Revealing Indian Philanthropy

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UBS

LSE India Observatory

Published by Alliance Publishing Trust

ISBN 978 1 907376 19 1

Alliance Publishing Trust
15 Prescott Place
London SW4 6BS
UK

publishing@alliancemagazine.org
www.alliancepublishing.org

Registered charity number: 1116744
Company registration number: 5935154

A catalogue record for this book is
available from the British Library.

Typeset in Akzidenz Grotesk
Design by Benedict Richards
Edited by Ben Dupré
Printed and bound by Hobbs the Printers,
Totton, Hampshire, UK

This book is printed on FSC approved paper.

CONTENTS

PREFACE

Aashish Kamat
Chief executive officer, UBS India

Literature on philanthropy in the USA and Europe abounds, but knowledge of the sector in other parts of the world is far more limited and the preserve of 'those in the know'. As the balance of economic power shifts to the new emerging economies, we have very little understanding of the extent to which the culture and traditions of these countries dictate how people interact with one another and society. Yet we all have something to gain from understanding how philanthropy works elsewhere and how it is evolving.

This book aims to shed light on the positive contribution of philanthropy in India – something that many in India and many outside often forget, or simply do not know. Philanthropy in India is not a new phenomenon, it is ingrained in our culture and tradition. Over the years we have seen the old industrial families and houses recognize that their wealth creation would not have been possible without the contributions of countless others, and they have given back to the larger society by addressing various issues, such as education, healthcare and the environment.

Over the last two decades, as India embarked on its path of economic liberalization, we have seen a growing abundance of wealth as new industrial houses and families have benefited from this liberalization. However, the benefits have not been equally felt and a large part of India is still lacking the basic amenities and infrastructure that people in developed societies take for granted. The new breed of wealthy realizes that, if they are to continue to succeed, they must ensure that basic amenities and infrastructure are available to all. The government in

India, given its fiscal and budgetary issues, has also realized that it alone cannot fund all the basic amenities and has mandated corporations over a certain net worth to spend 2 per cent of their last three years' average profits on corporate social responsibility (CSR). With an increasingly vocal middle class and under intense media scrutiny, expectations surrounding CSR and greater transparency in how non-governmental organizations spend money are also very high.

Revealing Indian Philanthropy is not an encyclopedia. Rather, it is a taster to arouse interest and curiosity about what is happening in one of the world's most populous countries – a country with over 2,000 years of history and a culture of philanthropy that is just as old. India is well on its way to becoming one of the world's leading producers of wealth, so it should come as no surprise if it also becomes a leader in spending and philanthropy.

The best people to speak about philanthropy are those who are on the ground making decisions and taking risks. For this book, therefore, we have asked managers from leading foundations and leading philanthropists in India to share some of their thoughts. In the spirit of contributing to developing the sector, UBS has worked closely with the India Observatory at the London School of Economics to make this publication accessible and informative for as wide an audience as possible.

I hope readers will find in these pages optimism that there is a culture of giving, imagination and talent among India's philanthropists that will not only help the country overcome the challenges it faces but also inspire a new generation of donors. If you find in this publication an opportunity to learn something new, I invite you to share and disseminate it as widely as possible.

ABOUT THE CONTRIBUTORS

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M V Subbiah is a third-generation member of the Murugappa family. He was chairman of the Murugappa Group, a leading Indian conglomerate, until 2004, when he retired after 43 years in the family business. He is currently managing trustee of the A M M Foundation, the Murugappa family foundation.

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A GUIDE FOR READERS

This book refers to periods of India's history that may not be immediately familiar to all readers. There is also some danger of confusion over the Indian numbering system, which is used in this book, and the naming of Indian cities. Some clarification is provided in the following notes.

Brief overview of modern Indian history

British Raj (1858–1947) The British Raj, or Raj, is the period during which the Indian subcontinent (today's Pakistan, India and Bangladesh) was under direct British rule.

Social reform During the 19th century a number of reform movements emerged in India that were religious, social and eventually political in nature. These movements campaigned successfully for the abolition of *sati* (the self-immolation of widows on the funeral pyres of their husbands), for female education, and against child marriage. They also sought to address various other issues such as polytheism, idolatry and superstition in Hindu culture and the issue of caste and untouchability in society.

Industrialization and the emergence of wealth (1880s–1950s)
Indigenous large-scale wealth appeared in India after 1850 through the emergence of indigenous industry. The first industrial families, many of which remain prominent today, started out as traders or financiers before becoming cotton and jute mill-owners and eventually diversifying into

heavy industry. In eastern India families from the Marwari community in Kolkata drove industrialization. In Mumbai the Parsi community emerged as the primary drivers and beneficiaries of this process. Finally, in western India, in Ahmedabad, members of the Hindu community turned from being moneylenders to mill-owners.

Independence movement (1885–1947) Starting in 1885 with the first meeting of the Indian National Congress – initially set up to encourage dialogue between educated Indians and the British Raj – the independence movement took many forms, ranging from non-violent resistance, through political and economic activism, to more violent forms of engagement. Independence was finally granted in 1947.

Post-independence (1948–1980s) Following independence, India adopted a largely socialist economy that emphasized protection of local industry, public investment in industrialization, and central planning. This model was endorsed by key industrialists through what was known as the Bombay Plan and supported by leading economists from the UK and USA. An increasingly interventionist state that eventually came to control all aspects of the economy led to the period being known as the Licence Raj, or Permit Raj.

Economic liberalization (1991–) In 1991 India needed a bailout from the International Monetary Fund (IMF) in exchange for which the country had to agree to a number of economic measures. The economy was opened up to trade and investment, barriers to private enterprise were removed, competition was encouraged, and duties, tariffs and taxes were lowered.

Indian numbering system

The Indian numbering system is used in this book when amounts in Indian Rupees (INR) are given. This numbering system makes use of two units, the lakh and the crore:

1 lakh = 100,000
1 crore = 10 million

All other numbers, including equivalent US Dollar (USD) figures where applicable, are given in millions or billions. US Dollar equivalents are provided for figures after 1980, at an exchange rate of USD 1 = INR 54.995 (31 December 2012).

Names of Indian cities

The modern names of Indian cities are used throughout: Kolkata (Calcutta), Mumbai (Bombay), Chennai (Madras). The only exception is where it would be anachronistic to use the modern forms (eg Bombay Plan, Bombay Native Education Society).

INTRODUCTION

Mathieu Cantegreil, Dweep Chanana, Ruth Kattumuri

This book is a confluence of two influences. In 2011 UBS and the INSEAD business school undertook a study of family philanthropy in Asia which revealed a high degree of sophistication and openness on the part of India's philanthropists – something we had not expected. At the India Observatory at the London School of Economics there was a clear belief that in India philanthropy and charity were deep-rooted and took place through numerous formal and informal channels. We also shared a conviction that philanthropy in India deserved to be better known and that the general perception of it – both within India and among international commentators – failed to capture the reality on the ground. Coincidence led to conversations which led to this book.

Philanthropy in India has a deep and broad foundation in society. India's earliest philanthropists pioneered the concept of building wealth for the public good. Jamsetji Tata was on a par with his contemporaries Joseph Rowntree and Andrew Carnegie. He was one of a number of Indian business leaders who reflected on the responsibility of wealth and engaged in philanthropy in the early days of industrialization. Many of today's business leaders in India are as committed and involved in their philanthropy as Bill Gates or Pierre Omidyar are in theirs. They are endowing a new class of institutions and bringing increased professionalism to the sector. In addition, recent legislation mandating corporate social responsibility (CSR) for large corporations promises to redefine the role of these philanthropists even as more wealthy individuals emerge with wealth from non-industrial backgrounds.

These are exciting times for Indian philanthropy. Yet, beyond a few anecdotes and examples, little is known about the work of the country's philanthropists. They deserve to be better understood – which is one of our objectives in putting together this book. Another objective is to highlight the work of lesser-known philanthropists and to show a more representative cross-section of the donors who currently exist alongside India's most famous donors.

We are not, however, trying to publish a self-congratulatory text that celebrates the achievements of a few at the expense of the majority of India's givers. We acknowledge that many Indians give in many significant ways in their everyday lives to build and support both family and society. We also know that many individuals could still do more and that the sector continues to face many challenges, including issues of transparency and the misuse of philanthropy to pursue political or financial goals, which are increasing public scepticism.

We strongly believe that philanthropy in India would benefit from a more balanced debate that could provide emerging philanthropists and professionals, in India and beyond, with new ideas to put into effect. This book is an attempt to better understand philanthropy in India and to renew interest as it expands and evolves. In the process we hope to address a few misconceptions and to position India as a country that is testing new models of philanthropy while building on a solid tradition of giving.

Our final objective is to make this book accessible and easy to read. The main content is organized in three sections that look in turn at the position of philanthropy in society, which is deep-rooted; the role of business, which is very prominent; and the evolution of philanthropists today, which is leading to an exciting transition for the sector. We conclude with a short discussion of the road ahead. Much still needs to be studied and many questions remain unanswered. We cannot hope to answer them all, but offer ideas for further discussion.

We would like to thank all our contributors for making this book possible by sharing their time and opinions. India's philanthropists and professionals have been incredibly open in sharing their views, a fact that bodes well for the sector. We hope this book offers facts and examples that surprise, intrigue and inspire the reader to explore further.

WHY DO PEOPLE GIVE?

Can one understand why Indians give without understanding why people give? Researchers have classified the benefits of engaging in a philanthropic act into two broad groups: public benefit and personal benefit.[1] Public benefit is the result of the activities that individuals, philanthropists and non-profit organizations pursue for the benefit of others. It takes various forms, such as improved education, delivery of food, health services to the destitute, increased employment opportunities for the less fortunate, accessibility of art to all, etc.

The private benefit of philanthropy is the reward experienced by the donor, the volunteer, the activist or the philanthropist. This can be a matter of feeling better about oneself, a sense of achievement, recognition or acknowledgment by society, access to powerful politicians, invitations to high-level events, etc.

The vast majority of empirical research to date has found that private benefits are the primary motive for giving. In general, the motivation for being charitable ranges widely between selflessness and self-interest. Kim Erskine summarized a comprehensive list of seven reasons why people give: altruism, appreciation, competition, devotion, guilt, self-interests and tradition.[2]

[1] L Vesterlund (2006) 'Why do people give?' in W W Powell and R Steinberg (eds), *The Non-Profit Sector: A research handbook* (2nd ed) pp 568–87 (Yale University Press).

[2] www.socialedge.org/discussions/philanthropy/archive/2006/09/25/why-do-people-give.

PART I

A rich history and tradition

India's tradition of charity dates back to ancient times. Its history of institutionalized giving by the wealthy is also very mature, with the first known endowment, the J N Tata Endowment Scheme, appearing in 1892. India also stands out as one of the few countries in the world where philanthropy has played a critical role in its foundation as a modern independent state. With such a long track record, philanthropy has deeper roots in India than in many other countries. This section explores how philanthropy has left an indelible, albeit underestimated, imprint on India and Indian society.

In the first chapter, **Understanding giving in India**, we look at the contribution of both ordinary and wealthy Indians to social causes – a contribution often overlooked because it is not, and often cannot be, captured in any quantifiable monetary form. Indian charity flows through a myriad of formal and informal channels, many of which are poorly understood or recognized.

In the second chapter, **Philanthropy in the building of modern India**, we look at the key role of philanthropy in pre-independence India. Through the adoption of concepts such as trusteeship, philanthropy influenced how the wealth that made it possible was managed. This tradition of giving is not only older than is widely believed but involved a huge cast of players from every region of the country. Emerging philanthropists in India are privileged to have a variety of role models to draw on.

The Sir J J Hospital in Mumbai, shown here in an engraving by C Rosenberg, was established in 1845 with donations from Sir Jamsetji Jeejeebhoy. Today, the Sir Jamsetji Jeejeebhoy group of hospitals is a leading provider of medical care in India and hosts the Maharashtra University of Health Sciences medical school.

CHAPTER I
UNDERSTANDING GIVING IN INDIA

Mathieu Cantegreil, Dweep Chanana, Ruth Kattumuri

The general understanding of philanthropy is the giving of money to support social causes. However, to use this definition in India would substantially limit our understanding of how Indians support society. Unlike in most developed nations, philanthropy in India takes place through a myriad of formal and informal mechanisms.

The many ways of giving

Indians show a very strong commitment to supporting their extended family and community, which can be a caste, village or other social group. A recent report by the Charities Aid Foundation (CAF) India revealed that at least 24 per cent of Indians gave money to friends, neighbours and colleagues.[3] Fifty-three per cent of donors also believed that if they lent money to relatives and were not repaid, it was a donation. Such support, both monetary and non-monetary, is a significant channel for economic and social contributions and has always been the main safety-net in India's largely non-existent welfare system. This characteristic also explains the successful migration of Indians from villages to cities and globally, with early arrivals often sponsoring and supporting others from their family and community who migrate in later years.

[3] *India Giving: Insights into the nature of giving across India* (CAF India, November 2012) is the first significant review of donor behaviour among ordinary Indians.

Another form of giving is seen in the relationship that families, particularly middle-class families, have with their domestic help – a relationship that is more than transactional. In addition to the salary these families pay, they often give food and clothing, contribute to the education costs of the helper's children, provide emergency loans, and may contribute towards healthcare costs. The helpers in turn often provide additional help with care of children and the elderly.

A final form of giving is to religious institutions. Prior to the emergence of modern philanthropy, the most important sources serving the public and the poor were institutions such as temple trusts, *waqfs* (endowments set up under Islamic law for charitable purposes) and *gurdwaras* (Sikh temples). In many parts of the country such institutions are still significant. For instance, Tirumala Tirupati Devasthanams (TTD), the trust managing one of the most revered temples in southern India (and by some accounts one of the wealthiest trusts in the world),[4] established schools in the area as far back as 1876. Today the TTD manages a number of explicitly social endowment schemes and runs at least 22 educational institutions in and around Tirupati, in addition to an *ayurveda*[5] college, a vocational training centre and a university hospital. Such religious institutions continue to receive very large but mostly unreported donations every year.

For many Indians, responsibility towards family, community and society is something implicit and unspoken, and it may be felt that public acclaim can diminish the worthiness of the cause they support. These forms of giving therefore generally go unreported. Donations to temples are not reported on tax receipts, and temple trusts do not need to publish their accounts. For example, the TTD's accounts are not public. Relationships such as those between community members or between families and their domestic help create a kaleidoscope of interconnectedness and in-kind support that make detailed econometric analysis very difficult. Even among wealthy philanthropists who are

[4] TTD reportedly received USD 1.1 million in a single day in April 2012. The Venkateswara Temple receives between 50,000 and 100,000 visitors a day and is estimated to have an annual income of USD 340 million, mainly through donations. Source: www.bbc.co.uk/news/world-asia-india-17582194, accessed 27 December 2012.

[5] A system of traditional medicine from the Indian subcontinent.

willing to disclose how much they donate to the foundations they create, there is additional personal or whimsical philanthropy that is never publicly disclosed. As a result only part of the giving in India is reported, making it difficult to estimate its full extent.

Quantifying Indian giving

Increasing efforts are, nonetheless, being made to understand the extent of formal giving by Indians. A number of studies had previously targeted small groups of high-net-worth individuals (HNWIs). The *India Giving* report by CAF is a first attempt to understand donor behaviour across the general public. And in early 2012 the Indian government's Central Statistics Office (CSO) concluded a four-year study, *Non-Profit Institutions in India*, to measure the broader non-profit sector.[6] This gives us the most credible source for measuring the size of giving to non-profit organizations.

The report revealed that the non-profit sector derives almost 70 per cent of its income from private donations, offerings and grants. A total of 694,000 surveyed organizations earned INR 50,914 crore (USD 9.3 billion) of their total funding of INR 72,792 crore (USD 13.2 billion) from these sources.[7] If we assume a similar level of funding per organization and extrapolate to the 3.17 million societies and non-profit organizations in India, we discover a sector that could be as large as INR 331,810 crore (USD 60.3 billion), with donations and grants accounting for INR 232,083 crore (USD 42.2 billion). Interestingly, these calculations suggest a sector much larger than other estimates – reflecting our still inadequate knowledge.

Beyond the actual amounts of giving, the survey also highlights the importance of non-monetary support by individuals. The sector has

[6] The four-year survey *Non-Profit Institutions in India* was conducted by the CSO between 2007 and 2011; it surveyed 694,000 societies, of approximately 3.17 million registered non-profit organizations in India. The survey covers not just traditional non-governmental organizations (NGOs) but also associations (eg sporting associations) and trusts (eg temple trusts).

[7] Equivalent USD figures are based on the prevailing exchange rate of INR 54.995 at the end of 2012 (source: Bloomberg).

over 15 million volunteers, who account for over 85 per cent of the sector workforce, by far outnumbering the 2.7 million paid staff in associations.

Finally, there are several indications that giving is becoming more formalized. Of the 3.17 million societies registered in India in 2008, over 70 per cent were set up after 1990 (see Figure 1). A similar pattern is visible on the donation side. UBS's analysis in 2011 revealed that among the foundations and trusts set up by India's current generation of billionaires, the vast majority of first trusts were started after 1990 (see Figure 2).

These data points, while not complete and often far apart, are nonetheless proof of a maturing sector and reflect a desire by professionals and policy-makers alike to better define giving. They also allow us to declare with confidence that Indians display a strong propensity for giving.

Figure 1 Societies in India distributed by year of registration (in thousands)

Source CSO, 2012.

