

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**WORK TO CREATE A CULTURE OF INNOVATION AND ITS USEFUL  
APPLICATION FOR THE LARGER GOOD; RS. 1200 CRORE ALLOCATED FOR A  
NATIONAL KNOWLEDGE NETWORK TO CONNECT ALL MAJOR NATIONAL INSTITUTIONS AND RS.100  
CRORE TO SET-UP INDIA INCLUSIVE INNOVATION FUND: FM.**

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The Union Finance Minister Shri Pranab Mukherjee said that innovation and technical progress is a result of a complex set of relationships among actors that include private enterprises, universities and public research institutes and the discerning consumers. He said that we must all work for creating a culture of innovation and its useful application for the larger good. He was speaking on the occasion of the release of the Report of the First Year of the National Innovation Council, here today.

The Finance Minister Shri Mukherjee said that the National Innovation Council has now made a proposal to set-up an India Inclusive Innovation Fund. Venture capital does not get attracted to solving the problems of the bottom half of the population and the Government is committed to give them their due opportunity, the Finance Minister said. Shri Mukherjee proposed to make an initial contribution of Rs.100 Crore to kick-start the fund and call upon investors to participate in this unique effort to combine economic returns with social returns which would be made available in the budget for year 2012-13. The Finance Minister Shri Mukherjee expected that India inclusive Innovation Fund would be a global leader in pioneering low-cost innovations.

The Finance Minister Shri Mukherjee said that the Government has allocated Rs 1200 crore for a National Knowledge Network to connect all major knowledge institutions so that interdisciplinary conversations could begin between faculty and students, he said. The Finance Minister said that he was given to understand that the network has already connected over 404 institutions and another 600 are on the way and that this initiative will be complemented by connectivity to all colleges by the Ministry of Human Resource Development. He stated that he had been made aware that building on this National Knowledge Network, India plans to roll out world's first Meta University based on multi-disciplinary and collaborative learning from the academic year 2012.

The Union Cabinet had declared 2010 to 2020 as the “Decade of Innovation” and set up the Innovation Council under Shri Pitroda. The Finance Minister Shri Mukherjee congratulated the Innovation Council for getting down to work in right earnest and taking steps towards evolving an Indian model of innovation to address our concerns and emerging challenges.

The Union Finance Minister Shri Mukherjee said that innovation, whether as knowledge creation or as knowledge application has always been a major source of competitive advantage, wealth creation and improvement in the quality of life. However, the urge to innovate or to adopt a process that encourages innovation is not universal, the Minister added .

The Finance Minister Shri Mukherjee said that our informal sector, where the majority of our workforce is employed is beset with low-productivity and low-skill activities. He stated that our crafts persons, weavers, small businesses could all benefit from innovation, if we could exploit even the existing knowledge base in improving their product designs, packaging and connectivity with markets. Shri Mukherjee stated that there is an enormous amount of extant global knowledge that can be tapped and harnessed to improve the performance of our economy and the lives of our people. He said that he had been given to understand that the National Innovation Council had already begun work in seeding innovation into industry clusters.

The Union Finance Minister Shri Pranab Mukherjee said that sustaining India’s growth momentum is critically dependent on improving our factor-productivity through technological innovations and process reengineering and is also dependent on enhancing the capability of our young population to understand new technology and absorb and simulate it to meet local needs. He said that in that context there are at least three areas that we need to focus on. The first area being education and knowledge creation, the second being creating and strengthening of a competitive environment to support private enterprise and the third encouraging a greater focus on research and design activities (R&D) in our enterprises and in institutions of higher learning. Shri Mukherjee said that we are making progress in all these areas, though perhaps not at the pace we would ideally like to.

The Finance Minister Shri Mukherjee said that education is what nurtures creativity and spurs innovation and our education system needs a revamp to promote talented students which is being pursued. He stated that we have introduced several scholarship schemes to promote young talent in recent years and that he was happy to learn that a scheme for Innovation Scholarships is being considered by the Ministry of Human Resource Development.

The Finance Minister Shri Mukherjee said that we have made creation of capital stock in education as an infrastructure sector and made it eligible for Viability Gap Funding under the Public Private Partnership initiative from the current financial year. He said that further, with the setting up of the National Skill Development Council, the government delivery mechanism in skill -development and training has been significantly innovated. These steps should help address some of our concerns with the help of the private sector in the area of education and skill up-gradation, he said.

The Finance Minister Shri Mukherjee said that economic reforms since 1991 have sought to create and strengthen a competitive environment for our enterprise. Though we have come a long way and this is apparent in our growth momentum and the resilience of our economy in recent years, it is an ongoing process that needs to be nurtured, he said .

The Union Finance Minister Shri Mukherjee said that the Government has created a number of public programs supporting innovation and encouraging a greater attention to R&D. He stated that the outcomes from these initiatives could be improved to meet our needs and that a new approach is needed, where the Government's role should increasingly be to provide a policy and regulatory framework that encourages the private sector to undertake innovations. In this connection , he mentioned that the Government has enhanced the weighted deduction on payments made to National Laboratories, universities and Institutes of technology, for scientific research, to 175 per cent last year and further to 200 per cent in the current year.

Those present on the occasion were Prime Minister Dr Manmohan Singh, Union Cabinet Ministers, Deputy Chairman Planning Commission, Shri Montek Ahluwalia, and Shri Sam Pitroda, Chairperson of the National Innovation Council among others.

**DSM/SS/SL**