

Philanthropy in India

PROMISE TO PRACTICE

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PROMISE TO PRACTICE

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OSAGE UNIVERSITY

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especially RAC and MK

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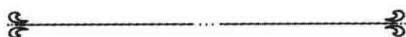
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List of Abbreviations

AIF	American India Foundation
APPI	American Association of Physicians of Indian Origin
ASIE	American Society of Indian Engineers
B.CLIP	B.PAC Civic Leadership Incubation Program
B.PAC	Bangalore Political Action Committee
BAIF	Bharat Agro India Foundation
BAPS	Bochasanwasi Shri Akshar Purushottam Swaminarayan Sanstha
BHEL	Bharat Heavy Electrical Limited
BM	Bala Mandir
BMRF	BM Research Foundation
CAF	Charities Aid Foundation
CAP	Centre for Advancement of Philanthropy
CFI	Cultural Festival of India
CIA	Central Intelligence Agency
CIDA	Canadian International Development Agency
CORD	Chinmaya Organization for Rural Development
COVA	Confederation of Voluntary Associations
CPSE	Central Public Sector Enterprise
CRM	Customer Relationship Management
CRO	Contract Research Organization
CRY	Child Rights and You
CSR	Corporate Social Responsibility
DFAIT	Department of Foreign Affairs and International Trade
DOS	Disk Operating System
FCRA	Foreign Contributions Regulation Act
GDP	Gross Domestic Product
HNWI	High Net-worth Individual
ICCC	Indo-Canada Chamber of Commerce
ICI	Imperial Chemical Industries
IDRC	International Development Research Centre
IIT	Indian Institute of Technology

IMF	International Monetary Fund
INC	Indian National Congress
IT	Information Technology
MCGM	Municipal Corporation of Greater Mumbai
MFI	Microfinance Institution
MOIA	Ministry of Overseas Indian Affairs
MSCC	Mazumdar-Shaw Cancer Center
MSCTR	Mazumdar-Shaw Center for Translational Research
MSSR	Multistate Societies Registration
MWS	Mijwan Welfare Society
NGO	Nongovernmental Organization
NIMDAC	Northern Indian Medical & Dental Association of Canada
NPI	Nonprofit Institution
NTPC	National Thermal Power Corporation Limited
ONGC	Oil and Natural Gas Corporation
PBD	Pravasi Bharatiya Divas
PHFI	Public Health Foundation of India
PPP	Public-Private Partnership
PSU	Public Sector Unit
PTI	Press Trust of India
ROC	Registrar of Companies
SAJA	South Asia Journalists Association
SC	Swaminarayan Chapter
SDTT	Sir Dorabji Tata and Allied Trusts
SHG	Self-help Group
SIFPSA	State Innovations in Family Planning Services Agency
SKDRDP	Shri Kshetra Dharmasthala Rural Development Project
SOSVA	Society for Service to Voluntary Agencies
SRTT	Sir Ratan Tata Trust
TISS	Tata Institute of Social Sciences
TRAI	Telecom Regulatory Authority of India
TTD	Tirumala Tirupathi Devasthanams
USAID	United States Agency for International Development
USIG	United States International Grantmaking
VLSI	Very Large-scale Integration
WDL	Winding Down Lodge

Foreword

Researching philanthropy in a country as diverse and culturally rich as India is a daunting task. The roots go back many millennia. There is a chapter devoted to charity in the *Rig Veda* (one of the oldest Hindu religious texts), where *Daan* (giving or charity) is divided into three classes—*Satvik*, *Rajasi*, and *Tamasi*. *Satvik* giving would entail making the right contribution for the right cause at the right time. *Rajasi* giving could be for personal aggrandizement while *Tamasi* giving could be for destructive purposes.

The world, as we know it today, has moved on from charity to philanthropy, and now venture philanthropy. Venture philanthropy, also known as ‘Philanthro-capitalism,’ takes concepts and techniques from venture capital finance and high-technology business management and applies them to achieving philanthropic goals. Venture philanthropy is characterized by a willingness to experiment and try new approaches and focus on measurable results. This has resulted in the growth of several social entrepreneurs and social enterprises across the country.