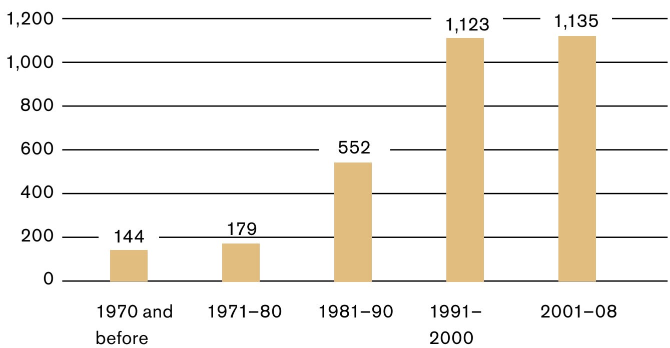
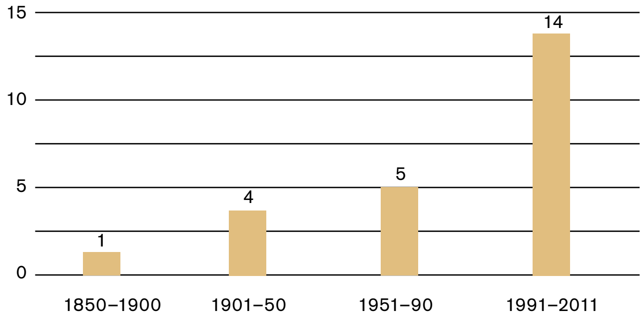


Figure 2 First philanthropic institution set up by billionaire families, by year of establishment

Source UBS, 2011.



Wealthy philanthropists in India

Nowhere has this propensity for giving been more closely watched than among the wealthy. As Indians become wealthier, they are increasingly expected to give more to support society. According to research by the consultancy Wealth-X,[8] in 2012 the top ten Indian philanthropists gave some USD 2.1 billion to philanthropy, largely by transferring large shares of their wealth to set up endowed foundations.

However, these headline numbers hide some simple facts: that there is immense diversity among India's wealthy and that this diversity is increasing. More Indians are earning more in different ways. As well as looking at the numbers – which are in very short supply in any case – it is interesting to consider the profiles of the wealthy philanthropists and their families we see in India today. Our work suggests the following profiles:

Long-established family dynasties

These are the long-established families that inherit and pass on well-established trusts, often linked to a family business and a tradition

[8] See www.wealthx.com/articles/2012/lifetime-giving-of-uhnw-indian-philanthropists-exceeds-us2-billion, accessed 5 March 2013.

of giving. Family members take on the role of perpetuating family giving, but these trusts can be at least partly autonomous. Often these trusts hold shares in the family business from which they can draw revenue. However, their mission can be too restrictive to accommodate family members' evolving interests.

Self-made entrepreneurs

A lot of today's wealthy are self-made entrepreneurs. They built successful businesses that have emerged since the 1990s – particularly in information technology, pharmaceuticals, healthcare, and more recently finance and infrastructure – and are among the most prominent philanthropists in the country. With most of their wealth still tied up in the business, a lot of their giving is undertaken through the business's corporate foundation or corporate social responsibility (CSR) activities. Many of these entrepreneurs add to the business's corporate foundation or CSR budgets with donations from their own pocket, volunteering their own time or making available other personal resources such as land and buildings. Alternatively, many endow their foundations with shares in their business, thus creating a source of revenue for their giving while still maintaining control of the business.

Royalty

The influence of royal families declined in the years following independence. Nevertheless some retained an important role in their communities and a number still own substantial wealth. Many of them engage with and support social initiatives.

Corporate executives

Executives in the country's largest companies, as well as finance professionals in private equity, law, consulting and investment banking, earn salaries on a par with their western peers. Very little is known about their giving patterns.

Medium-sized business families

The majority of Indian businesses are family-owned. Many of these remain small by the standards of the wealthiest conglomerates. With most of their wealth and attention tied up in business, most of these families are not overtly active in philanthropy, either corporate or personal. Relatively little is known about this segment, which will emerge as the businesses grow and offer their promoters greater wealth to allocate to philanthropy.

Public understanding of philanthropy in India has been shaped by the memory of India's long-established donors as well as by the major new entrants. Yet, looking at this typology, it becomes clear that the potential for philanthropy in India rests not with the few large corporations and family businesses that are active today, but with the thousands of businesses and corporate executives that are busy building wealth. It rests equally with the millions of middle-class Indians who are emerging as affluent and willing to share their time and money.

With this wealth creation, old patterns of giving are certain to change. More affluent middle-class Indians already give more formally; the commitment to community is no longer the main driver for giving; and executives are starting to give to intermediary organizations or to build those that are missing, rather than giving directly to individuals. Enough is known to declare with confidence that Indians display a strong propensity for sharing in order to alleviate the problems they see in their society. The country's philanthropic sector is very much a dynamic one. As the sector continues to grow and mature, so will our ability to document and quantify what is happening.

A TRADITION OF FAMILY GIVING

M V Subbiah

Managing trustee of the A M M Foundation

'Wealth and knowledge not shared are useless.' So says the Tamil poet Thiruvalluvar in *Thirukkural*, a classical collection of couplets that explore various aspects of life. The tradition of giving with faith, sensitivity and feeling of abundance has existed from ancient times in India.

The Vaishya community has by and large upheld this tradition,[9] and the Murugappa family has been putting it into practice for three generations. My grandfather, Dewan A M M Murugappa Chettiar, strongly believed that personal wellbeing was meaningless without social welfare. He started the A M M Hospital in 1924 to serve the people of our native village, Pallathur, and it still continues to serve the community around the village. Over the years the number of these institutions grew, and in 1953 the A M M Foundation was established, focusing on primary healthcare and education in rural and underdeveloped communities. To this day members of the Murugappa family have, as a matter of course, shared the success of their businesses with the community through the A M M Foundation.

Our philanthropic activities are conducted in and around the areas where our companies operate. Close to 15,000 in-patients and 750,000 out-patients are treated annually by the four hospitals run by the foundation. It continues to expand its activities into neighbouring states where our companies have their facilities.

The foundation runs four schools, two of which are government-aided, and one polytechnic college. The polytechnic

[9] Vaishyas (merchants) are one of the four social orders of Hinduism; the others are Brahmins (priests and scholars), Kshatriya (warriors and rulers) and Sudras (labourers).

college gives out about 450 diplomas in engineering annually. Our government-aided schools provide education to about 7,400 students from less privileged homes. The school fee charged is kept at the same level as the government rates. In order to provide higher standards of facilities and teaching, the foundation pays for the capital expenditure and the additional teachers' salaries. Extra coaching is provided to ensure that students receive high-quality education. A further 2,500 students are educated annually at the two schools that do not receive government aid; these are also subsidized by the foundation.

The Murugappa Chettiar Research Centre (MCRC) for Rural Development was started in 1977 as a separate entity, with the aim of improving the environment while providing a sustainable livelihood for the poor and marginalized. The MCRC focuses on providing technology, most of which is cost-free, to improve livelihood prospects. Initiatives include edible mushroom cultivation from organic waste, biomass technology for alternative energy production, alternative analytical technology which is faster and cheaper for soil-testing, and the use of high-density polythene tubes to make safer fishing boats.

All family members spend a reasonable amount of time in the work carried out by the foundation. Female members mainly involve themselves in the activities of the hospitals and schools. They interact regularly with doctors, nurses and patients in the hospitals and with teachers, other staff and children in the schools. The younger generation is often encouraged to suggest projects that could be supported and funded, as a way of introducing them into the family's tradition of giving.

The guiding principle of the Murugappa family is to be firmly committed to what we can do to help the community, and to do so quietly and without publicity. We do not make comparisons with what others are doing. Sharing with the community and serving its needs are natural things for us to do – and we just do them.

MOTIVATIONS FOR A NEW DONOR

Rakesh Jhunjhunwala
Founder, Rare Enterprises

There are two motivations for my philanthropy. First is my father, a tax inspector who himself benefited from the benevolence of a friend to support his studies. He was always more concerned with how much tax I paid and how much I was giving, rather than with how much I earned. As I come from a community of merchants, giving is also ingrained in our business practice. We typically think of God as a partner in our business and keep an account where 3 to 5 per cent of all profits are earmarked for charity.

The second reason is a sense of duty. I believe that the giver of wealth is God and that I have a duty to share this wealth. My legacy will be the good I leave to society. I also strongly believe in Carnegie's mantra that to die rich is to die in shame. The motivation to save tax is not a factor in my decision-making as there is no inheritance tax in India. My fellow countrymen and I give because we want to give back to society.

The main difference between my giving and that of other Indian families, I believe, is that many Indian philanthropists give as a family. This may require consensus, as a lot of the wealth may be inherited or shared. My giving is a very personal affair, as my wealth is self-earned, and I alone choose what to fund, based on the cause and on my judgment of the individual driving the cause.

For me the two primary role models, from a giving perspective, are the Tatas and Bill and Melinda Gates. The Tata family is a role model for everything they have done for India and for charity. Bill and Melinda Gates inspire undying admiration for their giving without concern for caste, creed or country, for the time they personally contribute in their giving activities, and for the skill sets they have developed in their giving process.

Among people like me, who have earned money themselves, I sense a great underlying readiness to give, but we still have much to learn. I feel, however, that no one should lecture others on giving and each should give what their pocket and conscience permit.

I have not yet structured my giving into an organization. I give 25 per cent of my dividend income annually and will give up to 25 per cent of my wealth when I turn 60. While I plan to structure my giving with a professional institution when I have a corpus, at present my giving is much less involved and I do not believe in controlling the organizations I give to. So far, I have never been cheated by someone I gave to and I believe that faith is more important in giving than auditing. This might also be useful for others who, like me, do not have large organizations to manage their donations.

Finally, in India and in all countries, society and philanthropy can benefit from a tremendous asset: the morality and means one employs in work. After all, what use is philanthropy if one's wealth has been earned through unfair means? Earning wealth the right way is therefore the most important charitable act.

As for comparisons with the West – we should not yet compare Indian philanthropy with what is happening in the USA or Europe. India is where the USA was in the 1920s in terms of wealth creation, and in comparison to the USA a lot more wealth has to be generated in India.

CHAPTER 2
PHILANTHROPY IN THE BUILDING OF MODERN INDIA

Pushpa Sundar

One might be tempted to think that Indian philanthropy is either an import from the West or a recent consequence of globalization. In fact, it has played a vital part in the building of modern India, especially in the pre-independence era, and modern India owes much to the many wealthy men and women who were themselves visionaries or supported the visions of India's leaders with their money.

Indian philanthropy has its own unique organic evolution, shaped by its socioeconomic history, culture and political ideologies. Three major factors set it apart from the Western tradition. First, Indian business has its origins in merchant communities in pre-industrialized India, such as the Chettiars, Marwaris, Jains, Banias and Parsis, and has largely been synonymous with family business for much of its history. Second, India was under colonial rule when it industrialized and the struggle to free it from foreign domination left an indelible mark on philanthropy. And third, after independence the Indian state envisioned a mix of private and state enterprise to take it into the modern era. This meant that the state began to play a major role in the economy and in social provisioning but also left space for private players.

Modern Indian philanthropy is rooted in the pre-industrial philanthropic tradition, which was largely motivated by religion and still displays some of its characteristics. It also owed its existence to other drivers, such as the concept of *noblesse oblige* and the fact that there were fewer outlets for wealth at the time. Though wealth was invested in real estate or in good living in ornate houses and a little was spent on secular display, giving to charity offered several benefits.

Charitable giving allowed people to accumulate merit in the life hereafter and was also a good business strategy because of the importance placed on *abru* (reputation, goodwill). Since all transactions were based on oral agreements, building an image as a trustworthy person was very important. There was a saying in the Marwari community: *gayi sakh, rahi rakh* – 'If a reputation is lost, then all is lost'. Finally, in a society where certain castes could not aspire to higher status in any other way, philanthropy offered a way of gaining social status. Each community, therefore – but especially business communities – had a tradition of setting aside a percentage of income or profits for charity. However, most charity was confined to one's own community, caste or religion, and was ad hoc and ameliorative.

This tradition saw a shift in the middle of the 19th century, with industrialization and the freedom struggle acting as catalysts. This period marks the beginning of modern philanthropy in India.

Industrialization and modernization – new impulses for philanthropy

Industrialization influenced Indian philanthropy in several ways. First, it created fortunes far surpassing any made before, so the economic surplus available for public welfare was on a scale hitherto unmatched. Second, several of the business dynasties established at the time laid the foundation of a philanthropic tradition which was adhered to and enhanced by succeeding generations. Third, by extending business activity to several locations beyond the home city, industrialization extended philanthropic giving beyond the traditional boundaries of city, caste, community and religion.

This period also saw a change in the causes philanthropy addressed. Industrialization was the outcome of a vision of creating an India radically different from the one the industrial pioneers had known and of a desire to assert the Indian potential. They asked what deficiencies in Indian society had led to India's subjugation by the British and concluded that modern science and technology had given the West an edge. Their philanthropic activities accordingly became a means of making good this deficit.

Finally, this period also changed the underlying motivations for philanthropy. The activities of Christian missionaries and the introduction of western education exposed Indian society to new ideas which changed the values and outlook of Indians. The ideal of a democratic society that would ensure the welfare of all its members replaced religious motivation as the basis for legal and social reform.

Social reform included campaigns for the abolition of *sati*[10] and dowry, widow remarriage, women's education, intermarriage between castes, Hindu–Muslim unity, and improvement of the lot of untouchables. Simultaneously, there was a revival of pride in Indian culture which led to an interest in development of vernacular literatures, revival of Indian Art, research into Indian history, study of classical languages, and promotion of classical music.

There was also a spurt in the growth of an associational culture in the form of western-style societies (eg the Bombay Native Education Society and the Servants of India Society) and institutions such as the Benaras Hindu University. The organizations which emerged needed funds and offered the wealthy new opportunities for charity. Simultaneously, British rulers of the 19th century believed that progress lay in Indians adopting English-style institutions – schools, colleges, hospitals, public libraries and museums – and encouraged philanthropy for these causes by offering titles and light taxation.

The early pioneers of industry took an active interest in this associational culture and in public life. The outcome was that charity became more substantial, more secular, more institutionalized and more inclusive. Thus encouraged, India's philanthropists went about building some of the country's most important institutions.

Funding the first institutions

Education was a favoured cause, especially education for girls. For instance, Jagannath Shankarshet (1803–65) started many schools for girls and campaigned for female education against great opposition

[10] *Sati* was a tradition among certain Indian communities which would see widows immolate themselves as their husband was cremated.

Elphinstone College, established in 1856, is a well-known higher education institution in India. Its many illustrious alumni include industrialist and philanthropist Jamsetji Tata and B R Ambedkar, who chaired the committee in charge of drafting India's constitution. The college's precursor, the Native School of Bombay, was founded by philanthropist Jagannath Shankarshet. ***Museum of Photographic Arts, gift of the Catherine and Ralph Benkaim Collection.***

from the conservative members of his community. He was responsible for founding the Native School of Bombay in 1824, a direct precursor to the Elphinstone College (of which Jamsetji Tata was an alumnus), and also made large contributions to modern institutions such as the Grant Medical College[11] and the Victoria Museum and Gardens (one of the oldest zoos in India).[12]

Other businessmen gave large donations too. Kavasji Jehangir Readymoney (1812–78) gave donations for Mumbai University and

[11] The college is a premier Indian medical institution and one of the oldest teaching western medicine in Asia. It is today affiliated with Maharashtra University and is government-funded.

[12] They are known today as the Bhau Daji Lad Museum and the Jijamata (or Veermata Jijabai Bhonsle) Udyaan.

hospitals totalling INR 14 lakhs. Premchand Roychand (born 1831) gave handsomely, to the tune of INR 60 lakhs, and helped fund Mumbai University and Kolkata University, the Gujarat Vernacular College at Ahmedabad, and the Rajabai clock tower, later annexed to the Mumbai University library.

One of the most renowned philanthropists and self-made merchants of Mumbai at the time was Jamsetji Jeejeebhoy, or 'J J' (1783–1859), who is estimated to have donated over GBP 230,000 to charity by the time of his death. Sir J J endowed the first civil hospital (the Sir J J Hospital), the first obstetric institution, and the first arts college (the J J School of Art). At the insistence of Lady Jamsetji, he built the Lady Jamsetji (or Mahim) Causeway in 1845, after many lives were lost as a result of boats capsizing while crossing the Mahim creek during the rains. Until the Bandra-Worli Sea Link opened in 2009, the Mahim Causeway was, for over 150 years, the only road connecting the western suburbs to Mumbai's central district.

In Chennai, one of the greatest of the early philanthropists was Pachaiyappa Mudaliar (1754–94), whose bequest was used to set up the first private college in Chennai – Pachaiyappa's College. Rajah Sir Annamalai Chettiar gave a new direction to the charitable activities of his community, which hitherto had been largely religion-oriented, by establishing hospitals, schools, dispensaries and colleges throughout Chettinad and in Chennai.

This period also saw a change in the way charity was dispensed. Like their counterparts in the West, the newly rich business families began to set up and use trusts for their charitable programmes. One of the first foundations in India, pre-dating most large modern western foundations, was the N M Wadia Foundation, set up in 1909 for the benefit of all, irrespective of creed or community – a fact for which he incurred the displeasure of his Parsi community.

The man who is credited with having made the most lasting contribution of all was Sir Jamsetji Tata. Tata was exercised about the use of wealth at the same time as Carnegie and Rockefeller and voiced opinions remarkably similar to Carnegie's:

> What advances a nation or community is not so much to prop up its weakest and most helpless members as to lift up the best and most gifted so as to make them of the greatest service to the country. I prefer this constructive philanthropy which seeks to educate and develop the faculties of the best of our young men.[13]

Tata launched the J N Tata Endowment Scheme in 1892, long before the first major foundation appeared in America. In 1894 he set aside 14 of his large buildings and four landed properties to create an endowment for a postgraduate university of science and technology. His offer was taken up only after his death and used to create the Indian Institute of Science in Bangalore, on the lines of the Johns Hopkins University in Baltimore. It pioneered advanced scientific education in India.

Later, Tata's sons continued this tradition and set up their own foundations, which in turn endowed many modern institutions. The Sir Dorabji Tata Trust created the Tata Memorial Centre for Cancer Treatment and Research, which in 1966 was merged into the national government's Tata Memorial Centre; and in 1936 it created the Sir Dorabji Tata Graduate School of Social Work, India's oldest social sciences institute.[14] In 1945, after Sir Dorabji's death, his trust helped set up the Tata Institute of Fundamental Research (TIFR) for work on atomic energy, another institution that was later taken over by the government.

