



## **ENABLING INDIAN DIASPORA PHILANTHROPY**

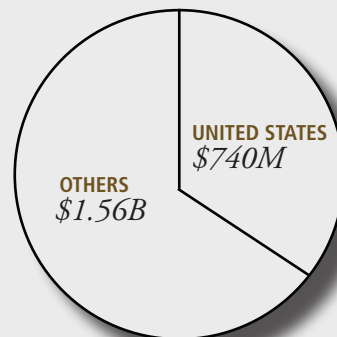
*By Nishita Bakshi & Barnett F. Baron*

# Introduction

The Indian diaspora, over 27 million in strength, is shaping the global economy and politics in significant ways today. Nearly 2.7 million people of Indian origin reside in the United States making it the third largest Asian American population after Chinese Americans and Filipino Americans.<sup>1</sup> According to the American Community Survey of the U.S. Census Bureau, the Asian Indian population in the United States grew at a rate of 53% between 2000 and 2007, the highest for any Asian American community, and among the fastest growing ethnic groups in the United States.<sup>2</sup>

Various studies have researched and commented on the change in the nature of the Indian diaspora over the last 100 or more years. From indentured laborers, to agriculturalists to well-educated middle class professionals to the most recent wave of software engineers, the Indian diaspora has traveled to many distant shores and has a rich history<sup>3</sup>. Indian Americans today for example, constitute 3% of the U.S.'s engineers, 7% of its information technology workers and 8% of its physicians and surgeons, and have one of the highest median incomes of households in the country.<sup>4</sup>

## SOURCES OF OVERSEAS CONTRIBUTIONS TO NGOS IN INDIA



Source: Ministry of Home Affairs, India, 2008-2009

## Philanthropy to India

Over \$2.3 billion was received by some 12,400 non-governmental organizations in India from overseas sources in 2008-09, an increase of nearly 12% over the previous year. Of this, nearly \$740 million came from the United States alone, making it the single largest contributor.<sup>5</sup> Diaspora remittances to India are the highest in the world at an estimated \$49.3 billion in 2009.<sup>6</sup>

The Indian government has also recognized the financial and intellectual power of its diaspora, and has been actively seeking to encourage its business and philanthropic investments. Pravasi Bhartiya Divas is a two-day annual event organized by the Indian Government for the past nine years as a means to “engage the Global Indian”. Recognizing that the Indian diaspora is interested in India’s development and in playing a role in it, it is a way for the Indian government to focus attention on crucial issues by encouraging them to invest in the country. In 2011, the conference focused on the two major issues of education and healthcare. A panel on diaspora philanthropy raised issues of transparency, impact measurement, information sharing and knowledge of existing organizations and fraud prevention mechanisms.<sup>7</sup>

## ABOUT THE AUTHORS

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## *Challenges in Giving to India*

There are several challenges that donors face in giving to India as well as in promoting philanthropy amongst the Indian diaspora. Give2Asia works with U.S. donors to address many of these challenges.

### **INFORMATION ABOUT GOOD ORGANIZATIONS**

There are over 25,000 non-profit organizations in India eligible to receive foreign funding. GiveIndia, Guidestar India, and other such groups have partial details about some 1,000 organizations at best, but publicly available details about the remaining organizations are lacking.

### **LACK OF TRUST IN INTERMEDIARIES & GRANTEES**

There is a lack of awareness amongst the Indian diaspora about the various channels available to donate. There is also a lack of trust in both intermediary organizations as well as grantee organizations, often due to lack of transparency and good reporting practices on the part of grantees. Donors prefer giving money to people they know rather than “writing checks” to organizations.<sup>8</sup>

### **COMPLICATED LEGAL PROCESSES**

Often, donors wish to support personal causes or projects in their villages or hometowns, where the civic body or local school might not have the necessary Foreign Contribution Regulation Act (FCRA) registration, which is required to receive foreign funding. Further, funding start-up groups or social entrepreneurs often proves to be difficult as organizations need to have been registered for three years before they can apply for FCRA. FCRA funds cannot be transferred to other organizations unless the recipient has FCRA as well.