The Indian tradition of *Shresthdharma* recommends that the better-off one is in the society, the higher should be one’s sense of responsibility. The number of high net-worth individuals (HNWIs), especially in Asian countries, including India, is booming. The number of millionaires in India has surged to a record high. The BNP Paribas ‘Individual Philanthropy Index’ reveals that philanthropy is growing worldwide, increasing by five points on an average in 2015. However, the question remains: Does more wealth automatically lead to increased giving? Conventionally, this has been true. Ford and Carnegie ‘gave’ only because they had the wealth in the first place. Wanting to give is easy. But, giving wisely is challenging. Today, philanthropists are not just looking for the ‘feel good factor.’ They are looking for measurable impact and a sound return on their social investment. They are looking for innovation and are willing to provide ‘risk capital.’

Mandating CSR under the new Indian Companies Act 2013 has also opened up several more opportunities. One still observes a lot of excitement and hope, but the impact of mandating CSR in India will be known only after a few more years. However, there is no doubting the fact that we are living in exciting times where philanthropy is concerned.

This book, *Philanthropy in India: Promise to Practice*, is the result of a three-year study on the many aspects of philanthropy in India and a reflection of the interests of three authors. This book takes a wide-angle view of current religious and secular practices of philanthropy and its influences, including the range of public charitable organizations, both religious and secular, through which donations as well as volunteer efforts are channeled. It is a laudable effort and I offer my hearty congratulations to Meenaz Kassam, Femida Handy, and Emily Jansons.

Noshir H. Dadrawala

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Our editors, Aditi Chopra and Saima Ghaffar, at SAGE wisely steered us when we most needed it. We are also grateful to the student assistant, Eunice Lim, who did a careful and most intelligent review of our work, taking care of the many details involved in writing this manuscript. We thank, as with our other books, Adam at the café in Toronto, where we wrote many parts of this book, for graciously keeping us caffeinated and fed. Our families provided moral and emotional support which helped us persevere. They believed in this project and encouraged us from the very beginning and tolerated our long absences as we conducted our research and spent many days together in India, Toronto, Dubai, and Philadelphia.

Introduction

India is at an interesting crossroads, as its poorest and wealthiest populations grow at each end of the spectrum. On the one hand, there are tens of millions of Indians who lack basic necessities such as food, shelter, and health care—and this population is expected to grow exponentially. On the other hand, and in between the spectrum, multitudes of Indians are mobilizing to reduce extreme poverty to great success. The official poverty rate decreased almost to half from 45 percent in 1994 to 22 percent in 2012. Although the task of improving the lot of the poor is monumental and cannot solely be the responsibility of philanthropists, philanthropy is a major force in the battle against widespread poverty. As documented in this book, philanthropy is practiced in every nook and cranny of Indian society: from the big cities and corporations to grassroots organizations, and at every level of the socioeconomic pyramid.

The rising numbers of religious and social charitable trusts are testament to the growing number of institutions through which people are channeling their money. Especially promising is the increased participation of Indians in philanthropic endeavors that go beyond their own ethnic and family circles. This book examines the practice and viability of this promise and its implications for India's future.

Since the early decades following India's Independence, the state has stepped back from its commanding role in the economy and provision of public services and goods. In turn, civil society or social sector organizations, corporations, and philanthropy have taken on a larger role to fill the vacuum. While its nature is ever evolving, philanthropy—with its deep roots and ubiquitous nature, albeit not always formally recognized—is fundamental to India's identity. As philanthropy in the country is playing an increasingly important role, this book sets out to understand the evolution, current practices, and future promise of philanthropy in India.

This book is the result of a three-year study on the many aspects of philanthropy in India and a reflection of the interests of all three authors. Based on our experiences, each of us has a unique vantage

point from which we offer insights. All of us have spent time in India—two of us were born there and spent many of our formative years in India. One of us practices philanthropy actively by running schools for marginalized children and strategically funding nongovernmental organizations (NGOs) in India; the other has spent time meeting with key actors in the Indian philanthropic space as well as working for Indian NGO organizations and in the corporate social responsibility (CSR) space; and the third one of us has spent much of her academic career writing on and researching various aspects of philanthropy, including being the coeditor of the book, *The Palgrave Handbook on Global Philanthropy* (Weipking and Handy 2015).