Freedom and the building of modern India

The freedom struggle, and Gandhi's leadership of it, in the early 20th century was another turning point. It was at this period that philanthropists began to extend their focus beyond endowing institutions to changing mindsets and promoting skills, especially with a view to uplifting the rural masses. Gandhi's theory of trusteeship influenced many of the leading businessmen to give for public causes. Inaugurating the annual session of the Federation of Indian Chambers of

[13] Clifford Manshardt (1967) *Pioneering on Social Frontiers in India* (TISS, Mumbai) p 76.

[14] It is now known as the Tata Institute of Social Sciences (TISS).

Commerce and Industry in 1931, Gandhi exhorted businessmen: 'You should regard yourself as the trustees and servants of the poor. Your commerce must be regulated for the benefit of the toiling millions and you must be satisfied with earning an honest penny.'[15] In the following years he would caution them further: 'Earn your crores by all means. But understand that your wealth is not yours; it belongs to the people. Take what you require for your legitimate needs, and use the remainder for society.'[16]

The richest of India's mill-owners came under the spell of Gandhi, and heeding his call for trusteeship of wealth, they opened their purse strings for his myriad causes. Jamnalal Bajaj and G D Birla, two of the country's foremost industrialists of the time, were particularly influenced. They put themselves and their wealth at the disposal of Gandhi not only for the freedom movement but also for his constructive programme of removal of untouchability, popularization of *khadi*[17] and village industries, promotion of basic education and Hindu–Muslim unity.

G D Birla initiated a philanthropic programme unmatched by any one business individual in its breadth, catholicity, holistic vision and geographical outreach. The best known of the institutions founded by him is the Birla Institute of Technology (now a university) at Pilani, modelled on the Massachusetts Institute of Technology. He gave both to the Aligarh Muslim University and to the Benaras Hindu University. The exact amount donated by Birla for Gandhi's causes has never been calculated but, according to his biographers, the amount ran into millions of rupees.

When India became free, the independent state looked to the business community to propel the country to a prosperous future, and in the euphoria of independence the business class responded both by creating more wealth and by utilizing it for non-business purposes. Whereas in the earlier period only a few large western-style trusts had

[15] Quoted in R B Upadhyaya (1976) *Social Responsibility of Business and the Trusteeship Theory of Mahatma Gandhi* (Sterling Publishers, New Delhi) p vi.

[16] *Harijan* (newspaper) 1 Feb 1942.

[17] Handspun or hand-woven cloth, usually made of cotton. Promoted in the 1920s by Mahatma Gandhi as a means for generating rural self-employment and self-reliance, making it an integral part – and later an icon – of the freedom struggle.

been set up, the immediate post-independence period witnessed a proliferation of trusts, foundations and other charitable institutions.

Kasturbhai Lalbhai of Ahmedabad contributed to the establishment of the Physical Research Laboratory, the ‘cradle of space sciences’ in India and today a national research institute for space and allied sciences. He also supported the setting-up of the Indian Institute of Management, Ahmedabad, consistently ranked as one of the best business schools in India and Asia. In Delhi, Lala Shri Ram, the founder of the DCM Group and nicknamed the College King, set up some of the most important colleges for technical education and for women that still stand, including the Shri Ram College of Commerce and, in memory of his wife, the Lady Shri Ram College for Girls. He set up the Commercial Education Trust (CET) in 1920 with a corpus of INR 2 lakhs, and the Shri Ram Charitable Trust in 1932, by contributing INR 12 lakhs initially, followed by an annual contribution of INR 1 lakh.

Constraints of space forbid fuller coverage of all the other great philanthropists who laid the foundation for a modern India, but among them mention should be made of Kuppuswamy Naidu and the Murugappa Group in the south; Kamalapat and Lakshmipat Singhania and Gujarmal Modi in the north; and P D Agarwal, Goenkas and Kanorias in Kolkata. All contributed to the institutional efflorescence of the time.

A final thought

Today we tend to forget that philanthropy played a vital role in building modern India, whether in terms of ideas, institutions or innovations, but one has only to look at the physical and institutional facilities of most cities – parks, drinking-water stands, auditoria and halls, planetariums, hospitals, museums and art galleries – to appreciate this contribution. Private philanthropy also led the way in supporting new fields of endeavour – girls’ education, art, engineering, commercial and technical education, textile technology, management, and scientific and medical research. The state later used the experience and expertise so gained to widen the field and disseminate the gains more widely. This contribution of philanthropy should be celebrated.

ROYAL FAMILIES AND PHILANTHROPY IN INDIA

His Highness Gajsingh II
Maharaja of Jodhpur

The role of kingship in Hinduism has traditionally always been one of guardianship and protection. We recognized our responsibility to protect and expand the family's area of influence. But it was also to provide an environment of peace and communal harmony where each caste and community could flourish according to its own position and profession. This role was governed by the Hindu code of conduct where the king was above caste, did not indulge in commerce and was a giver of bounty – the *Dan-data*.

After independence the Indian princes voluntarily surrendered their sovereignty to become a part of a united democratic India. They retained their titular status and ceremonial privileges and were given a privy purse to conduct their traditional duties. My father was one of the last to accede in 1949, as he believed that the princes had a bigger role to play in society. He demonstrated this belief by competing in the first general election and winning it with the highest percentage margin in the country.

Our status changed again when the constitution was amended in 1971 and the princes were reduced to the status of ordinary citizens. This was a period of great readjustment and reinvention for royal families. In my own case, I created a number of charitable foundations in order to continue the traditional role expected of my family and to carry forward my inherited responsibilities under these changed circumstances.

The foundations cover the areas of education, with emphasis on female education; rural development, with emphasis on traditional water harvesting; heritage conservation which includes architectural heritage, the arts, crafts, music and the environment; and health, with the latest addition of the Head Injury Foundation. These foundations, though modest, allow me and my family to continue our interaction with the local community, which still looks to us for sustenance and guidance.

I currently see my role as a hereditary ambassador for our area of Marwar-Jodhpur. But more broadly, royal families still have an important role to play as custodians of cultural preservation and as instruments of change. They are in a position of being attached to their history, local customs and traditions, while also having access to the best of modern education. They can therefore act as enabling conduits between the past, present and future.

FROM TRUSTEESHIP TO CORPORATE SOCIAL RESPONSIBILITY

Rajashree Birla
Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development

My grandfather-in-law, the late Shri G D Birla, was a close confidant of Mahatma Gandhi and advised Gandhiji[18] on economic policies. He was the most important pre-independence contributor to the Indian National Congress and played an active role in the Indian freedom struggle. In 1931 he represented India at the second Round Table Conference in London, along with Gandhiji. It was at Birla House in Delhi that the luminaries of the National Congress often met to discuss their cause. Supporting social reforms and nation-building is part of our DNA.

As early as the 1940s, Shri G D Birla espoused the trusteeship concept of management as explained by Mahatma Gandhi. Simply stated, this entails that the wealth that one generates is to be held as in a trust for one's multiple stakeholders.

During the early days of industrialization, philanthropy was broadly limited to individual initiatives undertaken by organizations and families. During the independence movement, several innovative industrialists extended their financial support to leaders of the freedom struggle. G D Birla's financial contributions for the upliftment of Harijans were notable among these.[19] Many other pioneering families contributed in various ways by supporting hospitals, schools and other social causes.

[18] In India the suffix *-ji* is added to the end of names as a mark of respect.

[19] 'Harijans' was a term used by Mahatma Gandhi to refer to Dalits, a group of people traditionally regarded as untouchable in India's caste system. The term literally means 'children of god'.

Post-independence, there was an emergence of public-sector enterprises,[20] and laws relating to labour and environmental standards were passed. During this period the private sector also continued with its efforts of giving and building social structures that helped to improve the lives of the poor. Although the public sector was seen as the main contributor to development and there were stringent legal rules and regulations controlling the activities of the private sector, it cannot be said that the private sector failed to contribute during this period. There were expectations of both the public and the private sector, and the latter's active involvement in the socioeconomic development of the country became absolutely essential. From 1965 onwards, Indian academics, politicians and businessmen emphasized transparency, social accountability and regular stakeholder dialogue. It was during this period that phased corporate social responsibility (CSR) emerged.

Trusteeship, in the context of CSR, means investing part of one's profits outside the business, for the greater good of society. While carrying forward this philosophy, my late husband, Shri Aditya Birla, wove in the concept of 'sustainable livelihood', which transcended cheque-book philanthropy. In his view, it was unwise to keep on giving endlessly. Instead, he felt that channelling resources to ensure that people had the wherewithal to make ends meet would be more productive.

Taking these practices forward, my son Kumar Mangalam Birla, current chairman of the Aditya Birla Group, has institutionalized the concept of triple bottom-line accountability, represented by economic success, environmental responsibility and social commitment. Thus the interests of all our stakeholders have been woven into the group's fabric.

Our community work is a way of telling the people among whom we operate that we care. Our projects are carried out under the aegis of the Aditya Birla Centre for Community Initiatives and Rural Development. The centre provides the strategic direction and the target areas for our work, as well as ensuring performance management.

Our focus is on the all-round development of the communities around our plants, which are located mostly in distant rural areas and

[20] See chapter 3, 'A unique place for corporate social responsibility'.

tribal belts. One of our unique initiatives is to develop model villages, so each of our major companies is working towards the total transformation of a large number of villages in proximity to our plants. Creating model villages ensures that their development reaches a stage at which village committees can take over complete responsibility and our teams become dispensable. Of the 3,000 villages with which we are engaged, we have zeroed in on 300 that we hope to transform into model villages, and more than 80 villages in the hinterland have already made this transformation.

We have also been a frontrunner (along with Rotary International) in supporting the Indian government in its Polio Eradication Drive in the areas around our factories all over the country. To date, we have helped to administer polio drops to over 16 million children. The polio eradication programme has so far been a resounding success, thanks to our collaborative efforts.

Some of our commitments, of course, remain personal. My grand-daughter Ananyashree is launching Svatantra Microfin, a microfinance company, with the objective of giving poorer sections of society access to financial support. At exhibitions held in Mumbai and Kolkata in 2011, the photography of my grandson Aryaman Vikram – a creative photographer in spite of his young age – proved captivating to all; the proceeds from these exhibitions went to the Apna Home Charitable Trust for Animal Welfare. Proceeds from a forthcoming exhibition will be given to Pratham, a non-governmental organization that is doing exemplary work in the field of education.

I believe that giving is, in fact, living. This is my deep-rooted conviction. To me, giving is an expression of joy, love and caring. It is being useful to those around us, and to the world, in concrete ways. Giving is like blessing your own life, because when you give with an open heart, the good that you do for others comes back to you in some form of blessing. The act of giving, in my view, brings about a different kind of renewal – that of hope. It is life's reaffirming act.

PART II

An important role for business

Philanthropy in India cannot be dissociated from business. With most wealth tied up in family businesses, their influence on the Indian philanthropic scene reaches far and wide. Testimony to this is the plethora of institutions set up by, or funded through, family businesses. While the convergence of financial and social objectives has recently risen to the top of the global philanthropic agenda, the blurry line between business and philanthropy is far from a new phenomenon in India. This section provides insights into the role played by government and considers how Indian business leaders are contributing to philanthropy in the country.

In the first chapter, **A unique place for corporate social responsibility**, we look at the role of business in India, which has never been exclusively about wealth creation. Often driven by their owners' broader interests, Indian businesses have a long tradition of social spending. Today, the government is taking bold steps to reaffirm the nature of business, attempting to turn this voluntary spending into a regulated one.

The second chapter, **Building professional philanthropic institutions**, considers how business leaders in India are taking the lead not only in setting up new foundations but also in transferring key skills, acumen and talent from the for-profit sector to their foundations. We shed light on how these leaders are bringing a new dynamism and professionalism into the sector; the result is a wave of institutions, corporate in spirit but social in mission, that can serve as strong role models.

Cover of the special in-house *Tata Monthly Bulletin*, published to mark the occasion of Indian independence on 15 August 1947. The issue contained a message by J R D Tata that reads: 'it is, therefore, up to all of us . . . to hold ourselves responsible to the millions of our unhappy countrymen who, today, lack even the necessities of life. For them, and for the unborn generations to come, let us strive to build a new India in which freedom will mean a better and happier life, equal rights and equal opportunities, and social justice for all.' ***© Tata Central Archives***

CHAPTER 3
A UNIQUE PLACE FOR CORPORATE SOCIAL RESPONSIBILITY

V Raghunathan and Meena Raghunathan

Charity in India has a long history going back thousands of years.[21] Interestingly, while temples carried out significant acts of charity for the poor, the infirm and the unfortunate, it is likely that they also engaged in early forms of business. It was not uncommon for places of worship to engage in business involving seed, implements, oxen and even finance.[22] In fact, some of the earliest lessors and banks in India may well have been temples. So, from a situation in which essentially charitable institutions like temples were also carrying out business activities, today we have business institutions also carrying out 'charitable activities' – except that we no longer look upon such activities as *charitable*.

It was not until the mid-19th century that a small section of Indians began to prosper economically. With the intellectual revival already well underway and political aspirations rising in a nationalistic fervour, these times witnessed a clear shift from simple charitable giving to philanthropy.[23]

These early days saw several attempts made by corporations to engage in significant community welfare activities through extensive township development. Tata Nagar,[24] Modi Nagar, Dalmia Nagar and others have long been well-developed townships. Public Sector

[21] R C Majumdar (1952) *Ancient India* (Motilala Banarasidass Publishers, Varanasi).

[22] Sidney Homer and Richard Sylla (1991) *A History of Interest Rates* (Rutgers University Press, New Brunswick).

[23] Pushpa Sundar (2000) *Beyond Business* (Tata McGraw-Hill, New Delhi).

[24] http://tatasteelindia.com/corporate-citizen/corporate-sustainability/jamshedpur-story.asp.

Enterprises (PSEs), which are corporations owned by the government, were conceived in accordance with the socialist ideals of Jawaharlal Nehru and engaged with communities in a similar fashion; among their stated purposes were social good, the reduction of inequities in society and community welfare. These PSEs could well be regarded as the earliest manifestations of CSR in the country.[25] Indeed, when establishing PSEs, the government's aim was never the creation of wealth.

Things may not have moved beyond this stage but for the process of liberalization that began in the early 1990s. The post-independence interventionist state in India, known as the Licence Raj, was dismantled in 1991. As a consequence, wealth creation increased steeply at the hands of a number of new entrepreneurs who made their mark in sectors such as information technology, pharmaceuticals and business-process outsourcing. As a further consequence, more and more Indian corporate houses have come forward in a heightened sense of social responsibility, resulting in increasing CSR spend in the last two decades. Not only are entrepreneurs driving this increase in CSR with their own interest in philanthropic engagement, but more and more companies are beginning to see value in associating their brands with a higher social purpose. Even employees are beginning to take pride in working for companies that care. According to the World Bank, the CSR spend of companies in India in 2009/10 was USD 7.5 billion, while public-sector enterprises spend about USD 700 million annually.[26]

Understanding CSR

The line between corporate and personal social engagement remains blurred. Even as a large number of Indian corporates have their own social engagement arms in the form of foundations, trusts or societies, it is not unusual for the promoters of these corporates, or their spouses,

[25] Deloitte and Indian Chamber of Commerce (2010) *Public Sector Enterprises in India: Catalyst for growth* (Deloitte and Touche Consulting India).

[26] http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,contentMDK:23219630~pagePK:146736~piPK:146830~theSitePK:223547,00.html, accessed 16 October 2012.

to operate foundations in parallel with giving from their personal wealth or to channel part of their private giving through corporate foundations and CSR programmes. The result is a hazy distinction between personal philanthropy and CSR activities.[27]

Relatively few Indian corporates truly understand that social spending is just one part of CSR. Not many appreciate that CSR in its entirety involves the responsibility of a business towards all its stakeholders. What else could possibly explain an airline that regularly appeals mid-flight for a collection for a good cause also hiking its fares threefold during the cloud-break and earthquake in Leh a couple of years ago, making it virtually impossible for stranded victims and tourists to make a quick exit from the disaster zone? Similarly, what should we say about a company that indulges in significant social spend even as it fails to guarantee minimum wages to its workers or to those of its contractors and subcontractors?

Be that as it may, in India CSR is synonymous with social engagement. In addition, CSR spend (or social spend – for the rest of this paper the terms are used interchangeably) among Indian corporates is clearly on the upswing.

The Indian government seeks to lead

Perhaps sensing this mood and hoping that, if legislation flows in the same direction as corporate sentiments, the rivulet could turn into a stream, if not a torrential river, the government of India has been relatively proactive of late in furthering the cause of CSR. A significant example of this came in December 2012, when the Companies Bill (2011), pending since the previous year, was passed by the Lok Sabha, the lower house of the Indian parliament.[28]

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[27] See K Ramachandran ‘Family and corporate philanthropy: emerging trends in India’ *Forbes India* 3 May 2010. See also www.isb.edu/familybusiness/File/FamilyCorporatePhilanthrophy.pdf.

[28] Ministry of Corporate Affairs, Government of India (2011), Company Law Bill, Bill No 121 (New Delhi).

Welspun is one of many corporates in India engaging in CSR activities. In the vicinity of its 50-megawatt solar project in the Jodhpur district of Rajasthan, Welspun Energy is working to ensure high-quality education and regular health checks for children. © ***Welspun Energy***

This bill provides that every company with a net worth over INR 500 crore (USD 93 million),[29] or a turnover in excess of INR 1,000 crore (USD 186 million), or a net profit over INR 5 crore (USD 0.93 million) in any fiscal year, shall endeavour to spend towards CSR, in every fiscal year, at least 2 per cent of the average net profit made during the immediately preceding three financial years. If the company fails to spend such an amount, its board shall specify in its annual report the reasons for not doing so.

