor driven economy to an innovation driven economy. It will be difficult to upstage the country on the world stage if it is able to build a competitive advantage over other nations through innovative means. But India's innovation policies have challenges that needs to be addressed first.

The first challenge to India's approach towards innovation arises from its low investment in research and development (R&D). In fact, the country's expenditure in R&D is low compared to both mature and developing economies. While coun-

isolation from industry. As a result, vital flow of knowledge and ideas is impeded. Second, the lack of interaction between industry and academia also result in an education system that is hardly industry oriented. The obvious outcome is that industry ends up investing in intensive training of university hires to better shape them for the job. Such expenses add to the operational cost of companies and hamper the ease of doing business in the country. The issue can possibly be addressed if a common platform for collaboration between industry and academia is built by the government, which could foster seamless knowledge sharing.

A structural reason for the lack of

An innovative solution to the jobs crisis

limitation, the country needs to enhance productivity levels of labour so that the economy has a competitive edge over peers and goods and services produced in India are difficult to replace in the world market. A promising way of boosting competitiveness is to improve the innovative capacity of the economy.

The United States and China have become economic superpowers by working along similar lines. The by-products of the innovation-centric growth of these economies justify the idea of driving competitiveness by itself. The combined market capitalisation of the three largest IT companies in the US – Apple, Microsoft and Amazon – almost equal India's GDP. The market cap of Alibaba, China's

tries like the US and Japan invest close to three per cent of their GDP in R&D, India invests about 0.67 per cent. Moreover, this trend has seen a consistent downward shift after reaching a peak of 0.86 per cent in 2008. An evident implication has been the lack of competitive research facilities in India.

The second issue that needs redressal to improve the research ecosystem in India is the weak linkage between industry and academia. First, the economy misses out on crucial synergy effects that generally arise due to industry-academia linkages as universities tend to focus on research and development in complete

proper linkages between industry and academia is the creation of a conflict of interest between the two when it comes to collaborating on innovation. Only a few universities have an IPR policy. There is, therefore, a lack of clarity on who owns the IP and how information will be shared between different parties. Thus, such grey areas make industry hesitant to collaborate with universities.

There are more industry-specific issues that need to be ironed out with time. But these basic ones are a good place to kickstart that journey. Greater innovation would improve competitiveness, which would, in turn, transform into jobs. **BW**

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