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Innovation or Illusion? The incentive design problem in Indian higher education

A recent AI summit controversy highlights a systemic issue in higher education, where incentives prioritize patent filings over actual commercialization and societal impact. This design deficiency encourages institutions to focus on visible metrics rather than tangible innovation, leading to a "patent paradox" and shallow progress.

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The Incentive Design Problem in Indian Higher Education

The recent controversy at an AI summit's exhibition stall hosted by a private university has triggered predictable outrage. A technology demonstration was questioned and the presenter was mocked. Social media delivered swift judgment — umbilical cord was cut mercilessly.

If we pause for a moment, a more difficult question emerges: Was this merely an isolated misstep — or a symptom of a structural deficit within our higher education and research ecosystem? Or else, a question of granting explicit excessive freedom to marketing teams. To answer these questions, one must step back from the incident itself and examine the institutional design that shapes behaviour across campuses.

Having spent over a decade in civilian science administration and having worked closely with both public and private institutions, I have come to recognise a simple institutional truth: systems behave exactly the way they are designed to behave - for peripheral growth.

"Misaligned incentives do not produce isolated errors; they produce patterned distortions".

The Architecture of Incentives

We today rank among the leading nations in patent applications. At first glance, this suggests a thriving innovation culture. Yet numbers alone do not tell the full story. Under prevailing policy mechanisms, institutions often receive financial reimbursement or reputational advantage at the stage of patent filing. Filing activity also contributes to institutional performance metrics under the National Institutional Ranking Framework.

Higher filings can improve rankings. Better rankings attract students. Greater enrolment strengthens revenue streams. The cycle becomes self-reinforcing. What receives comparatively less emphasis is what happens after filing: prosecution, grant, technology transfer, commercialization, and measurable societal impact.

When policy signals reward quantity more visibly than quality, institutions will rationally optimise for quantity. *"This is not necessarily a question of ethics. It's of design deficiency".*

Visibility Before Viability

Higher education today operates within an intensely competitive marketplace. Private universities compete for sustainability and scale. Public institutions compete for funding, recognition, and policy relevance. Both are evaluated through quantifiable indicators.

In such an environment, visibility acquires strategic importance. Events become platforms for signalling competence. Communication can sometimes begin to outrun scholarship. Optics may quietly gain precedence over originality.

None of this is unique to one institution. It is an ecosystem response to measurement culture. *If performance indicators privilege what is easily countable — patents filed, papers published, memoranda signed — institutions will concentrate energy on what moves those metrics — even if that means externalising / institutionalising core intellectual work to service providers.*

The Patent Paradox

The more uncomfortable question is not whether universities are filing patents. It is whether those patents translate into grants, products, start-ups, or industry adoption. An innovation ecosystem matures when incentives shift from:

- Filing → to Grant
- Grant → to Commercialization
- Commercialization → to Societal Impact

Innovation is not an application form. It is a working solution deployed in the real world. *Unless policy architecture reflects that distinction, shallow impact may haunt impressive statistics.*

Beyond Intellectual Property (IP)

The structural concerns extend well beyond patents:

- Publication pressures that reward volume over scholarly depth
- Under-equipped laboratories and weak research infrastructure in many institutions
- Centres of Excellence that feature more prominently in brochures than in breakthroughs
- Inconsistent standards of doctoral mentorship and research supervision
- Administrative bottlenecks that slow serious inquiry
- Industry–academia partnerships that remain largely transactional or symbolic
- Ranking-driven academic cultures that prioritise metrics over mastery
- Limited awareness of intellectual property and copyright frameworks
- Absence of in-house prototyping and manufacturing ecosystems

Recalibrating the System

If India is serious about realising *Atmanirbhar Bharat* and emerging as a credible global innovation leader, several structural recalibrations merit urgent debate:

1. **Align patent incentives** with grants & commercialization milestones, not filing alone
2. **Refine ranking frameworks** to privilege demonstrable impact over raw counts
3. **Audit persistent filing-to-grant disparities** with transparency and accountability
4. **Tie a larger share of public R&D funding to measurable institutional outcomes**
5. **Strengthen research governance and mentorship standards** across universities
6. **Build in-house prototyping & manufacturing capacity** to enable commercialization
7. **Incentivise outcome-driven industry–academia partnerships** linked to tech transfer
8. **Institutionalise a national translational research pathway** anchored in a Technology Readiness Level framework developed by the office of the PSA to the Govt. of India
9. **Make intellectual property literacy mandatory** across undergraduate, postgraduate, and doctoral level — an imperative long emphasised by Raghunath Anant Mashelkar

"These are not punitive corrections. They are structural alignments".

The Larger Mirror

Universities are not insulated islands. They reflect the administrative logic, regulatory signals, and societal values that surround them.

If perception is rewarded more than performance, institutions will invest in perception. If numerical output is prioritised over tangible impact, numbers will proliferate. Performance, however polished, cannot substitute for progress.

The uncomfortable question, therefore, is not: *How could this happen?*
It is: *What have we structurally encouraged?*

If incentives remain unchanged, similar episodes — in different forms — will recur. This urgency becomes even more critical at a time when AI is poised to influence institutions, economies, and societal trust at scale.

India does not suffer from a shortage of intelligence. It must guard against a distortion of incentives. Until metrics are reconnected with meaning, innovation risks becoming performative rather than transformative.

This is not a private-versus-public binary. Structural distortions are visible across ownership models — and so is excellence. The issue is systemic, not sectional.

The moment calls not for outrage, but for administrative clarity and structural reforms.