In a bid to further encourage the social engagement of the corporate sector in a less threatening atmosphere, in 2011 the Indian Ministry of Corporate Affairs released voluntary guidelines for businesses, setting out their social, environmental and economic

[29] In India the net worth of a company is calculated as its total assets minus total liabilities (it is also called net assets or book value of equity).

responsibilities.[30] The guidelines are designed to help companies 'irrespective of size, sector or location' and to stir their consciences so that they go beyond the bare minimum statutory CSR provisions.

The guidelines contain input received from a cross-section of stakeholders and lay down the 'basic requirements for businesses to function responsibly, thereby ensuring a wholesome and inclusive process of economic growth'. Extending well beyond philanthropy and similar in certain respects to the UN Global Compact, the principles and core elements are as follows:

1. Businesses should conduct and govern themselves with ethics, transparency and accountability.
2. Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
3. Businesses should promote the wellbeing of all employees.
4. Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
5. Businesses should respect and promote human rights.
6. Business should respect, protect and make efforts to restore the environment.
7. Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
8. Businesses should support inclusive growth and equitable development.
9. Businesses should engage with and provide value to their customers and consumers in a responsible manner.

A further interesting development came in January 2011. Salman Khurshid, the then Minister of Corporate Affairs, made a more radical proposal, albeit in passing, to incentivize CSR efforts: CSR trading, along the same lines as carbon trading. Given that an increasing number of corporates are engaged in exemplary social work, adding significant

[30] Ministry of Corporate Affairs, Government of India (2011) *National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business* (New Delhi).

value to the social development of the nation, the idea had its merits. The idea was laudable for the simple reason that, even after accounting for the perceived and real vested interests of the private sector in undertaking such social work, the leakages in the private sector are far fewer than in the government sector and its efficiency much higher, so that in aggregate such trading would ensure that, while the work was undertaken by those who were good at it, everybody got to share the costs. At a time when the government alone can no longer be expected to cope with the overall requirements of the social sector, the idea of CSR trading has its attractions. However, it is unlikely that the idea will gain currency anytime soon, even if it is a barometer of the ways some of our ministries are beginning to think.

It seems evident that, to all intents and purposes, the government of India genuinely desires to create a regulatory breeze that will blow in the same direction as the corporate mood.

Future challenges

Notwithstanding the good intentions of the government, there are still challenges to be overcome. Consider the Company Law Bill. It may be said that the bill seeks to push the self-regulatory nature of the CSR spend towards a regulatory one. Enthusiastic and well-meaning as the provisions may be towards society at large, they are giving some disquieting moments to the corporate world. While it is by no means excessive to recommend that a sum of 2 per cent be spent on CSR in good times and many corporate houses probably do so in any case, there are concerns over what a company should do in a lean year, especially if it is having trouble servicing its debt. Would that not be akin to borrowing to spend on CSR?

Former Corporate Affairs Minister Veerappa Moily tried to assuage industry's apprehensions by stating that the clause is only recommendatory in intent, not mandatory, as is evidenced by the clause that allows for reporting the reason for not spending the stipulated sum on CSR. Industry remains apprehensive nevertheless. There are those who wonder if the coercive nature of spend and disclosure on CSR will not reduce it to an elaborate exercise in window-dressing of accounts and annual reports. In some quarters there are also concerns that hefty penalties for non-compliance on CSR could be the next step. Or would the provision give leverage to corrupt government officials for additional rent-seeking? Would politicians use it as an opportunity to ask corporates to spend on their constituencies?

It is also interesting to see the Ministry of Corporate Affairs resorting to voluntary guidelines on CSR on the one hand and promulgating laws through the Company Law Bill on the other. Are the two actions not contradictory? Where will the voluntary nature of CSR end and enforcement begin?

These provisions may have been introduced with the best of intentions. As often happens in India, the wheat and chaff remain mixed and are being ground together. Notwithstanding the intent, the overall signals coming from the government for the CSR space are mixed and the immediate future remains somewhat confusing.

Conclusion

In India the role of business has almost never been exclusively about wealth creation. Rather, there is a rich tradition of businesses contributing to social welfare, something that may stem from religious roots or from a very socialistic understanding of business purpose. It may be said that the outlook for CSR in the country looks positive, with several stakeholders stepping up to take action. As for those who are already active, there is a slow but sure movement towards a more holistic and strategic understanding of what CSR really means. India will, it seems, continue to evolve unique and innovative models of CSR in response to its challenges. Not only corporates, but individuals too, as personal wealth increases, will contribute more to social development, and the overall ethos of giving will be synergistic between individuals and organizations.

The emerging legislation is bound to push reluctant actors and is already introducing some innovative elements. Thus, all in all, it seems that both corporate CSR and personal philanthropy in India are only going to increase.

THE TRANSFORMATION OF CORPORATE PHILANTHROPY IN THE 21ST CENTURY

Anand G Mahindra
Chairman and managing director,
Mahindra Group

Business has long recognized the power and influence it wields, and has in many instances used this for the betterment of the environment it inhabits or the communities with which it interacts. Indian business has a tradition of doing this, starting in the early 1900s when Jamshedpur was set up by Jamsetji Tata and continuing with the 'factory townships' built by the Birlas, Singhanias, Jindals and many others, where schools, hospitals, roads, gardens, clubs, and centres for art and culture were created on previously barren land. In recent decades corporate philanthropy has taken the form of CSR and a slew of actions, ranging from cheque-book philanthropy at one end to high-involvement employee volunteering programmes at the other, reflects a desire on the part of business to 'return' something to society.

However, until now this has largely been seen as philanthropy, or giving back – a feel-good gesture rather than an intrinsic part of doing business. I would like to argue that the time has come for a shift in perspective. Today, creating value for all stakeholders, including the wider community, is what will distinguish the successful business of the 21st century from the unsuccessful one. In the process, the line between sustainable business strategy and philanthropy will be increasingly eroded. Businesses that do not create social value in the process of making profit will quickly erode their brand and lose the trust of the public. So I question the view that business needs to 'give back' separately in the form of charity or ad hoc CSR or philanthropy programmes. Business and social good have to be inextricably linked for business to be successful.

I think there is an outcry across the world for businesses to be more alive to issues larger than their profits, especially after the 'big bad wolf' image that business earned during the recession. There is a huge and growing credibility and trust gap on the part of business today, which is not good for business or for society. At a meeting of the Singapore Economic Development Board that I attended a couple of years ago, many CEOs, including CEOs from large and consistently successful American corporations, talked of the importance of becoming a purpose-driven corporation. I think they are getting the message and smelling the coffee.

I see this as a particularly significant opportunity for India because of the circumstances in which we operate. India is one of the world's most high-potential markets today, bursting with opportunities arising from its size and demographics. We have a growing middle class. We have flawed but nevertheless working institutions. We have a reasonably mature democracy, which is unlikely to face a situation similar to the Arab Spring. We have durable demographics, where we will have a younger population for a much longer period than China or almost any other country in the world. And along with these factors is the aspirational population. The youth of India are willing to change, willing to try new things. This makes India a very exciting market, presenting a very real opportunity that excites me.

On the other hand, there is the backward nature of our local economies. Extreme levels of poverty are sometimes overlooked in all the euphoria about India – but they exist. That is the bad news.

The good news is that by tackling these issues, businesses can do well and do good at the same time. That is what excites me – not just the numbers, or the percentages, but the opportunity that we have to put a new prototype into play: a prototype that could be applicable across the world. This prototype is fashioned around the concept of 'shared value', as defined by Michael Porter of Harvard Business School. This idea postulates that in future, CSR and giving back to the community will not be an add-on; instead, it will actually be an integral part of how you do business. Using a business model that is based on the shared-value concept presents an enormous opportunity for Indian business to make a major social impact while also making a profit.

It made me smile when I heard those American CEOs talking of purpose-driven organizations, because I suddenly realized that many of us in India – and certainly in the Mahindra Group – are ahead of the curve. There are already great examples of Indian businesses creating shared value. Amul Cooperative Society transformed a milk-starved country through the White Revolution to one where Amul dairy products, milk, cheese, ice cream and chocolate are world-class. Consumers benefited, and so did the milk producers and the communities around them. Fabindia's unique business values – of being a profitable retail platform while also creating a community-led supply chain consisting of over 100,000 artisan shareholders – significantly impacted sustainable livelihoods in the rural sector, while helping Fabindia become one of the largest private platforms for products that are made by means of traditional skills and processes. It can be, and has to be, done.

In the Mahindra Group, purpose is embodied in everything we do, in the form of the word 'rise'. We believe that fundamentally we are going to have to become a purpose-driven organization, version 2.0, because we are co-creating businesses with society. Our businesses will help us rise and help our stakeholders and communities rise with us, by driving positive change in their lives. And if you believe, as we do, that being a purpose-driven organization will significantly contribute to the long-term success of a business, then India is one of the biggest playgrounds in the world for creating shared value.

How does this translate into nitty-gritty business? Firstly, this culture and mindset affects our portfolio choices. 'Rise' gives us the filter through which we pass all our strategic decisions and tells us which businesses we should be getting into, and how we should be running them. Secondly, it creates greater employee engagement because it gives meaning to work. People see themselves as working for something larger than promotion, profit or even the company itself – and that is a very powerful motivating factor to encourage people to give of their best. It gives meaning to people's lives because they see 'rise' really translating into everything they do. And thirdly, this mindset makes us see the customer in an entirely new light. We perceive the customer now as being the co-owner of the company, not as a person to whom goods and services are to be transactionally sold. Whatever we do has to impact the customer's life positively.

In short, we will move our business from the transactional to the transformational. We are seeing that creating shared value is a powerful business strategy that can deliver both profit and social impact. In the long run, it is perhaps the most sustainable form of corporate philanthropy.

CHAPTER 4
BUILDING PROFESSIONAL PHILANTHROPIC INSTITUTIONS

Jitendra Kalra

Giving is not new to India's rich, and charity has a long history, especially individual giving. Corporate giving, by contrast, is of recent origin and still small in scale, but it is picking up very fast thanks to momentum introduced by the debate surrounding the government's intention to make corporate giving mandatory. The popular notion is that giving in India is quite disorganized. The present chapter examines this issue and delineates the trend in which philanthropic institutions are becoming more and more professional.

What has led to the emergence of corporate foundations? Growing dissatisfaction with the government's ability to plan, implement and deliver improvements to the socioeconomic wellbeing of Indians, together with the slow but sure realization that failure to address social challenges impacts their own growth and expansion in many ways, are leading corporations and business executives to step forward in order to make a difference. Many are setting up and funding activities that they believe are critical to making a significant improvement to life in India.

In this context, the first obvious way to make a difference is to partner with existing non-governmental organizations (NGOs). This approach helps the corporate quickly establish its presence in the social sector, even without any resource of skills or any significant knowledge of the space. However, this route is also one that many have felt uncomfortable to take because of issues of trust and transparency concerning the NGO community. Moreover, the aspiration to work on a grand scale that appeals to most business people is not seen in the NGO sector. Corporates are also uncomfortable with the lack of a performance-oriented culture in most NGOs. Indeed, many studies of philanthropy in India have identified these issues between the private sector and NGOs as key challenges to developing the third sector in the country.

The genesis of most of the foundations in India that have been set up by corporate executives and CEOs can be traced to the two pulling forces described above. Though a few of these foundations have existed for a long time, the real spurt in the number of such organizations is a recent phenomenon. Some foundations have arisen largely through donations or endowments made by corporate heads in their personal capacity, while others were set up directly by companies and draw their income from the parent company. The Shiv Nadar Foundation, for example, is funded by Shiv Nadar and his family's personal wealth, while Dr Reddy's Foundation draws support from Dr Reddy's Laboratories, the pharmaceutical giant.

There are several ways in which these foundations, which are closely associated with a business, choose a particular location and area of work:

- Some foundations focus on the communities and areas around which their manufacturing plants and offices are established. The Ambuja Cement Foundation is a case in point. Established in 1993, the foundation works in 928 villages, in 12 states, essentially with the rural communities surrounding Ambuja's manufacturing sites. In such cases there is a strong emphasis on broad development issues: livelihoods, health, women's literacy, malnutrition, etc.

- Others choose areas about which their founders are passionate and which often have nothing to do with the founder's line of business. Dr Reddy's Foundation, the Bharti Foundation and the Azim Premji Foundation are cases in point. Dr Reddy's Foundation has taken up livelihoods as a thematic area, which bears no relation to pharmaceuticals, the line of business of parent company Dr Reddy's Laboratories. Meanwhile the Bharti and Azim Premji foundations focus on the education sector, which is not linked to their businesses.

- Finally, some take up issues aligned with their business. In some cases – for instance, Dr Reddy's Laboratories taking up health issues – these initiatives are driven by a company's marketing department and can hardly be counted as CSR activities.

Another interesting trend seen in the last few years, in both the older well-established foundations and the recent crop of corporate foundations, is the reliance on professional practices borrowed from the corporate world. Here one of the following two approaches is generally taken:

- Some have leveraged the implementation capacities of existing NGOs and tried to synergize their efforts with them. Focus has been on providing strategic inputs and direction. Most of the well-established older foundations seem to be taking this route. The Sir Ratan Tata Trust, one of India's oldest grant-bestowing foundations, is an illustration in point. It has engaged with 32 implementation or execution partners since 1995 (see the foundation's website for details). Similarly, the Dalmia Bharat Group Foundation, a foundation set up by the Dalmia Group, engages with communities through four partner NGOs.
- Other corporate philanthropists have toyed with the idea of setting up their own implementation agencies. These entrepreneurs were further driven by the desire to institutionalize proven corporate tools and techniques to deliver results on the ground. The majority of newer foundations seem to have taken this route. Most foundations linked to corporations have thus taken upon themselves the task of execution – be it strategic implementation (as in the Azim Premji Foundation) or implementation of programmes (as in Dr Reddy's Foundation and the Bharti Foundation). These entities have come up more as operating foundations than grant-bestowing foundations as explained above. These operating foundations have not even shied away from asking for government funds for large-scale implementation. In turn this has led to a unique public-private partnership (PPP) model in social development where public

funds are drawn from central and state governments and programmes are executed by corporate foundations. The Naandi Foundation, set up by a few corporate heads, today implements Midday Meal – a programme of the Indian government – which provides meals to over a million children every day.

The first influx of managers for these new foundations came from the corporate houses to which they were linked. Quite often the confidant of the chief executive or the managing director walked in as chief executive of these foundations and started building them from the ground up. Their intentions were clear: they had to bring the best management practices from the corporate world into the social space.

Differences from more traditional NGOs and foundations

These foundations are unique in that in many cases the skills, practices and acumen that led to financial success in the business world have been transferred to philanthropic activities. Endowed with sufficient resources of human and financial capital, they show many characteristics that are redefining how social-sector organizations should function, without necessarily diluting their social mission.

First and foremost, these foundations think big. They bring with them the concept of scale from the businesses to which they are linked. Traditionally NGOs have restricted themselves to smaller-scale operations, but these corporate foundations have not shied away from taking on bigger challenges. Today, the Bharti Foundation, for example, through its Satya Bharti Schools programme, has enrolled over 33,000 children across 250 Satya Bharti Schools, of which 233 are primary schools, 12 elementary and five senior secondary. These schools are spread over six Indian states: Punjab, Haryana, Uttar Pradesh, Rajasthan, Tamil Nadu and West Bengal.

Second, corporate foundations are backed by strong management information systems (MIS). They have a fully fledged MIS department that tracks figures, interprets them, and helps dovetail all this with decision-making processes. Most foundations are also automating the process of collecting data. One key differentiator these foundations have, in contrast to traditional NGOs, is that they have innovated in measuring outcome and output of their work and thus are able to track their plans and modify them mid-way if required. Dr Reddy's Foundation is a case in point. The foundation tracks its trainee programmes through highly elaborate MIS systems and monitors parameters such as placement and retention ratios, average salaries in placements, revenue and recovery ratios, and variances in operational parameters across its 120 centres spread over the country. The Bharti Foundation tracks parameters such as internal and external audits at schools, monthly school reports, school cards, various types of classroom assessments and teacher subject knowledge tests.

Third, these foundations have adopted the corporate culture of excellence in execution. Starting with adoption and customization of the corporate concept of variable salaries linked to performance, they have introduced review and monitoring mechanisms from the corporate world. Work of individuals and departments is clearly defined through key result areas. Dr Reddy's Foundation was one of the first to adopt an incentive pay structure for its staff, linking incentives to the number of school drop-outs that its centre teams trained in their classrooms, the number of trainees placed in entry-level jobs, and the number of retentions out of the placed aspirants. Many other foundations have followed suit.

In an interesting twist, these corporate foundations have aggressively pursued government funding to leverage their own contribution, and public authorities have, in recent years, realized the effectiveness of these entities in comparison to traditional NGOs. In this way significant support has been provided by various government departments to foundations such as the Bharti Foundation, the Naandi Foundation, Dr Reddy's Foundation and the Azim Premji Foundation. The Ministry of Rural Development piloted a training and placement programme for rural youth in conjunction with Dr Reddy's Foundation. A total of approximately 36,000 youth were included in this pilot, spread across all the states of India. Later the ministry scaled up the programme with more than 50 partners across the country.

A few of these foundations have moved further and taken to social business. They are testing the concept that beneficiaries should be converted into customers and development services sold to them at a price they can afford. Initial attempts by organizations such as Dr Reddy's Foundation have shown promising results and the whole concept is helping to take quality of delivery to the next level. The Naandi Foundation has also taken the social-enterprise route and drives its water-provisioning services through a social-business approach.

One key indicator of success is that a large number of business executives are moving over to these social organizations. Head-hunters have opened specialized departments that cater for the growing manpower needs of these organizations. Third Sector Partners, a not-for-profit company founded in 2005, is an executive-search firm exclusively dedicated to the social, environmental and development sectors. To date it has served 50 clients and more than 200 mandates have been successfully completed.

A final remark

What have been the achievements so far of these corporate foundations? Chief among them have been applying the skills and professional expertise of their parent companies, introducing scale with quality, and adapting and customizing their activities to suit local contexts. As they move to work more closely with government, they have also helped to introduce a new public-private partnership model in the social space in India, with the lead firmly in the hands of corporate houses and successful business executives. Additionally, these corporate foundations are establishing themselves as pioneers of newer and more efficient practices, often drawn from the corporate world.

