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Ivy League or India, universities need public funding for innovation

BY INVITATION

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When Trump recently cut federal research funding, the tremors were felt even in America's richest universities. Harvard, Stanford and MIT, with endowments worth tens of billions of dollars, were forced to cut budgets, delay projects and draw from reserves to stay afloat. The academia in the US soon realised that private donations and endowment income cannot replace the steady flow of govt support. That decision has shaken the very foundation of the American research ecosystem and offers an important lesson for the rest of the world. Public funding is not charity. It is the backbone of a nation's knowledge economy.

Every great university system, both public and private, is built on predictable govt support. In the US, private universities like Stanford, MIT and Caltech each receive hundreds of millions of dollars annually from federal agencies. Every grant carries an overhead, often between 40 and 60%, to support laboratories, staff, maintenance and compliance systems. These overheads sustain the invisible infrastructure that keeps research alive. Without them, even the wealthiest private universities would struggle to survive.

In India, we've taken a very different approach. Research grants rarely include realistic overheads, and often none at all. Public institutions may receive less than 10%, while private universities are sometimes required to provide co-funding to qualify for govt grants. In effect, the overheads are negative. Instead of being supported for taking up research, universities must spend their own resources to participate. Many private institutions hesitate to take govt projects simply because they cannot afford to subsidise them. Without adequate overheads, universities cannot maintain advanced laboratories, retain skilled staff or build compliance systems. This policy flaw has prevented India from building a strong and sustainable research culture across both public and private institutions.

While universities should aim for financial resilience, expecting them to be entirely self-supporting is unrealistic. Govts must stop asking universities to stand on their own feet and instead encourage them to diversify responsibly. A university that relies entirely on govt grants may stagnate, but one that depends only on private sources risks losing its academic freedom. The goal should be balance, not withdrawal.

Diversification can take many forms. Universities can build endowments, encourage alumni giving, develop continuing education programmes, license intellectual property and create start-ups around their research. These activities make them more resilient and socially relevant but cannot replace stable public funding. Govt support provides continuity and confidence. It allows universities to take long-term risks and pursue ideas whose impact may

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take decades. Industry funding brings practical relevance but is short-term and guided by corporate priorities. Philanthropy adds flexibility but fluctuates with economic cycles. Only govt support provides the stability required for true innovation.

When govts withdraw support, universities begin to behave like businesses. They raise tuition, trim faculty and focus on revenue-generating programmes. Over time, this undermines both excellence and access. Students from modest backgrounds are priced out, and researchers become risk-averse. India cannot afford to take that path. Our higher education system is still evolving, and the culture of alumni giving and endowment building is only beginning to grow. Expecting self-sufficiency without a supportive financial framework is neither fair nor wise. Govt funding must remain the backbone, but it should come with accountability and a push for diversification. Research grants must include realistic overheads for both public and private universities. Without this, none can build the administrative and technical foundations that world-class research demands.

India must also recognise that funding research is a long-term investment in the country's future. Every rupee spent on research creates value through innovation, employment and technology creation. The money invested in universities returns to society as economic growth, intellectual capital and national strength.

The best higher education systems treat public and private universities as part of one integrated ecosystem, not as competing silos. Trump's funding cuts reminded America's universities that autonomy is not isolation. True independence requires steady public support — the financial stability that allows intellectual freedom. India must absorb that lesson. The state must remain the backbone of education and research while promoting efficiency, transparency and responsible diversification. Universities can be self-confident, but not self-supporting. They exist to serve society, not to behave like corporations. The real question is not whether universities can support themselves, but whether a nation can progress without supporting its universities. ■

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