

INDIA'S R&D EXPENDITURE ECO-SYSTEM REPORT

Prelims: Economics- Industries, Infrastructure, Investment

Mains: GS-II- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

GS-III- Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.

Why in News?

► A special session was held to discuss India's Research and Development (R&D) expenditure eco-system report during the Global launch of Global Innovation Index (GII) – 2019 in New Delhi. The report has been compiled by Economic Advisory Council to the Prime Minister (PMEAC).

Highlights:

- Investments in R&D are key inputs in economic growth. The impact of this is proven on productivity, exports, employment and capital formation.
- India's investment in R&D is a fraction of India's GDP. It has remained constant at around 0.6% to 0.7% of India's GDP.
- This is below the expenditure of countries like the US (2.8), China (2.1), Israel (4.3) and Korea (4.2). Government expenditure, almost entirely the Central Government, is the driving force of R&D in India which is in contrast to the advanced countries where private sector is the dominant and driving force of R&D spend.
- The report is to address the data gaps in compiling R&D data so that up to date data on R&D is available in order to reflect India's true rank globally.
- To examine expenditure trends in various sector and their short coming.
- To lay down the road map for achieving the desire target of R&D spend by the year 2022.

Recommendations:

- There is a need for greater participation of State Governments and private sector in overall R&D spending in India especially in application-oriented research and technology development.
- The growth in R&D expenditure should be commensurate with the growth of GDP and should reach at least two percent of GDP by 2022.