BUILDING INSTITUTIONS, NOT ORGANIZATIONS

G M Rao
Founder, GMR Varalakshmi Foundation

A professional institution differs from a professional organization in two ways: in the way it relates to its stakeholders and the degree of importance it accords to its longevity. This is enshrined, for example, in GMR's vision of 'being an institution in perpetuity, building entrepreneurial organizations, that make a difference to society, by creating value'. GMR is continually engaged with all its stakeholders – owner-family, investors, business partners, government, industry associations, customers, suppliers, employees, environment and society – always ensuring a win-win relationship with them all for the long term.

Being a family-owned business, we believe that if we are to be an institution in perpetuity, our business must be run like a family and the family must be run like a business. When it comes to employees, a business is never sustainable only on the principles of give and take, or reward and punishment. Business must draw upon the emotional commitment of all its employees. That is when an institution becomes family-like and can achieve much more than the sum total of its individual capabilities. On the other hand, owner-families cannot run a business on emotional lines. Its management principles and practices should be objective and should not be swayed by the likes and dislikes of an individual family member or by sentimental attachment to any business. This is what we mean by 'families must be run like businesses'.

We ensure that organizational performance and organizational health are given equal emphasis. We believe that the only way this can be achieved is to grow the business and build institutional mechanisms simultaneously. As GMR has taken significant strides in building and operating world-class physical infrastructure in airports, power generation, highways and urban infra-space, with a presence in seven countries, it has ensured that the momentum of growth is sustained by a strong 'inner infrastructure' of institutional mechanisms.

The foundation of GMR as an institution is built upon four basic pillars: people, process, technology and governance.

- GMR's people processes are anchored in its seven core values and beliefs: humility, respect for individuals, learning, teamwork and relationships, delivering the promise, entrepreneurship and social responsibility. These values and beliefs are the cornerstone of leadership development, succession planning, recruitment and performance management in GMR.
- Our business processes are subject to continuous improvement under our Business Excellence programme based on the Malcolm Baldrige framework.
- Cutting-edge technology infrastructure for enterprise resource planning (ERP) and automation of business processes through work flows drive the efficiency and effectiveness of our business processes.
- Governance is given top priority in all our activities. Being a family-run institution, our starting point is family governance. We have a fully functional Family Constitution that is legally in force and provides guidance to owner-family members in various situations: succession planning, entry rules of the next generation into business, dispute resolution, lifestyle, media policy, family code of conduct, etc. We believe family governance is the foundation of corporate governance.

The boards of our companies are given significant strength by independent board members, who are all persons of significant reputation from diverse fields of expertise. In addition, we have a unique body – the Group Performance Advisory Council – consisting of eminent people of national and international repute from outside, who evaluate our institutional performance in a holistic manner and provide independent feedback in order that we can improve our overall performance on an annual basis. Their scorecard is also applied to the determination of annual remuneration of our senior management, to make it real and relevant.

In today's rapidly changing, stressful and competitive environment, I personally believe that, to be successful, one should have both physical fitness and spiritual strength. Thus we continuously strive to strengthen the awareness of spirituality among all our employees, without interfering with individual religious beliefs, which we respect.

Our commitment goes well beyond business gains. This translates into a deep sense of ownership and practice of social responsibility. While we serve the underserved communities across the country and beyond through an independent, professionally run GMR Varalakshmi Foundation present in 22 locations, we actively encourage all our employees to demonstrate personal social responsibility. This commitment to society runs deep among the owner-family members as well, where it has been inculcated over the last several generations. It is also transferred to the professionals in the group, and I can say that today the GMR Group as a whole shares the value of inclusive growth.

We believe that running a business is not just about making profits for the company, but also sharing wellbeing and prosperity with the community. Without this, business itself is not sustainable. We believe this is a core part of the vision of being an institution in perpetuity, which can be best served only if we work directly with the communities through our own specialized arm, the GMR Varalakshmi Foundation. Our approach to community development is on the same lines as our approach to business and we are building the GMR Varalakshmi Foundation within the same framework as we are building our businesses.

PART III
The interplay between modernity and tradition

It is the changing nature of individual wealth in India that is likely to drive the future of Indian philanthropy. Greater awareness of global issues – of how things work in other parts of the world – and modernization have changed attitudes among Indians and a new generation of wealthy is coming to the fore. They were brought up in different socioeconomic times, without the philanthropic traditions of the earliest families or the close community ties that drive much of the giving by the current crop of established philanthropists. This section looks at how philanthropy by Indians, both in India and abroad, is evolving.

First, in **A changing of the guard**, we look at the new wave of Indian philanthropists that has emerged in the past decade. This new generation of philanthropists is challenging views both on wealth and on approaches to philanthropy. The first-generation wealthy may no longer believe in trusteeship, as the early industrial families did. But they do consider that wealth need not be conserved for their children. Others are demonstrating a willingness to experiment with new modes of collaborating, particularly with government. They offer philanthropists 'on the fence' a world of experience.

The second chapter, **More than just education and health**, looks at the broad canvas of needs on which Indian philanthropists have worked. Indians do more than write cheques to support schools and hospitals. They are patient funders of long-term social change, have repeatedly found niches to support, get directly involved in the activities they support, and are helping to build up the sector. Indian philanthropy does not lack for imagination or diversity.

The Forbes India Philanthropy Awards 2012 bring together the country's leading philanthropists and showcase the diversity of their philanthropy and the causes they support. Here Ramji Raghavan, Ashish Dhawan and Nachiket Mor, all very different philanthropists, share experiences of working with multiple stakeholders. ***V Satish/Forbes India***

Finally, in **The global giving Indian**, we look at Indians in the diaspora who have taken with them key values that drive philanthropists in India. While the first generation of early migrants may have stayed close to their communities, India's diaspora today is multi-generational, international and influential in its philanthropy. Interestingly, it has managed to incorporate sophisticated practices of giving while being founded on very Indian traditions.

CHAPTER 5
A CHANGING OF THE GUARD

Deepa Varadarajan and Dweep Chanana

The tradition of giving in India may be old but most philanthropists are not. Research conducted by Bain and Company comparing the level of philanthropic experience among US and Indian high-net-worth individuals (HNWIs – individuals with a net worth over USD 1 million) found that, while both included roughly the same share of 'expert' philanthropists (those with more than five years' experience), India had significantly fewer philanthropists with three to five years' experience (13 per cent compared to 74 per cent).[31] The overwhelming majority of philanthropists in India – some 77 per cent – were classified as novice.

This large share of new, 'fresh' philanthropists is driving the emergence of new ways of giving. This chapter is an attempt to highlight how the Indian philanthropist is changing and what it means for the sector.

The evolving philanthropist

The make-up of philanthropists is evolving rapidly. The Indian philanthropists who emerged up until the late 1990s were, like the giants of Indian philanthropy, a highly homogeneous group of self-made industrialists driven by similar motivations.

First, India's family and community ties were a significant driver of giving. Business families built temples and schools in their villages

[31] www.bain.com/publications/articles/india-philanthropy-report-2012.aspx.

as soon as they attained any measure of wealth, and then did so in the communities in which they operated as their businesses expanded. Both ordinary and wealthy individuals would give what they could to temples, gurdwaras and mosques, in order that they could run important social services.

Another trigger for philanthropy was the desire for social reform, influenced partly by Christian missionary work and partly by the emergence of a British-educated elite. Movements such as the Brahmo Samaj, the Arya Samaj and the Ramakrishna Mission were critical to religious reform and were often also supported by business-owners.

A final set of triggers were the freedom struggle and the Gandhian concept of trusteeship. Influenced by both, and following the emergence of unprecedented wealth after industrialization, a large number of families committed large portions of their wealth to public service – which coincided with the emergence of institutionalized philanthropy.

In contrast, the new philanthropists who are emerging are less motivated by these drivers.

First, these new philanthropists are more heterogeneous in how they made their wealth, often working in new industries such as information technology and the service and financial industries, which have a more limited direct imprint on the communities in which they operate. As such, they are less likely than the long-established industrial and philanthropic families to be tied to a constituency that depends on them for the provision of certain services or support. And these philanthropists, such as Rakesh Jhunjhunwala and Rohini Nilekani, are not limited by any family tradition of giving or the expectation to perpetuate it.

Many, having grown up without wealth, are less concerned about preserving wealth for the next generation. Their relationship to the wealth they create leads to more freedom in distributing it. It should come as no surprise that the large donations that have made the headlines in recent times came from such self-made business people. Many have indicated that they wish to limit the inheritance they bequeath to their children. In doing so, they reinforce a somewhat forgotten tradition of giving for giving's sake – as a duty rather than a necessity.

Change is also coming to the more established families. Family businesses, such as the Murugappa Group, have grown quickly over the past decades and are increasingly expanding to regions beyond their traditional communities. This is forcing them to address their giving more strategically, rather than simply through the lens of community engagement.

The transition does, however, pose a significant challenge to the sector, which is still oriented largely to the old ways of giving. For the sector to accommodate the new donors, change must happen – and it is often happening through the actions of these very same individuals.

The changing infrastructure of philanthropy

In India the prevailing model of philanthropy continues to be a family-run business organization that creates a separate foundation or trust largely funded by the business. More often than not, that foundation tends to be an operating institution. This reflects pride and personal commitment to a cause, but as is testified by a number of philanthropists we have met, it also reflects a sense of mutual distrust with the non-profit sector and dissatisfaction with inefficient governments.

This is the first model to be challenged, with India's new philanthropists moving from an own-and-operate model to supporting existing organizations. More and more individuals are starting to give earlier in their professional lifetime and many do not have the time to institutionalize or operate their philanthropy. Rather than launching new efforts, Manoj Bhargava, a signatory in 2012 to the Giving Pledge, has a staff of 20 based in the town where he was born to scout out charitable organizations already doing good work. Other new givers are looking to intermediaries such as GiveIndia, Samhita or Dasra as an ideal alternative, allowing them to seek expert philanthropic advice without the expense and complexity of forming a private foundation.

There are also some who place their trust in their peers. For instance, Kalpana Morparia, chief executive officer of J P Morgan India, has chosen to outsource her philanthropic initiatives to the Bharti Foundation, giving INR 1.5 crore (USD 0.272 million) to set up and operate a school in Haryana.

What is common to these individuals, who either fund traditional non-governmental organizations (NGOs) or delegate their giving to experts or peers, is that they do not belong to a traditional business family. Rather, they are largely self-made, with substantial experience either working or studying abroad.

These individuals expect the same rigour and discipline in the management of their philanthropic agenda as a Godrej or a Birla, but they do not have the resources or time to apply it themselves. In an interview for Wharton, Manish Chokhani, director at financial services firm Enam Securities, explains why:[32]

> It would be hard to imagine someone like a Bill Gates or Azim Premji, who have built vast business enterprises of their own, giving away large amounts of money to someone else to do something that they can do better. Similarly, people like me, who come from a financial services background and have not built organizations from the ground up, would typically look at organizations like GiveIndia which offer a ready, credible and effective platform.

Finally, a new breed of philanthropists with a scientific mindset – the 'incubators' – has emerged. They seek to look objectively at what the biggest needs are or what issues can be successfully addressed with philanthropic resources. The process is similar to underwriting a classic private equity transaction: the NGO and philanthropist believe they can partner well and there is a clear transformation thesis that can be implemented. Once an NGO is viewed as having reached the exit point, another NGO can be looked at, such that at any given time these philanthropists will be working closely with one or two NGOs.

There are several such examples where philanthropists are supporting organizations without any personal affiliation and with the express intention of making them independent. These include the Akshara Foundation supported by Rohini Nilekani, the Naandi Foundation managed by the late Dr Anji Reddy, and the Indian Institute

[32] http://knowledge.wharton.upenn.edu/india/article.cfm?articleid=4597.

of Human Settlements, which was co-funded and is supported by a number of philanthropists.

The changing relationship with government

The tradition of building organizations that later become part of the public landscape is old in India. The earliest philanthropists set up key public institutions that we do not even think of as privately funded today. Examples include institutions of national importance such as the National Physical Laboratory and the Indian Institute of Science, as well as many schools, hospitals and other key elements of infrastructure at regional level. However, many philanthropists funded or provided the initial impulse for these infrastructure elements independently of government, stepping in because it could not act or was inefficient.

Philanthropists continue to do this. A recent example is Pankaj Patel, chairman of Zydus Healthcare, who contributed INR 10 crore (USD 1.86 million) towards setting up a medical college and hospital, in collaboration with the state government and the public Gujarat Cancer and Research Institute. The realization that the country's social challenges cannot be addressed alone is leading many new philanthropists to review their relationship with government and to look at new approaches to cooperation.

A novel approach that philanthropists apply is to fund and support the strengthening of public-sector services. The Azim Premji Foundation, which has partnered with government to create effective and scalable models that significantly improve the quality of learning in schools and ensure satisfactory ownership by the community in their management, is another example of a philanthropic foundation with a focus on systematic, model-based change in partnership with the local and state government. The Wildlife Conservation Trust, set up by the Hemendra Kothari Foundation, forms partnerships with the government and local NGOs, provides upgraded equipment and training, and boosts the morale of local forest-service officers. Additionally, the foundation started a vocational training programme for local people in nearby villages in an effort to raise their standard of living, thus reducing the need for poaching.

A second approach, entirely unique globally, is to convince governments to outsource inefficiently run programmes to philanthropic foundations. This was given serious impetus by Dr Anji Reddy. Water-filtration plants set up with government funding are serviced and run by the Naandi Foundation by charging a small user fee. In Rajasthan, where Birla's cement plants are situated, the Birla Trust has helped to build a massive kitchen in collaboration with the state government. It now prepares 30,000 meals daily as part of the state government's free lunch programme for poor children in public schools. Two more kitchens are being built in Odisha in eastern India, at a cost of USD 1 million, to provide meals to 60,000 children daily.

Conclusion

With India on a liberalized and sound economic footing, Indians are building wealth in creative and non-traditional ways, with many of them sharing middle-class values. Today's philanthropist is younger, less tied to tradition, with fewer community ties and a limited family history of wealth. These donors are inspired by multiple motivations beyond those that existed for their predecessors.

In addition to building some of India's most professional NGOs, they are encouraging their peers to give and advocating charity from the public. As more of them start to give earlier in their professional lives, it will lead to a greater diversity of modes of giving and require an upgrade to India's philanthropic infrastructure. Some change is already coming with an increased role for independent intermediaries. Traditional NGOs may well have to 'follow the money'. But there will remain, for the foreseeable future, an outsize role for government – if it is willing and able to embrace it.

At this stage of economic development, Indians compare favourably with many other countries. With more people set to expand their wealth, the outlook can only be considered bright. While the needs are many, the new energy in philanthropy, in collaboration with non-profit organizations and government agencies, is slowly and steadily bringing about a sustainable change in the country.

MODERNIZING A FAMILY TRADITION

Sunil Kanoria

Vice-chairman, SREI Infrastructure Finance Ltd

According to the *Skanda Purana*,[33] one should use 10 per cent of one's justly earned income on good deeds or works of public benefit.

Our family belongs to the Marwari community. We migrated from Rajasthan, in western India, to Bihar, and finally to Kolkata, in the east of the country. In the east, while there is a lot of giving by families, it is still very informal compared to other parts of India. This may be because the eastern belt was far behind in terms of economic development and wealth creation. Compared to West Bengal, other parts of the country had greater wealth creation and might have seen an increase in the organization of giving, but perhaps a reduction in personal giving.

We were, over the generations, farmers, landowners and moneylenders before evolving into the business family we are today. Throughout this time we have always had a tradition that whenever we generate income, a certain portion goes to charity. Our grandfather used to tell us that it was thanks to society that we earned money and so we must give back. This has been ingrained in us for decades – whether we earn one dollar or a hundred, we should give what we can afford to charity. One gives what one can.

We started small. In the beginning we helped a lot of people from our ancestral village migrate to the city, find jobs and settle. Then we took care of our immediate environment – the people who worked for us.

[33] The largest of the books that make up the *Mahapurana*, a collection of sacred Hindu religious texts.

Whether it was employees in the business or at home, we supported their health, education and housing.

In the last few decades, as our business has grown, so have we grown our philanthropy, and in 2001 we formalized it through the SREI Foundation. Our local community is still important. Today, though, we have launched larger initiatives such as vocational training, hospitals and schools – and for these we have invited support from others.

In our family, some members are more active than others, but there is unanimity that we should continue to support charity. The impetus to modernize and organize our giving has come especially from the younger generation. Our children show a lot of enthusiasm and push us to work in a more structured manner than the ad hoc giving where the head of the family would decide what we supported. There is also a drive for us to make sure that what we fund is sustainable. We see this also in other families, where it is often the children that are especially active and bring enthusiasm as well as their ideas on sustainability.

Change is the only constant, and the Kanorias have adapted to it in a unique way. The prevailing multinational corporate culture may continue to influence most organizations in India, but SREI has brought its distinctive system of values and embraced new patterns of growing commercially while transforming its activities of giving.

BUILDING A LEGACY

Shiv Nadar
Founder and chairman,
Shiv Nadar Foundation

Philanthropy is a state of mind. It is the state in which one feels empowered to give back to society. The concept of charity goes back to ancient times, and the practice of providing for the poor has roots in all major world religions. Globally, governments have been the largest 'philanthropists'. The state and religious institutions have been closely associated with large social-welfare activities.

In modern India, unlike the West, philanthropy is still evolving. A new generation of philanthropists has taken up the cause of 'giving back' in India and has brought it to a new level. It is not just the amount of philanthropy that is increasing in India, but an entire 'ecosystem' is being created: this is adding a whole new dimension to the commitment of individuals and foundations to philanthropy.

