

CHAPTER: 8

Innovation: Trending Up but needs thrust, especially from the Private Sector

Key Concepts & Terms

- **Global Innovation Index:** The GII is co-published by Cornell University, INSEAD, and the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations.
- **Domestic market scale:** Sum of gross domestic product plus value of imports of goods and services, minus value of exports of goods and services, normalized on a 1-7 (best) scale.
- **Market capitalisation:** the value of a company that is traded on the stock market, calculated by multiplying the total number of shares by the present share price.
- **Gross domestic expenditure on R&D (GERD):** It is the total intramural expenditure on research and development performed on the national territory during a given period. It includes R&D performed within a country and funded from abroad but excludes payments for R&D performed abroad.
- **Solow model:** The Solow Growth Model is an exogenous model of economic growth that analyzes changes in the level of output in an economy over time as a result of changes in the population. With their target market's traits, companies can build a profile for their customer base.
- **Endogenous growth:** Endogenous growth theory is an economic theory which argues that economic growth is generated from within a system as a direct result of internal processes. More specifically, the theory notes that the enhancement of a nation's human capital will lead to economic growth by means of the development of new forms of technology and efficient and effective means of production.

Important Data

- India ranks 48th amongst 131 countries in terms of its innovation performance as measured using the Global Innovation Index (GII) 2020.
- GII, which is further sub-divided into the innovation output sub-index and innovation input sub-index. India ranks 45th and 57th on the output and input sub-indices respectively. India entered the top 50 innovating countries for the first time since the inception of the index in 2007. Along with three other economies – Vietnam, Republic of Moldova and Kenya, India has the rare distinction of being an innovation achiever for ten consecutive years.
- India's performance in innovation outputs is driven by its competencies. India ranks tenth in the Knowledge Diffusion sub-pillar of the KTO pillar. India's first rank in the Information and Communications Technology (ICT) services exports as per cent of total trade shows its leadership in the global ICT services industry.
- India ranks ninth in terms of productivity growth (growth rate of GDP PPP per worker). It is ranked 21st for citable documents as well as cultural and creative services exports. India has the distinction of ranking 31st in global brand value by producing many more valuable brands than expected for its income level.