Despite differences in our backgrounds, we came together to write this book because we shared a mutual interest and an admiration for the practices of philanthropy in India. The deep history and roots of philanthropy that underpin what we see today give us much hope and optimism for the growth of philanthropy in India, and its promise in making sustainable social change.

Philanthropy is practiced in different ways for different reasons by individuals at all levels of the socioeconomic pyramid, and by institutions, both small and large. When we began our initial investigation into the many ways philanthropy is practiced in India, we saw immense richness in the details and wanted to capture the lives and stories of individual philanthropists in each of our chapters. No two stories are the same, and we hope that these stories give the reader a sense of the nuances and subtleties involved in the practice of philanthropy.

In no way is philanthropy new to this part of the world. Indeed, all religions in India have age-old traditions that embody the concept of philanthropy. Although the many forms of philanthropy practiced today trace their roots back to thousands of years, the philanthropic practice has been influenced by India's history of colonization starting from the Mughal period to the British Raj, with the introduction of Islam and Christianity. The key factors that influence current practices of philanthropy include government policies and changing technology.

In India, philanthropy is often seen as an answer to many of the country's widespread social ills such as hunger, disease, illiteracy, and unemployment. And as a result of this view, the number of NGOs (also referred to as nonprofits elsewhere), not-for-profit and for-profit microfinance institutions (MFIs), and charitable trusts have been on

the rise. Further, the liberalization of the economy since the 1990s, the advent of technology, and a growing and affluent citizenry and diaspora are causing philanthropy to grow, change, and formalize in unprecedented ways. Still, a lot of philanthropic giving in India is done informally and thus remains below the radar. In this respect, the practice of philanthropy, as we currently understand it, is incomplete.

This book takes a wide-angle view of current religious and secular practices of philanthropy and its influences, including the range of public charitable organizations, both religious and secular, through which donations as well as volunteer efforts are channeled. Using case studies and rich narratives, we illustrate the many varied practices and the promises of philanthropy.

In Chapter 1, we ask the question: What shapes the practice of philanthropy in a country? We examine the role of religion, history, politics, cultural elements, and government regulations—which in the Indian context includes Hindu and Islamic (among other) religious underpinnings, colonization and industrialization, the Independence movement and teachings of Mahatma Gandhi, and post-Independence economic trends. While philanthropy in India comes from a deep-rooted background of religion and tradition, it has also been subject to modern and foreign influences at various periods of time that have impacted perspectives on philanthropy, introduced new methods of institutionalized giving, and enlarged the scale on which philanthropy is practiced. These elements continue to shape social norms and the practice of philanthropy in India today.

We continue in Chapter 2 with a historical overview of legislation that governs charitable trusts in India and then proceed to examine proposed legislations that could impact charitable trusts. Using a series of case studies, this chapter highlights the role and importance of a variety of public, private, religious, and secular trusts in India. Aseema is a fine example of a public charitable trust that has governmental permission to accept foreign contributions tax-free. To add, donors are allowed to deduct the amount that they have donated from their taxable income. These funds have allowed Aseema to operate municipal schools through a partnership with the government and consequently offer quality education to hundreds of street children. In the narrative of Sri Kshetra Dharmasthala Rural Development Project (SKDRDP), a religious charitable organization, we find a very different set of core values and missions. It is no surprise that SKDRDP has leveraged its funds to create a place of worship, but it

also channels resources to help the local community. It has helped farmers enhance their skills and acquire loans to buy better machinery, thereby lifting an economically depressed area out of poverty.