Creative philanthropy: building spirals of inspiration

The most common approach to philanthropy has been to identify gaps and to plug them by means of large-scale, time-bound, project-based initiatives. This is the corrective route. Governments, corporations and several foundations globally have followed this approach in the areas of education, health and the environment, among others. Typically, then, the usual approach has been to correct social ills through strategic mass-intervention initiatives.

Creative philanthropy is a very powerful model. With its roots in the USA, it exists in the form of institutions that go beyond the lifetime of the individuals who set them up and continue to impact generations over time. American steel baron Andrew Carnegie built lasting institutions of excellence across the USA and the UK in the form of libraries, music halls and educational institutions. The Carnegie Institute of Technology was established in Pittsburgh in 1901 with a huge endowment from Carnegie and is now part of the Carnegie Mellon University. The Rockefeller Institute of Medical Research, now the Rockefeller University, was also established in 1901 and is another case in point.

I am a strong advocate of creative philanthropy. It is an approach that allows sustained institutionalized philanthropy for long-term, high-impact socioeconomic transformation. All initiatives to date at the Shiv Nadar Foundation have been built on the pillars of creative philanthropy.

An example is VidyaGyan, a radical and innovative set of schools designed to cover all districts of Uttar Pradesh. These schools select deserving children from rural areas and raise them, through transformational education, to the same level as their privileged urban counterparts. VidyaGyan is a state-of-the-art institution that nurtures leaders for tomorrow; I see it as a strong catalyst of transformation in the larger community. This is what I call a force-multiplier, where every beneficiary acts as a catalyst of sustained transformation for many more.

Today the foundation is reaching out to students at both school and university levels across urban and rural India. The objective is to leverage the power of inclusive education and make a measurable difference in the lives of children and young people. The ripple effect of this should be multifold. We are talking about a force-multiplier impact on millions of lives – individuals, families, communities and society at large. We are talking about creating 'spirals of inspiration' that can drive real inclusive growth for the future. The creative philanthropic approach is a conscious decision, reflecting our commitment to create leaders, who will in turn become agents of change for tomorrow.

Building a lasting legacy

Philanthropy for me started in the 1990s. In 1996, when I started the Shiv Nadar Foundation and set up the SSN Institutions (now a top engineering college in India), it was just a leap of faith. It was a beginning that emanated from my mother's belief that it was time for me to give back to society and from my own sense of empowerment to use my skills and learning for a larger social cause. While the avenues of transformation can be many, I chose education as I was a product of education myself and believe that education has the power to be the single largest tool for socioeconomic transformation.

Philanthropy is not about individual commitment. I believe that every act of philanthropy needs to outlive individuals and to impact generations over decades and centuries. For the first 12 years after its inception, the foundation focused only on building SSN. It was only in 2009 that we set up the first VidyaGyan school, which was followed by other foundation initiatives in education. What gave me conviction and the confidence to build on what we had started was the keen interest shown by my daughter, Roshni. When Roshni came back from the USA after studying social entrepreneurship, she clearly wanted to take the legacy of philanthropy forward. It was her opportunity to create something on her own and make a difference to society. For me, it was a moment of great pleasure and satisfaction to see my child's passion to take on the mantle of the foundation and carry it forward. As a young social entrepreneur, Roshni brings to the foundation innovation, creativity, dynamism and energy.

High-impact philanthropy begins with a philanthropist's personal commitment to making a change in the world and caring enough about a particular issue to remain engaged in the long term and focused on best practices that make a difference. I also believe that philanthropy is based on certain values and it helps that in our family we have imbibed similar values over generations. Philanthropy, as a family legacy, would not merely bring generations together to work towards a common goal but would truly institutionalize the act of giving.

TAKING ON A LEGACY

Roshni Nadar Malhotra
Trustee of the Shiv Nadar Foundation, chief executive officer of HCL

I often refer to myself as a 'first-generation inheritor' and this is where continuity becomes critical. I returned to India after I graduated from the Kellogg School of Management in 2008, with a major in Management and Strategy and Social Enterprise. Philanthropy in the USA is far more advanced, but historically every institution, educational or cultural, dates back to a founding family or group of founding philanthropists. In some cases, more than a century on, they are still surviving and thriving. As a first-generation inheritor, this was exciting to study and note. Perhaps we too will create institutions like this for India.

Like HCL, the global technology and IT enterprise founded by my father, all the education initiatives of the Shiv Nadar Foundation (SNF) – SSN, SNU, VidyaGyan and SNS – are institutions, albeit not-for-profit. And like HCL, they must stand the test of time and continue to impact and touch lives for decades, beyond the lifetimes of their founding family members.

Continuity, sustainability and longevity are synonymous with philanthropy at SNF. I am inspired by my parents, and had I not shown sustained commitment to the foundation, our approach to philanthropy would have been short-term and more corrective in nature.

Our approach to SNF is no different from my father's to HCL. One is a social enterprise, the other a business enterprise, but both require the same rigour in management and best practices and processes to achieve their desired goals. SNF is in the 'business of social investment' with a long-term focus on leadership. Our institutions cannot and will not solve the problem of education in our country, but we hope, in time, they will solve the problem of leadership in our country.

SSN was the first initiative of our foundation, established in 1996; it has had 17 glorious years, but this is a mere speck in the life of the Shiv Nadar Foundation. The foundation and its institutions must be bigger than the individuals who create them. Hence the transition from one generation to the next is crucial in ensuring that the fundamental beliefs of the foundation – its principles and ethos – remain embedded over time.

CHAPTER 6
MORE THAN JUST EDUCATION AND HEALTH

Priya Naik and Santanu Bhattacharya

In the last hundred years, Indian society has come a long way, witnessing extreme changes and undergoing phenomenal transformation in the process. From being one of the prime colonies of the British empire to becoming one of the most promising independent democratic superpowers of this age, India has seen a bloody and passionate freedom struggle, a massive exercise in nation-building post-independence founded on the pillars of equity and socialism, and finally economic liberalization over the last two decades that has resulted in a dramatic creation of wealth through successful businesses. At the same time, India is home to 450 million people living below the poverty line.

In such circumstances, the necessity of giving is obvious. Fuelled by the urgent need to address such teething troubles, Indian philanthropists have outdone their counterparts in developing countries when it comes to sharing their wealth with society at large. In this enthusiasm to share wealth, resources and expertise, Indians have found multiple ways of making a difference beyond the essentials of health and education. Not only have they been successful in identifying relevant causes and feasible solutions, they have also demonstrated a willingness to experiment with models, invest in entrepreneurs and share their knowledge for the benefit of all.

Supporting social reform

One of the first examples of institutionalized giving is that of the Brahmo Samaj, which had its roots in the Brahmo Sabha formed in 1830. What started out as a conglomeration of intellectuals and zamindars (land-holding feudal lords) in Bengal soon turned into the nerve centre of social reform against the overbearing Brahminical customs of Hinduism.[34] Thus, through its preaching of universality of religion and its emphasis on spirituality over rituals, the Brahmo Samaj funded individuals such as Raja Ram Mohan Roy, who led the campaign against the custom of *sati* (child-widow immolation), and Ishwar Chandra Vidyasagar, who was one of the first proponents of widow remarriage in the country. Both these efforts resulted in the passage of legislation. It is interesting to note that the feudal lords, who were generally known for their disconnection from and alienation of the masses, played an instrumental role in funding the alleviation of social ills.

The tradition of funding social reform movements continued well beyond independence. Baba Amte's movement for the acceptance and betterment of people afflicted with leprosy was running on random donations until it came to the notice of Ramesh Kacholia, a Mumbai-based businessman. Kacholia immediately began funding a large part of the campaign. In the space of a few years he had institutionalized the funding by creating Caring Friends, a group of like-minded wealthy individuals who funded Baba Amte's movement and have continued to fund his sons' initiatives in tribal development and livelihood. Unfortunately, funding from Indian philanthropists has been less forthcoming for more recent social movements such as the Narmada Bachao Andolan, which campaigns against government action to build a dam across the Narmada river, leading to the displacement of thousands of rural people, and India Against Corruption, which proposes an anti-corruption watchdog with powers to prosecute the highest offices of government. These movements have been mired in controversy surrounding the receipt of foreign funds, and it is interesting

[34] A Brahmin (adjective 'Brahminical') was a member of the highest Hindu caste, originally that of the priesthood.

Philanthropy has breathed new life into Indian theatre, supporting the production of traditional and modern works. Each March, the Mahindra Theatre Festival showcases some of the best theatrical productions in India today. ***© Mahindra & Mahindra Limited***

to note that, while philanthropists have enthusiastically supported social causes, they may not yet have developed a taste for espousing political causes.

One exception is Luis Miranda, founder and ex-chief executive officer of IDFC Private Equity. Miranda identifies the dire need for activism in schemes of social improvement and invests heavily in support and resources for such organizations. He is currently chairman of the Centre for Civil Society and has associated himself with initiatives such as the Society for Nutrition, Education and Health Action (SNEHA) and Human Rights Watch. He rightly points out the challenges that advocacy organizations face as a result of the anti-state nature of their work. A wide spectrum of human rights issues are prevalent in India. They range from child abuse to malnutrition, from policing conditions to prison treatment, from issues of street dwellers to conditions within hospitals. Miranda plays an instrumental role in initiating dialogue between the different parties involved, in building capacity and in making resources available for grassroots organizations. He is also active in funding research that allows more informed decision-making.

Culture and sport

The position of art and culture in Indian society has always been pivotal, and they have always been used as a potent medium of expression in times of turbulence. However, it is also true that post-independence India has seen very little state endorsement of art through youth training or promotion of up-and-coming artists. Even when India was in the throes of the freedom struggle, a Parsi businessman named Kavasji Jehangir threw his weight behind the cause of art. Today, the Jehangir Art Gallery, built in Mumbai in 1952, is testament to his commitment to the promotion of arts in a country that is home to a vast diversity of art forms. A similar example is the funding and support received by Hindi-language theatre from corporate houses. With very little expectation of support from the state, through the 1970s and 1980s Hindi theatre flourished in both Delhi and Mumbai under the patronage of business people. This trend continues today as more and more corporate houses join the bandwagon of promoting theatre. Since 2006 the Mahindra Group, with the direct endorsement of its chairman Anand Mahindra, has started the Mahindra Excellence in Theatre Awards (META), which recognize artistes, directors and technicians working in English and Hindi-language plays.

Sport is another area in which the Indian state has failed to cultivate and develop talent. A prime example of this is another round of dismal performances by Indian athletes at the London Olympics in 2012. While China won 38 gold medals, 27 silvers and 23 bronzes and came second in the overall medal table, India won only two silvers and four bronzes and ended the games in 55th position, way behind relative minnows such as Azerbaijan and Grenada. Geet Sethi, one of India's leading billiards players, a six-time world champion and a gold medallist at the 1998 Asian Games, recalls: 'I was at a dinner hosted for the Indian contingent during the Sydney Olympics and the general feeling of dejection as a sporting nation was further reinforced as I interacted with athletes.' This led him to co-found Olympic Gold Quest (OGQ) alongside celebrated Indian badminton player Prakash Padukone. OGQ's mission is to identify sportspeople with the potential to win medals for the nation and to fund their rigorous training and preparation leading up to the games. OGQ is the only institution in India that looks to train athletes across different sporting genres, as opposed to academies that focus on individual sports. It has also successfully brought on board celebrated national sports icons such as Vishwanathan Anand and Leander Paes. At the 2012 London Olympics OGQ fielded 16 athletes, four of whom returned with medals – a testament to the work that OGQ has been doing.

Social mission or business opportunity?

While Indian philanthropists, both past and present, have identified such a diverse range of societal needs, they have also been able to find specialized niches in the area of essential services. One such case is the provision of clean drinking-water. Rohini Nilekani founded Arghyam in 2005 to address this issue. Arghyam works with grassroots leaders and organizations, providing them with financial and capacity-building support in their innovative solutions to waste-water treatment and sanitation problems. It is also the founder and sole funder of the India Water Portal and the India Sanitation Portal, which foster conversations among various players in this space.

For the Piramal Foundation, an offshoot of the Piramal Group, water is as much a social issue as it is an economic opportunity for the entrepreneurial youth of the country. Using its low-cost water-treatment technology, the foundation set up Sarvajal (meaning ‘water for all’) on a franchise model. It identifies enterprising young people in low-income urban and rural communities and provides them with the training required to run the franchise. The company takes responsibility for installing and maintaining the water-purifying plant, while the entrepreneur owns the marketing and sales functions. Profits are shared by Sarvajal and the franchisee. This scheme not only makes clean drinking-water readily available to deprived communities at lower cost, but also cultivates leadership skills among young people. Sarvajal is one of very few examples of a company embracing a market-driven business solution to answer a social need.

Taking care of the environment

Over the last few years, the world has become more conscious of the threats and challenges facing the environment, and while isolated efforts have been made to address the issues, few philanthropists have looked strategically at conserving the environment and restricting the damage. Hemendra Kothari, chairman of DSP Blackrock, has managed to do just that. An avid nature enthusiast himself, he set up the Wildlife Conservation Trust (WCT) as part of the Hemendra Kothari Foundation in 2002. The WCT not only takes a holistic perspective but also ensures that it operates at the scale that is required to tackle such a grave problem. The WCT is present in 43 protected areas, 30 of them tiger reserves. Besides generating awareness among local villagers and tending to conservation requirements, it employs the unique strategy of providing vocational training to the youth of neighbouring villages. The philosophy behind this is that if young people are able to earn a livelihood, they are unlikely to resort to poaching and cutting trees in the forests. As part of another unique strategy, the WCT works extensively

The Wildlife Conservation Trust, one of India's leading nature conservation organizations, is linked to the Hemendra Kothari Foundation. Rapid-response units are posted by the trust in India's 30 nature reserves and play a key role in protecting tigers from poachers. © ***Wildlife Conservation Trust (WCT), Aditya Joshi***

to provide equipment and build capacity of forest staff. Nor does it stop there. The WCT has instituted service awards for forest staff to instil pride in the work that they do and hence to curb corruption among the ranks. In another first, the WCT and the premier English-language news channel NDTV 24×7 jointly launched a campaign called 'Save Our Tigers'. This was the first time a major media house had taken up the cause of the environment and wildlife protection. Hemendra Kothari stresses the need to clear human settlements around forest areas and encourages migration of the neighbouring communities. To make this a scientific strategy, he has invested in the Indian Institute of Human Settlements.

Investing in the young

India is one of the youngest countries in the world. Fifty per cent of the population is below the age of 25, and a mind-boggling 65 per cent is below the age of 35. It is no surprise, then, that Indian philanthropists have put their faith in the power of the young and their all-embracing role in shaping the future of the country. Education aside, most philanthropists have invested in the development of young minds and spirits, through the promotion of entrepreneurship, the delivery of training, and the development of communication. Some have gone a step further, consolidating such initiatives into well-structured programmes that allow young people from diverse areas and backgrounds to come together and develop their leadership skills. The Piramal Fellowship, funded by the Piramal Foundation, promotes sustainable business ideas devised by young entrepreneurs through a two-year practical programme. The Gandhi Fellowship, also funded by the Piramal Foundation and run in partnership with the Kaivalya Education Foundation, places young college graduates in rural and underprivileged schools to work with headteachers. The Teach For India Fellowship searches out the best minds in the country and gives them a two-year placement in primary schools, thereby exposing them to the existing systems and encouraging them to find solutions. The fellowship is supported by several foundations and corporates, including Anu Aga, ex-chairperson of Thermax Industries and member of parliament in the Rajya Sabha.

Thinking big

All philanthropists are aware of the magnitude of the issues they tackle and realize that it is of utmost importance to scale up their programmes if they are to solve systemic problems. Ajay Piramal, chairman of the Piramal Group, says: ‘If an idea cannot be scaled up, it needs to be scrapped.’ A testament to this belief is the range and scale that most philanthropists have adopted in their programmes. It is clear, too, that there is an emphasis on having a nationwide impact and extending the reach of programmes from one state to another and from one region to another. Rohini Nilekani says: ‘In an idealized state, there should be no philanthropy.’ This is an interesting shift in the current generation of philanthropists and contrasts with the attitudes of previous generations, for whom giving was a more personal action with localized impact. Today’s philanthropists are thinking big and attempting to etch their legacy on the future of the country.

It is also interesting to note that very few philanthropists find their inspiration through personal experience or the example of the past. For some, ideas are sparked by their passion or profession, while for others it is nothing short of an epiphany. ‘I was holding water in my hands when it suddenly struck me how important water is to us,’ says Rohini Nilekani. Echoing the emotion, Geet Sethi says: ‘The idea for OGQ was born on a flight from Sydney to Mumbai in the year 2000.’ Whatever the origin of their inspiration, most philanthropists actively participate in the decision-making and operation of their foundations, in spite of the fact that they have multi-billion-dollar businesses to run. Typically they look to find trustworthy people to staff their usually lean philanthropic arms so as to cut down on communication overheads. Hemendra Kothari, for example, has only himself and his daughters as trustees of the foundation so he can ‘sign cheques without delay’. As business owners, most Indian philanthropists make a concerted effort to build the corporate social responsibility (CSR) activities of their companies into their philanthropic projects.

Though all philanthropists agree upon the need and benefits of collaborating with each other, there is little evidence of such strategic partnerships taking place. One major reason for this may be their differing philosophies and views on what models they want to invest in. For example, although both Arghyam and Sarvajal are involved in the provision of clean water, their approaches to the problem and their intended solutions are very different. The Nadathur Trust is one of the few philanthropic organizations that has invested in building the philanthropy sector as a whole. Samhita Social Ventures was born out of the need to find standardized and easier ways to ascertain NGO credibility in order to make them eligible for corporate or donor grants and awards. Today, Samhita works with donor agencies, company CSR executives and business groups to advise, design and implement programmes in such a way as to bring maximum social impact. N S Raghavan, co-founder of Infosys Technologies, says: 'It is not possible for a philanthropist to go scouting for causes or initiatives. It is for the sector to come to the philanthropist to ask for help, and hence the need for such facilitating organizations is paramount.'

