



INDIA:

International Outlier on IP



GIPC
Global Intellectual Property Center
U.S. CHAMBER OF COMMERCE

In 2010, the then-President of India declared the next 10 years to be India's "Decade of Innovation." Promoting innovation means protecting domestic innovators and creators, attracting world-class research and development, and creating and sustaining high-quality future jobs through a robust intellectual property (IP) system.

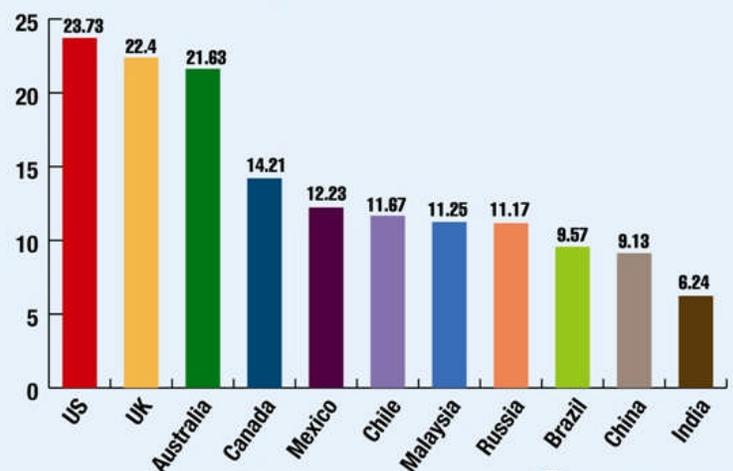
However, recent policy, regulatory, and legal decisions have deteriorated IP rights in the country, making India an outlier in the international community. The purpose of the review, *India: The International Outlier on IP*, is to provide a succinct and evidence-based analysis of the consequences of India's poor IP environment.

Many studies have pointed to the direct, positive relationship between the strength in intellectual property rights and the inflow of foreign direct investment (FDI), which is an important broad measure of a country's attractiveness for investing and doing business. The Organization for Economic Co-operation and Development (OECD) found that a 1% change in the strength in a country's IP rights environment is associated with a 2.8% increase in FDI inflows.

Key Findings

- India has been less able to attract FDI than its BRIC (Brazil, Russia, China) peers since the 1980s.
- Also in regards to FDI, India is noticeably weaker than other emerging economies, which started off at similarly low levels of investment and had similar IP rights environments to India's in the 1980s.
- Using the OECD model, if India were to strengthen its intellectual property regime and increase its score on the GIPC IP Index by 14.9%, it could reach the level of FDI similar to its BRIC counterparts.

GIPC International IP Index: *Measuring Momentum*
Overall Country Scores



Key Indicators

- *Overall FDI*- Annual inflows of FDI to India have increased significantly since the early 1980s, but it still lags other countries, notably BRIC economies.
- *Biomedical FDI*- Countries with a more robust level of biopharmaceutical IP protection, including emerging economies, tend to enjoy a greater level of clinical trial activity by multinational research-based companies. India ranks among the lowest in attracting biomedical FDI.
- *Research and Development*- R&D spending correlates quite strongly with rates of innovation as measured. Indian R&D spending lags significantly behind fellow BRIC economies as well as other emerging countries such as Singapore and Korea.
- *IP Assets*- In 2011, payments to Indian residents for the use of IP assets amounted to just over \$300 million, which is quite low in comparison to both the other BRIC economies (which ranged between \$600 million to more than \$1 billion) and other emerging markets.
- *Patents Granted in Force*- India has enjoyed a significant increase in the number of patents granted and in force since the implementation of the TRIPS agreement in 2005. However, there has been a strong and pronounced fall since the late 2000s, a fall which coincides with the wider weakening of India's IP environment.

To view the full report, please visit www.theglobalipcenter.com/india.

