

What is knowledge-based economy?

The knowledge-based economy or knowledge economy is a system of consumption and production that is based on intellectual capital. In a knowledge economy, a significant part of a company's value may consist of intangible assets such as the value of its workers' knowledge or intellectual capital. However, these assets are not mentioned on the balance sheets. Examples include research, consulting etc.

What are the pillars of knowledge-based economy?

1. Information and Communication Technology.
2. Skilled Workforce.
3. Supportive Business Environment.

Indian Context :-

1. Most economies in the world are composed of three major categories in different proportions i.e. Agriculture, Manufacturing and Services. A developed country using knowledge economy is based on best practices in all three from each country.
2. While the developed economies are excelling in Manufacturing and Services India is still struggling with agriculture. To move out from the middle-income zone we need to be an innovation-based economy.
3. The knowledge economy is based on education and research and India is lagging in both these fields. A survey by NASSCOM found out that 80% of graduates and 99% of MBAs in India are unemployable.
4. Knowledge without application is meaningless and with high marks but low research and innovations we are striving towards this meaningless education only.

Recommendations/conclusion :-

1. Knowledge-based economy will surely result in an economic boom in India, as it will create more jobs, more opportunities for innovations and entrepreneurship. As countries have already started transforming economies in other countries which effects job creation.
2. We should bring higher education in line with the social, cultural and economic needs of the country, strengthen research, innovation and entrepreneurship, increase international cooperation and competitiveness and promote digital literacy in every corner of the country.
3. With the change in the structure of the curriculum according to the previous point in

institutes specializing in certain discipline can help us in coming up with solutions to problems in India as well as other countries. Eg: Medical institutes coming up with medicines for [Neglected Tropical Diseases](#), Mechanical, Automobile, Chemical departments coming up with cleaner and efficient fuel ideas, Robotics, CS/IT departments working on robots to overcome the manual scavenging problems etc.

4. There is a whole lot of paradigm shift required in the Indian education system, the mentality of society, successful Indian companies so that the Indian economy can shift from its present inefficient state to a knowledge-based economy.

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Knowledge based economy is important to achieve the economic boom of India | 3

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