Inter- Industry Linkages and the clustering of innovative activities: Framework for Indian Economy and National Innovation Policy

Topic: Input-output analysis for policy making III
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The relationship between economic linkages and innovative linkages is examined and a theoretical framework to determine the clustering of innovative interactions in Indian economy is recommended by using innovation interactions matrices and input output analysis. An empirical analysis has been made by identifying Innovative linkages in various industries in Indian economy and the policy responses recommended vis-à-vis the structural and institutional approaches to economic growth and development.

The questions to be answered in this paper happen to be:

1.Whether Innovations cluster in part of the economic space ? (Schumpeter,1937)
2.Whether varied linkages in everyday economic life tend to favor innovative linkages and clusters?(Aitken 1985)
3.Innovative clusters and linkages may contribute to increase the division of labor (Smithian hypothesis)

The methodology includes the innovation interaction matrices by identifying innovative activities in a sample of 27 industries in the Indian economy and mapping it with the Input Output data,released by the CSO (Central Statistical Organisation) .

The study will answer the following :

1.How does the Indian economy impact the innovative activity?
2.What is the structure of innovative interactions in Indian Economy?Who are the leading suppliers and users of the Innovative activities?
3.Where in the Indian Economy innovative activities are likely to happen?
4.How can the Indian innovation policy embed cluster competencies & direct cluster dynamics to promote innovative activities?