In Chapter 3, we turn our focus to philanthropic actions at the individual level. We look not only at the HNWI's at the top of the pyramid and India's middle class, but also at those at the bottom of the pyramid. The challenge of individual giving is that much of it is done informally—particularly at the bottom of the pyramid—thus not publicly known or accounted for. This chapter attempts to shed light on the practices of individual giving through four case studies, ranging from a high-net-worth couple, insights from professional middle-class Rotary Club members, the generosity of a low-net-worth individual, and lastly, five short examples of giving at the bottom of the pyramid. While the challenges and scale of philanthropy practiced by the wealthy differ from those of the poor, individuals across all levels demonstrate an inclination to give strategically and make an impact.

In Chapter 4, we shift gears from individual giving to corporate giving. Corporate India, which is still largely family-owned and family-managed, is very active in philanthropy. This chapter examines the practices of family-owned companies whose traditional practices of meeting employees' needs have shifted away to contemporary forms of philanthropy. This shift was first initiated by government-owned public sector enterprises that sought to provide its employees (and the community in which they were located) benefits and programs hitherto unavailable. It changed how business saw their role in society, and these practices soon spread to businesses. It is now labeled as CSR, and was largely motivated by expectations of the public and government. Our narratives include that of Sir Jejeebhoy, one of the earlier well-known philanthropists, who was influenced by British modes of secular philanthropy. He won British favor through his donations to hospitals as well as educational institutions in both India and Britain. We also present a narrative of the Tata Group, one of the most enduring and famous industrial groups known for its wide-ranging efforts at large-scale philanthropy.

Most emigrants maintain some ties with their countries of origin, and in Chapter 5, we examine philanthropic giving as a way Indian emigrants maintain these ties. The Indian diaspora is significant and relatively prosperous and many diaspora members have a desire to help those back in India. In this chapter, we examine the

breadth and depth of such philanthropic behavior and the factors that are likely to motivate and facilitate giving. This giving is undertaken through associations formed by Indians living abroad, or done directly through individual gifts. We also discuss the recent efforts of the Indian government to engage the diaspora in India's socioeconomic development agenda. Since 2003, the government hosted an annual diaspora conference, the Pravasi Bharatiya Divas (PBD), that facilitates interaction between Indian diaspora, the Indian government, and cultural and charity organizations. The Ministry of Overseas Indian Affairs (MOIA) also coordinates activities aimed at reaching out to the diaspora. Some of the trends explored in the chapter are illustrated through three narratives of diaspora Indians engaged in philanthropy.

Chapter 6 examines how traditional charitable practices have given way to various new philanthropic practices. We give a brief snapshot of emerging trends, though we are aware that newer trends have emerged while this book was being written and continue to develop as this book goes to print. Today, boundaries and limits in philanthropy are being tested, as creative minds combine information technology (IT) to expand the reach of philanthropy worldwide. Evidence of this can be seen in the case study on GiveIndia, which uses the Internet to connect donors to recipients. GiveIndia is only one of many organizations that use modern IT to change the face of philanthropy. Another case looks at Dasra's successful venture philanthropy model of Giving Circles to connect donors to NGOs. The third case study reflects how India's successful female business leaders chart their own model of philanthropy.

In general, this book has been a joyful journey. Learning about the depth and breadth of philanthropic practice in its many forms has been a humbling experience. We were reminded of humanity's essence as we saw how people cared for one another, from the top of the pyramid to the bottom and everywhere in between. The stories and narratives of philanthropy in action are not only mentioned in the pages of this book but are also etched deeply in our hearts. We are so grateful to all of the individuals who are mentioned here—and the countless others who are not mentioned, but whose practices of philanthropy make this world a better place for all of us.

Contents

<i>List of Abbreviations</i>	ix
<i>Foreword by Noshir H. Dadrawala</i>	xi
<i>Acknowledgments</i>	xiii
<i>Introduction</i>	xv
Chapter 1: The Practice of Philanthropy	1
Chapter 2: Charitable Trusts in India	36
Chapter 3: Individual Giving	65
Chapter 4: Corporate Giving	110
Chapter 5: Diaspora Philanthropy	138
Chapter 6: Trends in Philanthropy	163
Conclusion	196
<i>Bibliography</i>	205
<i>Index</i>	222
<i>About the Authors</i>	229