It was hoped that the 2010 revision to the FCRA, originally enacted in 1976, would lead to some sweeping changes and ease some of the processes and requirements, but this has not happened.

### **GEOGRAPHIC CONCENTRATION OF GRANTS**

Give2Asia makes nearly 100 grants to India a year, yet most of them are geographically concentrated in certain parts of the country. There are several regions across India that are not receiving the help they require. Give2Asia educates donors about greatest needs and draws attention to the ways in which they can participate and help in geographies to which they might not have a link.

## *Recent Trends*

Give2Asia works with private donors to help promote their philanthropy to Asia. Nearly 80% of Give2Asia donors comprise individuals and families, most of whom have an ethnic connection to the country that they give to. Give2Asia donors support a variety of causes from basic needs and humanitarian projects to strategic development programs. Give2Asia is seeing the following trends in diaspora giving to India:

**1. Public-Private Partnerships:** A good example of such a partnership is the Public Health Foundation of India, a Give2Asia grantee. It was born out of a collaborative effort between the government, scientists and the corporate sector. This partnership is leading to the establishment of new institutes of public health, as well as providing technical assistance and improving the capacity of existing departments at various universities.

**2. Localized High Impact Philanthropy:** The Deshpande Foundation, the family foundation of Gururaj (Desh) and Jaishree Deshpande based in Massachusetts, is using a geographically defined area called the sandbox in order to promote social innovation and entrepreneurship. The Foundation supports over 80 non-profits working in five districts in the Hubli-Dharwad region of Northern Karnataka in the areas of livelihood, education, health and agriculture. In addition to its advised grantmaking in partnership with Give2Asia, the Foundation conducts exchange programs, allowing a transfer of innovative ideas across continents.

**3. Endowments:** A donor supported a pioneering health reimbursement program in rural Maharashtra for people living below the poverty line by creating an endowment fund. The project is being implemented in the Buldana district, and reimburses any surgical expenses incurred by a million people living in over 1,000 villages. Over a period of three years, more than 23,000 claims have been processed and reimbursed.

**4. Social Investments:** A recent Business World article stated that there are seven social venture capital firms in India that have invested an estimated \$140 million in social startups. According to broad estimates, about \$1 billion is in the pipeline for investments in Indian social startups over the next five years.<sup>9</sup>

# Conclusions

It is expected that diaspora giving to India will continue to increase in the coming years. With Vinod Khosla becoming the first Indian to sign the Giving Pledge, introduced by Warren Buffett and Bill and Melinda Gates, other Indians will be similarly inspired to join. Of course, Indian diaspora philanthropy predates the Giving Pledge. Indian philanthropy will continue to take many forms, some based on centuries-old religious and ethnic traditions, others on new technologies, yet others on modest but heartfelt efforts to give back to the country of one's birth or ancestry.

Trends in both India and the US encourage the growth of diaspora giving. In May 2011, the US Department of State organized a round table in Washington DC on Philanthropy in India, inviting diaspora led foundations, intermediary organizations and US representatives of Indian organizations to discuss ways to catalyze greater giving to India. Give2Asia was part of this discussion and is hopeful that this initiative will result in higher levels of strategic giving by the Indian American community to causes in India, leading to growth and development of both the non profit sector and the communities they serve.

## About Give2Asia in India

Give2Asia provides donor advised services to corporations, families and foundations seeking ways to support local organizations in Asia. Since its inception in 2001, Give2Asia has received over \$150 million for Asia from nearly 8,500 donors and has made grants to more than 1,000 organizations. Nearly 30% of these grants have gone to India. In 2009- 2010, for grants to India recommended by Give2Asia donors, education has been the most important issue with over 58% of the funds going towards supporting organizations working in this field. Livelihood and Health were also significant at 9.8% and 9.2% respectively.

### ENDNOTES

- <sup>1</sup> US Demographic Census, [http://en.wikipedia.org/wiki/Indian\\_American](http://en.wikipedia.org/wiki/Indian_American);
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