Final thoughts

At the close of this chapter, we recall the words of the *Bhagwad Gita* on the philosophy of doing one's karma without any expectation of reward:

> *karmany evadhikaras te*
> *ma phalesu kadachana*
> *ma karma-phala-hetur bhur*
> *ma te sango 'stv akarmani*

> 'You have a right to perform your prescribed duty
> But you are not entitled to the fruits of action
> Never consider yourself the cause of the results of your activities
> And never be attached to not doing your duty.'

> *Bhagwad Gita*, chapter 2, verse 47

In true Indian tradition, philanthropists in India are genuinely interested in a brighter future for the country. Gratification for their philanthropic work comes from the impact that they create and the good that they do. Brand-building is hardly ever the motivation for such work. Geet Sethi explains why he did not associate his name with the organization he co-founded: 'We want to make this a mass movement and want the name to be generic and wish that millions become part of OGQ.' Ajay Piramal explains the theory behind his support for innovation and fresh talent: 'The young people should know that they have the freedom to experiment and we are there to take care of things when they fail.' N S Raghavan sums up his motivation for philanthropy by saying: 'Helping others gives joy and satisfaction. If you have more than what you need, it makes sense to use it to alleviate others' sufferings.'

SUPPORTING THE ENVIRONMENT

Adi Godrej
Chairman, Godrej Group

The Godrej Group and the Godrej family have a long-standing commitment to environmental causes. We had the idea over 50 years ago that environmental protection required attention – long before the current emphasis on it globally.

To make such a commitment to any topic, particularly when it is ahead of its time, requires strong personal conviction and family involvement. For over 50 years, 1,500 acres of property belonging to our family-owned company in Vikhroli have been given to be preserved as a mangrove forest. My cousin Jamshyd is greatly involved in realizing this commitment within the Godrej Group and is personally committed and very active in various international fora, especially as trustee of WWF (World Wildlife Fund) India and global vice-president of WWF. The Godrej Group has also funded the CII Godrej Green Business Centre, which helps Indian industry learn and practise green business initiatives.

It also helps to ensure that such work supports the business that funds it. The benefits of investing in green business and innovation are much greater today, but when we invested we already saw effective results in improving business prospects. We have since been involved in green industrial development through recycling of water, rainwater harvesting and planting trees. The green projects we introduced improved the economy of our company. We saw savings in electricity and water costs, and we were able to make better products. All our projects are certified green, customer trust has grown, and employee satisfaction has increased.

Finally, it helps to take the long view. Environmental protection was not in vogue when we started, but it is now, and our ability to do good in this area continues to increase. Technologies are being developed around the world that we can apply to our work. For example, Massachusetts Institute of Technology is developing technology to improve carbon sequestration. We should be able to use these to implement even better programmes.

Why get involved in something that is so long-term? India's social needs are great and there are ample reasons for looking at all of them. In the end, poverty alleviation should be a major goal for India, and I firmly believe that environmental protection will enable development in India and not come at the expense of development.

This does not mean, of course, that we work only on the environment. In addition, we have identified skill development and training of our youth as the other priority area for the Godrej Group. And our family tradition of giving goes even deeper. My grand-uncle was the first donor to Tilak and Gandhi's efforts to attain self-sufficiency from British rule. The founders of business and all family members thereafter are basically trustees for the public.

The Godrej industrial estate in Vikhroli has been developed as a sustainable campus. We support schools for children; adult literacy; additional skills development; and housing, with approximately 4,000 apartments for employees. The children of our employees have become successful lawyers and doctors, among other things, having access to a world of opportunities their parents never had.

Essentially, we believe that running a business well is also philanthropy and that we should reinvest in the growth of both business and philanthropy. Twenty-five per cent of the shares in our major holding company, which is also a major manufacturing company, are vested in the Godrej Foundation to support philanthropic activities. Additional contributions are made independently by individual companies and family members.

It is worth remembering that there was considerable philanthropy in India until the 1950s. The influence of Fabian thinking thereafter, followed by socialism and the introduction of higher taxation, meant there was not much surplus profit and philanthropy slowed down. Economic reforms in the 1990s enabled higher growth, so philanthropy has seen greater impetus in recent years.

With this comes a new Companies Act which will make it mandatory for 2 per cent of after-tax profits to be spent on CSR activities.

This policy has been supported by the Confederation of Indian Industry and is currently being introduced by the government. The government should lay out strong policies for development and encourage the private sector to implement them. Things are most successful in India through public-private partnerships.

I strongly believe that green business is good for business and the country. We have developed a long-term vision for the group in creating a more inclusive and greener India. And the family as a whole is committed to this vision, with the younger generation showing even greater commitment.

CHAPTER 7
THE GLOBAL GIVING INDIAN

David Hayward Evans and Usha Menon

Migrant communities of many national, cultural and religious groups engage in diaspora giving. The urge to give back to the mother country is strong for the migrant even as the family puts down ever-deeper roots in a new country. However, Indian communities worldwide share a number of features which suggest that Indian diaspora giving – relatively sophisticated and long-established – serves as an exemplar of the phenomenon globally, providing insights not only into Indian philanthropy as a whole but also into the likely future lines of development and core issues to be addressed regarding giving 'back home' among other affinity groups.

Common seeds of Indian diaspora giving

There are a number of factors shaping the expression of philanthropy among Indian migrants, in times and locations as diverse as 19th-century Southeast Asia and 21st-century Silicon Valley.

First, India itself is not experienced and conceptualized by the migrant essentially as a country alone but as a civilization reaching beyond geographical borders. An Indian migrant to Southeast Asia in the 19th century would not necessarily have felt him- or herself to have 'left India', and so would naturally have continued established patterns of 'temple giving' locally, while also giving back in the homeland.

Paradoxically, post-partition in 1947,[35] an Indian migrant family may find that their original 'homeland' is no longer part of the state of India, but it is this area to which they nevertheless feel strongly tied. This 'civilizational' viewpoint of the concept of India itself means that ties to the home country persist and are renewed over generations, often through the institution of (arranged) marriage, and that these living links create a natural context for philanthropic flows back to India.

Second, Indian migrant philanthropists often seek to balance the competing philanthropic claims of 'home' and 'host' countries. For many, migration is experienced as a continuing journey across generations and not as a one-off transition from an 'old' to a 'new' world. Traders from India settled across the Indian Ocean, and from there they may have moved to build businesses all across Africa. Their offspring may have come to the UK (for example, as one of the many Ugandan Asian refugees in the 1970s), and from there their children may have emigrated through work or study to the USA, Canada or Australia. Each stop along the way will have contributed to a sense of affiliation and identity, and this may result in the possibility of multi-directional philanthropy and not just the traditional one-way flows of diaspora philanthropy back to the homeland.

Lord Swraj Paul, founder of the Caparo Group in the UK, represents a case in point, with a diversified portfolio of giving in the USA, UK and India, often directed through the Ambika Paul Foundation. Causes and institutions supported by Lord Paul range from the Massachusetts Institute of Technology and Carnegie Mellon in the USA; the London Zoological Society, the British Labour party and the University of Westminster (and other universities) in the UK; and pre-school programmes for children in Chennai, in conjunction with Bal Vadis.

Third, for Indians as for many other groups, migration is a phenomenon experienced in time as well as in space, with distinct waves of migration, each with its own historical context. The relative

[35] The partition of India was the partition of British India on the basis of religious demographics, leading to the creation of the Dominion of Pakistan and the Union of India. It led to the displacement of up to 12.5 million people, with estimates of loss of life ranging up to 1 million.

UMANG is one of the earliest social impact investments made by the Artha Initiative associated with Rianta Philanthropy, an initiative driven from Europe by a non-resident Indian family. UMANG promotes sustainable businesses and fair labour for economically disadvantaged producers in India. © ***Artha Initiative/UMANG***

social, political and economic conditions of home and host country at the time of migration create a particular 'gradient' shaping and driving philanthropy in one direction or another.

For example, an Indian emigrant prior to and in the years immediately following independence, inspired by the ideals of the movement for Swaraj (independence) and the political example of Mahatma Gandhi, would feel a strong lifelong gradient pulling philanthropy back to construction of independent India, almost as an article of faith.[36] Paradoxically, a more recent Indian immigrant to the USA working in the IT industry might feel a very different gradient regarding philanthropy back to India, having experienced at first hand the economic growth (and continuing bureaucratic impediments) of modern India. This may prompt a serious rethink of philanthropic priorities. In the end, the decision to give back to India may be more about a desire to maximize social impact through innovative 'value for money' approaches, rather than an unquestioning patriotic imperative regarding social reconstruction.

Whatever conditions are prevailing at the time of migration, over successive generations there is a clear trend towards more

[36] Gandhi himself, through his work fighting social injustice as an Indian immigrant in South Africa, provides an early example of the globalized nature of social action among the Indian immigrant community.

institutionalized forms of giving, as the trust implicit in entirely personal 'temple' giving is succeeded by more formal mechanisms for transparency and accountability. In recent years, given the entrepreneurial success of the Indian community globally, there has also been a growing interest in using business-like approaches and methodologies to create more impact on the ground. This can be seen in the increased deployment of financial techniques, ranging from microfinance to impact investing, and in the promotion of information technology as a means to address social issues at scale.

The Southeast Asian diaspora

Southeast Asia presents an interesting case study in the evolution of Indian diaspora giving. Indian cultural and religious relations with Southeast Asia pre-date the modern era. While Indian civilizational influences were strong for over two millennia, large-scale migration of Indians to Southeast Asia took place only in the 19th and 20th centuries, mainly as a consequence of colonial connections. During the period from 1862 to 1957, approximately 2 million Indians went to Malaya (now peninsular Malaysia and Singapore). Most of them served as plantation labourers, with smaller numbers as artisans, merchants and traders. For these economic migrants, preserving Indian religious traditions was paramount and hence their charitable efforts mainly focused on giving to the temple and faith-based institutions. In the last few decades, the highly educated and successful Indian expatriates and locally born ethnic Indians have become the flag-bearers of 'brand India' in Southeast Asia. Given their background, institution-building, especially through education and healthcare 'back home' in India, is the primary focus of their philanthropic giving. In addition, preserving Indian cultural traditions to pass on to the next generation is another important area where these educated and successful members of the Indian diaspora provide support, in terms of both funding and volunteer engagements.

India is now attracting entrepreneurial talent from around the world, and this includes a rising number of children of persons of Indian origin who left India decades ago to settle in Southeast Asia. They are moving to India to take advantage of economic opportunities as well as their cultural connection. These foreign-born and returning ethnic Indians are also having an impact on the philanthropic ecosystem. These professionals try to bring social change or accelerate it by focusing on the comprehensive development of their locality in India. Their efforts range from funding infrastructure development and education to fostering civic engagement. Aparna Thadani, from the Asia office of Prospero World, a consultancy that works with Asian philanthropists, told us:

First-generation Indians often have a local charity back home in India that they support and do not wish to expand on this or change their philanthropic ways. Younger generations are more experimental, willing to take more risks and interested in the more innovative approaches to philanthropy – impact investing and funding social enterprises.

The US experience

Cultural discontinuity with India is perhaps greatest for the sizeable and successful communities of Indian immigrants in the USA. Although Indian immigrants have been present in the USA for many years, coming particularly by way of the Canadian Northwest, Indian immigration and hence diaspora giving in the USA is characterized as a largely recent phenomenon, with the passage of the 1965 Hart-Cellar Act acting as a watershed and opening the USA to immigration from the Indian subcontinent.

In the US census of 2000, nearly three-quarters of persons of Indian origin were foreign-born, and more than half of these had arrived in the previous ten years. That immigration very often involved specialized human capital coming to the USA, with high levels of business, professional and financial acumen. This, in turn, has helped shape philanthropy. US-Indian philanthropists have quickly adopted business-like approaches and sought to supplement traditional philanthropic models with hybrid forms combining business and philanthropy. India remains the preferred destination for philanthropic flows, not only because of the sense of affiliation but also because low costs offer an 'arbitrage' opportunity to achieve the maximum social good with a given level of investment.

The Dakshana Foundation, founded in California to support educational opportunity in India, is typical in this approach. The founders, Mohnish Pabrai and his spouse Harina Kapoor, told us:

> We have an approach to giving that includes evaluating performance using a similar process as evaluating a business – Return on Investment (ROI). At Dakshana, we see education as having one of the highest ROIs of any charitable endeavour – especially when directed towards gifted rural impoverished children. Our giving is focused on Dakshana, where we have the ability to change the programme as needed to get the greatest ROI.

The diaspora horizon

Diaspora giving generally should be understood as a special element within overall remittance flows. These flows dwarf both philanthropy and international development aid. According to World Bank figures,[37] officially recorded remittance flows to developing countries in 2011 exceeded USD 350 billion. In 24 countries remittances were equal to more than 10 per cent of the GDP. Already these flows make a very significant contribution to development in such countries, but if a greater proportion could be directed towards impactful philanthropy or sustainable social-investment models, it would have a huge impact on development outcomes, at a time when other resources are flatlining.

This is why understanding and promoting successful models of diaspora giving is important not just in the context of India but globally. We believe that Indian diaspora giving – with its long history, relative sophistication, willingness to embrace business approaches, and multi-form and multi-directional nature – represents a paradigm and offers a wealth of experience that will repay further study and can inform and illuminate the development of diaspora giving as an increasingly significant global phenomenon.

[37] World Bank (2012) *Migration and Development Brief 17*, Outlook for Remittance Flows 2012–14.

THE VIEW FROM THE FOURTH GENERATION

Anusha Aswani
Corporate communications executive, Tolaram Group

Four generations ago my great-grandfather left India with his family during the partition of India and Pakistan. We are a Sindhi family and our ancestral home is in present-day Pakistan, but back then it was all India and we are of Indian origin. Sindhis are all around the world and my great-grandfather chose Malang in Indonesia as his home. My family has lived in Southeast Asia ever since and most of us are now Singaporean citizens.

Living in Singapore for three generations does not mean that we are no longer Indian. In fact, being away from India has helped us appreciate Indian culture, values and traditions so much more. We get excited by the little things that we do not understand and try to find ways to learn more about them, with the help of our elders.

One Indian value that has been at the root of our family is the concept of *seva*. *Seva*, Sanskrit for 'service', is present in so many religions. In Hinduism it is a part of an individual's spiritual journey. In our family, *seva* has been passed on to us through our elders. The concept of *karma* has also contributed to the fact that we engage in philanthropy. If we are blessed to live in such comfort, we must have done something right in our past lives and we should continue to do good deeds and give to the less fortunate around us. It is as simple as the Golden Rule: 'Do unto others as you would have them do unto you.' If you want good things to happen to you, you must first be a good person and I am so thankful to my family for raising me with this rule in mind.

The idea of giving is in our DNA. My great-great-grandfather was a well-regarded physician. He believed in treating patients in need and at no cost. This was his way of giving back to the community that had given much to him. These values of giving and *seva* have been passed down through the generations and have led us to being the philanthropic family that we are.

My grandmother believes that we should provide service for those in need. To celebrate our birthdays, she would take my cousins, my brother and me to serve high tea for people in places such as old folk's homes and orphanages, where people were alone and in need. All the food would be homemade and we would purchase packaged juices for the residents. Once at the home, we would stand in an assembly line, put the various snacks on plates, and then serve them at their dining seats. This tradition continues to this day and I know that it will continue in the years to come. This is just a simple form of philanthropy, but it has helped mould us into socially aware young adults.

As a family business, our business values are aligned with those of our family. We perform our *seva* in countries from which we have earned, giving back to the communities that surround our operations. Many companies, even in our group, do this as part of their public relations or corporate social responsibility, but we have been donating since our humble beginnings in Malang, Indonesia. We recently found out that my great-grandfather had donated a piece of land to a Danish pastor in Malang for an orphanage and that the orphanage, Bhakti Luhur, still stands.

As persons of Indian origin, we have always had ties in India and always sought to give back to our motherland. My grand-uncle set up a small family trust in India that donates to various charities, providing food and other supplies. We are currently supporting the Acworth Leprosy Home in Mumbai by providing them with monthly supplies such as antiseptics, bandages, sheets and other necessary items. Family members also travel to India to donate on their own. They have visited Dharamsala, Haridwar, Dehradun and Amritsar, to name but a few. There they purchase rice, clothes and other items from local stores and donate them to various underprivileged families and villages.

We are aware that there are countless social projects happening in India and that many of them are highly successful. With such close links to India, we are able to learn from these successes and bring them to other parts of the world. We are currently using a simple plastic prosthetic technology from Jaipur at our IshK Limb Centre in Lagos, Nigeria. At IshK we fit prosthetic limbs to the needy at no cost and have so far fitted over 3,000 in just over three years. We hope to learn more from the achievements of India and share them with as much of the globe as possible.

I am a Singaporean citizen who has lived in Nigeria and Indonesia but I am an Indian at heart. Being the fourth generation in this family business has exposed me to so many parts of the world and shown me that there is so much more to life than living in comfort. Making a homeless child smile is so much more satisfying than buying a new handbag or pair of shoes. I hope to carry this on to the next generation and my family is helping me do this by allowing me to pursue social projects as my career in the group.

Seva is, and always will be, a part of us, whether people think of us as Indian or not. Our family has always encouraged us to do things with our heart. This has kept us close to our Indian roots and allowed us to grow with a conscience. This applies not only to family but also to business. Giving back to communities is a part of *seva* and will have an effect on our *karma*. All we can do is be the best person we can and the rest will fall into place.

THE DYNAMIC TATA LEGACY

Ruth Kattumuri

The founder of the Tata Group, Jamsetji Tata (1839–1904), like many of the early Indian industrialists, held a belief that wealth should serve the people. He and his children established the best-known legacy of philanthropy by any Indian. But even that legacy has evolved through the generations and is increasingly more international and less tied to tradition.

Many of today's premier education and research institutions in India were established by members of the Tata family or by trusts endowed by them. Ranging across science, technology, medicine, social sciences, environment, arts and culture, these include:

- Indian Institute of Science, Bangalore (1905)
- Tata Institute of Social Sciences, Mumbai (1936)
- Tata Memorial Hospital for Cancer Research and Treatment, Mumbai (1941)
- Tata Institute of Fundamental Research, Mumbai (1945)
- National Centre for Performing Arts, Mumbai (1969)
- Tata Energy Research Institute (now the Energy and Resources Institute), Delhi (1974)
- National Institute of Advanced Studies, Bangalore (1988)
- J R D Tata Ecotechnology Centre at M S Swaminathan Research Foundation, Chennai (1996)
- Sir Dorabji Tata Centre for Research in Tropical Diseases, Bangalore (1999)
- Tata Medical Centre, Kolkata (2010)

The Tatas also gave globally to support some of the best international institutions, often to address issues relevant to the recipient country's growth and development. This kind of giving has grown substantially in recent years, mirroring a trend of other families giving internationally, particularly to their alma mater or to that of their children.

The Sir Ratan Tata Department was set up at the London School of Economics (LSE) in 1912 for research into the causes of poverty and its alleviation. This was possible through an annual grant of GBP 1,400 made by Sir Ratan in the last six years of his life, which was continued by the trustees for some years. The future British prime minister Clement Attlee was a lecturer in this department in 1913 (India was, coincidentally, granted independence during Attlee's premiership). This department has evolved to become the Department of Social Policy, one of the largest departments at the LSE.

Since 1997 the Sir Ratan Tata Trust has supported a postdoctoral fellowship at the LSE for researchers from South Asia. Since 2007 the Jamsetji Tata Trust has been supporting a collaborative research programme between the LSE and the Tata Institute of Social Sciences. Between 20 and 25 undergraduate and master's students from LSE, Berkeley and Cambridge universities have been supported since 2010 by the Tata Group for summer internship programmes to work on their social-enterprise projects.

Under the direction of Ratan Tata, the current chairman emeritus of the Tata Group, the Tata Education and Development Trust endowed USD 50 million to establish, in 2008, the Tata-Cornell Initiative in agriculture and nutrition and to provide scholarships for Indian students. In 2010 the trust, together with Tata companies and the Sir Dorabji Tata Trust, jointly contributed USD 50 million to the Harvard Business School to build a facility to support executive education programmes as well as to set up an innovation laboratory. Ratan Tata is an alumnus of both Cornell and Harvard.

PART IV
The road ahead

The premise underlying this publication is that there is much about philanthropy in India to be celebrated and shared. On the basis of the prominent role of philanthropy in Indian history, the part played by businesses, and the recent dynamism of philanthropists, India deserves a place alongside the USA, the UK, Germany and others as one of the world's leading philanthropic powers. As the country continues to create wealth, one can only expect India's influence in the sector to grow further. In the context of a country with over 1.2 billion people, this section looks to the future and considers how all that we celebrate in this publication can touch and improve the lives of all.

First, we take stock of some **open questions**, particularly with respect to giving by the wealthy and their businesses, that remain to be addressed in order that the sector establishes formal processes and reaches maturity. From the fast growth in funding and in the number and diversity of actors addressing India's social issues, challenges will inevitably arise.

Second, a noted commentator on the topic and a philanthropist herself, Rohini Nilekani, shares her thoughts on **what the future holds for Indian philanthropy**.

Pratham is one of the largest NGOs in India, bringing education to millions of children. The organization is a partnership between public authorities, the private sector and civil society. Here, a little girl participates in an Urban Learning Camp. © ***Pratham***

CHAPTER 8
OPEN QUESTIONS

Mathieu Cantegreil, Dweep Chanana, Ruth Kattumuri

These are exciting times to be involved in philanthropy in India. Wealth creation is accelerating, and as the government steps back from being the sole provider of social services, globalization and modernization of society are bringing with them new attitudes to the role of wealth.

Philanthropy is on the rise; however, its future trajectory in India is far from certain. In some ways, the achievements and the philanthropy we showcase are exceptional and highlight the substantial gap between the potential of India's third sector and the challenges it faces today. With this book we hope to have provided an encouraging picture of the accomplishments, past and present, of India's wealthy philanthropists. However, the recent growth in philanthropy leaves open a number of questions as well.

On the role of business

The most obvious open questions relate to the role of business. In India, business has always been an instrument for supporting society, though mostly the local community. In the coming years corporate social responsibility (CSR) legislation, as detailed in this book, will increase the influence that business wields in social provisioning. As the flow of corporate funds to the non-profit sector increases, a number of issues will need to be addressed.

First, can the sector handle the additional flow of funds? Not all businesses in India will have the capacity to set up their own operating foundations, and one can expect a lot of funds to make their way into Indian non-governmental organizations (NGOs). Yet, will these organizations be able to accept and manage this new influx of money? Aside from some large organizations such as Naandi and Pratham, most NGOs in India are small or medium-sized organizations, often with limited resources and capacity to manage large donations. Therefore, funding will need to be directed not just at the end beneficiary but also at building capacity in the sector and in individual organizations.

Another possible perverse effect of increased corporate funding is the potential for mission-drift among organizations in the sector. Keen to chase corporate capital, NGOs may alter their mission to achieve a better fit with the interests of corporate donors, with the risk of doing so to the detriment of critical needs. It is up to businesses to ensure that their money is well spent; they should also be ready to take on the responsibility of ensuring that they do not encourage mission-creep among NGOs.

Finally, one must ask if this trend – of outsourcing the responsibility for social welfare to business – is good for society. There are growing numbers of public-private partnerships set up to provide social services in India; it remains to be seen if this is the best way forward and if these partnerships will continue to expand.

On philanthropists

Among philanthropists, too, there are interesting dynamics at work. The hold of tradition is weakening. It will be weaker still on the children of today's wealthy, with more having no family history of giving and relatively weak ties to a particular community. But we know very little about this emerging generation. Will they be brought up with a sense of entitlement or – as we have seen among today's donors – a sense of simply having been 'the beneficiaries of certain socioeconomic processes'?

One of the most interesting things we see is the overwhelming use of business-driven and business-funded philanthropy. Many of today's emerging wealthy increasingly see corporate philanthropy as the default model for philanthropy. While family businesses now manage some of the country's largest non-profit organizations, it remains to be seen if and for how long this model continues. CSR is generally understood to be about the responsibilities of businesses to their employees, customers and the community within which they operate, while philanthropy is something to be undertaken for its own sake. The question is whether philanthropists in India will consider corporate giving – or CSR – mainly as a substitute for personal responsibility to society. The need for transparency and a clearer line distinguishing CSR activities and personal giving will become increasingly important.

The proposed CSR legislation might risk freeing wealthy individuals from any personal responsibility and suppressing the personal impetus to give. Might it result in the mandated minimum 2 per cent contribution of profits to social spending being seen as a maximum rather than a floor, much as US charities treat the requirement to spend 5 per cent of their endowment?

Another issue, which we do not touch upon in this book but which is often addressed by the media, is the misuse of philanthropy as a political means or for financial gain: for example, spending on constituents to gain votes or using it as a mechanism for tax avoidance.

Finally, as these business leaders engage in more and more giving, directly or through their businesses, they will bring with them new ways of thinking and a greater emphasis on measurement and impact. This could allow the right approaches and mechanisms for enhancing rural development, education, health and sanitation to be set up. Yet it still remains true – as some observers have pointed out – that Indian philanthropists have been wary of addressing some tricky but important issues that overlap with the interests of business or government. They have avoided any political advocacy, for instance for better or more transparent government, and steered clear of issues, such as land-rights reform, that collide with the interests of business. Yet these are important issues that a healthy democracy must address.

On the third sector as a whole

An interesting trend in Indian philanthropy is increasing diversification: more individuals and more businesses, from different regions and with different ideas to support, are starting to give or willing to do so. The sector itself faces significant challenges to accommodate this growth and increasing diversity.

First, better intermediation is needed to improve interaction between existing organizations in the sector and current or emerging donors. In our experience, business leaders and traditional NGOs do not always work well together, with presumed lack of transparency and inefficiency being the greatest objections to the work of NGOs. Yet they both do certain things well: business leaders build and manage highly efficient and focused organizations, while NGOs are good at focusing on a particular cause. If they attempt to work together, the new money can be spent better: more efficiently and on the right initiatives to generate impact.

Second, the sector faces a significant shortage of qualified staff – a fact that has become apparent to us in preparing this book and through other research – particularly when it comes to recruiting individuals who are not only competent but also committed to the cause of social change. We see corporate talent and money as a strong contributor to fixing this – with the influx of corporate executives seeking a new career and with the emergence of philanthropy as a 'viable career' for many. This might solve, at any rate, the problem of the very competent NGOs that are doing great work but do not have the resources to attract the right talent. NGOs and business could also work together to share learning, develop skills and train professionals to work in the sector.

Finally, as the sector grows, it will become increasingly important to quantify, document and map all stakeholders and their activities: who, why, what and how are they funding? Such insight makes it possible for stakeholders to understand each other better, to make the most of synergies and others' experiences, and to work together on solutions for common needs. For government, meanwhile, it not only makes it easier to take the sector into account when developing social and development policies, but helps officials legislate better to support the sector's development.

Conclusion

The future of philanthropy in India is very much open. There is a lot we do not know that deserves further study.

It was estimated that there were 153,000 high net worth individuals in India in 2009. Over 85 per cent of businesses in India are family businesses, but only a handful – the largest – have well-established and well-known corporate philanthropy initiatives. The others remain on the sidelines and will become active when they have more to give or when the hurdles to engaging are reduced. Thus the future offers tremendous scope and opportunities for Indian philanthropy – to help more people give more and better, in keeping with the very genuine motivations that the earliest philanthropists felt for their fellow people.

CHAPTER 9
PHILANTHROPY'S FUTURE

Rohini Nilekani

Millions of Indians display an amazing generosity on a daily basis, as part of their very way of life. This sharing, which comes more from affinity than from affluence, keeps our society relevant; it keeps it 'in the game' to address the incredibly complex questions thrown up globally at the start of the 21st century. I hope that self-awareness of this daily generosity, altruism, *dharma* or whatever we choose to call it, will fuel much more giving in the near future.

But for the purposes of this book, I address the issue of philanthropy as it relates to those in my country who have become super-wealthy, and this includes myself. It is about the philanthropy that has come about as a consequence of the tremendous visible wealth that has been generated in India over the past 25 years. I do not want to go into the merits and demerits of liberalization and its effect on reducing poverty or addressing inequality. But I do know that a significant part of this wealth has, for reasons both good and bad, accumulated rather narrowly, and this has rightly attracted domestic and international attention to its use.

If proper wealth creation is to be sustained in India, the newly wealthy need to rapidly understand one thing. They need to help prove that the wealth creation we have seen at the very top is actually beneficial to society at large, and not just to the wealthy themselves and to those in their immediate environment.

This requires a few things to happen quickly and simultaneously. First, the wealthy have to signal their responsible commitment to society. For example, they can clearly demonstrate their willingness to abide by the rule of law, to pay their fair share of taxes and, most importantly, to level the playing field. Next, they can signal their willingness to share their wealth – and not just by making the claim that all enterprise is good for society. They also have to prove that they do not wish to accumulate in their own narrow space most of the value that honest enterprise and liberalized markets can help create. This is where personal philanthropy, as distinct from the corporate social responsibility (CSR) that companies engage in, can play a critical role.

Modern societies and their governments allow private wealth creation in the hope that it will spur individuals to innovate and create value, and also benefit society at large. But with runaway private accumulation, new questions have emerged. How much personal wealth is enough? What should be done with the excess? Globally, I would say, these are no longer issues that can remain in the personal domain. They must remain a part of the public discourse at all times – and especially in a nascent century where both neglected nature and unfettered markets could well unleash their own negative power.

The good news, as will be clear from this book, is that many more wealthy people are taking these questions and their own responsibilities very seriously.

So what does the future hold for Indian philanthropy?

Philanthropy alone cannot, and indeed should not, have a dominant role to play on the national stage. And yet I hope that Indian philanthropy will help to design the kind of society that most of us would like to live in: a society in which basic services – health, education, roads, energy, water and so on – are readily available to all, so that human leadership, creativity and energy can be unleashed for higher-order things; a caring society that can renew and regenerate a bruised planet for future generations.

Can Indian philanthropists help fashion a society that is less conflicted and more equitable, and that offers opportunity to all?

If philanthropic capital means high-risk capital with a heart, then there is much to be done. We have seen that philanthropy can go where no government has succeeded and where no markets can afford to go. There is a real opportunity to support ideas, institutions and individuals that take root in those unreached areas.

But philanthropy can do more. It can fund alternative visions for the future.

India is a cauldron of opportunity. Many young and restless people in India are willing to experiment boldly. The leaders among them have to be identified and nurtured. I am sure all philanthropists meet, as I do, dozens of social entrepreneurs who want to fight the good fight, who want to create a better future. They need support from mentors and investors who know how to support innovation, to build successful organizations and to sustain institutions – from people who remember that it was their risk-taking that got them where they are today.

To help such innovators, Indians might have to get out of the command-and-control philanthropic regimes that work well in the early stages, when new philanthropists are still learning what giving is all about. Letting go might be the key: to fund risky ventures that have a strong social and logical rationale but which offer little hope of return; to fail, perhaps repeatedly, but differently every time -- and to do so beyond one's own controlling gaze, outside one's zone of influence.

In fact, especially in impact investing, tremendous philanthropic capital has already been employed in India to support exactly this kind of cause.

Most of us who became wealthy post-liberalization in the 1990s benefited from a vast array of public infrastructure built by the socialist state. We had access to schools, hospitals, roads and power. We had access to police stations and the courts.

Many philanthropists now want to give back by helping the hundreds of millions who have been left out, to increase access to similar infrastructure and services. This is especially true in education and health, where many wonderful models have been developed by passionate philanthropy.

Yet there is a need for caution here. Even as philanthropic capital steps in to fill some critical gaps left by an ineffective state, it is often deployed with the goal of market-making – to build ecosystems around entrepreneurs and financial markets for the delivery of public and quasi-public goods and services. Naturally, those who have benefited from the opening-up of markets strongly believe that what worked for them should be allowed to work for many.

This approach has to be examined more closely. There has not been enough dialogue in India about the role of markets. We need to build consensus about where markets should go, and more importantly, where they should *not* go. Markets can deliver efficiency, innovation and many other benefits, but in the absence of transparency and regulation, can they promise equity and sustainability? I remain sceptical.

A well-meaning social entrepreneur can purify water and deliver it at low cost to a community, but can this replace the role of the state, supported by the community, to ensure that water resources and their catchments are sustainably managed, that they are not polluted, that every last human being and every form of life dependent on them get access? Of course it cannot. This is the realm that belongs not to the market (*bazaar*) but to the state (*sarkar*) and to society (*samaj*). And it sometimes takes deep-rooted political movements to ensure that *samaj* and *sarkar* are up to the task.

This understanding needs to be made more explicit. It is a political engagement from which new philanthropists need not shy away. There are many lessons to be learnt from the setback that the microfinance sector, which brought in tremendous amounts of patient capital, faced in India. An important point, in hindsight, is that well-intentioned interventions can adversely affect the very people in whose name they were set up, if caution is not exercised against the perception of profiteering and against sudden political backlash.

When it comes to providing people with basic or essential products and services, perhaps we need more clarity on the role of market-based interventions backed by philanthropic money. Meanwhile, there is so much else to be done!

Let us help develop more good models for the state to scale. Let us fearlessly shed light on the state's ineffectuality, in the hope of improving governance and justice.

Let us also look at making society stronger in handling complexity and adversity. This might entail supporting culture and the arts, through which we learn to understand ourselves and express our curiosity and fear. This could entail supporting collective action in areas where individuals simply cannot strike out alone. This might include building institutions robust enough to generate knowledge, to build capacity and to deepen the democracy of which we as a country are so proud. Admittedly, this is an idealistic notion, but what is the purpose of philanthropy if not to improve the lot of human beings?

There is a palpable excitement in the Indian philanthropy space, which is beginning to mature before our eyes. New and enthusiastic players are emerging, and new platforms are being created to support and encourage more philanthropy. There are as many possibilities as there are generous people and good ideas.

I hope, as wealthy Indians, we will tweak our curiosity still further, take on the big challenges, make meaning of our wealth, and enable India to shape a new tryst with the destiny of the world.

Overleaf ▶
A close up of key sections of the contract for the first scholarship awarded by Jamsetji Tata in 1892, in which he agrees to fund the study, living and travel expenses of Freany Cama, a graduate in medicine from the University of Bombay, so that she could study midwifery in Europe. © ***Tata Central Archives***

Agreement made this 7th day of April in the Christian year One thousand eight hundred and ninety-two Between Jamsetjee Nusserwanjee Tata of Bombay Parsee gentleman of the one part And Freany K. R. Kama (spinster) of Bombay of the other part Whereas the said Freany K. R. Kama having passed with honours the examination for the degree of Licentiate of Medicine and Surgery of the University of Bombay for the year 1891 is desirous of prosecuting in England or on the Continent of Europe or partly in one and partly in the other place the study of Midwifery and the diseases of Women and Children for a period of two years and to obtain the Diplomas of the Royal College of Physicians and Surgeons in Edinburgh and the degree of L. M. of Midwifery and Gynocology of Rotunda Hospital of Dublin and also the certificate of Specialist in Diseases of Children from the London Hospital and thereafter to set up as a medical practitioner in this Country in (amongst other subjects) midwifery and diseases of women and children and the said Jamsetjee Nusserwanjee Tata in which the same or any part thereof may be invested may in the ordinary course of business be deposited or come nor for the nonapplication or misapplication of any moneys which may be paid or expended by them or the loss of any moneys which may be forwarded by them to England or any place on the continent in the execution of the trusts and powers of these presents nor for any other loss unless the same shall occur through their own wilful default respectively nor shall anything contained in these presents create or be deemed to create a personal contract or obligation on the part of them the said Committee with or towards the said Freany K. R. Kama except in so far only as the funds which may so be placed in their hands as aforesaid may avail and be sufficient to fulfil such contract or obligation. In Witness Whereof the parties to these presents have put their respective hands and seals the day and year first hereinabove written.

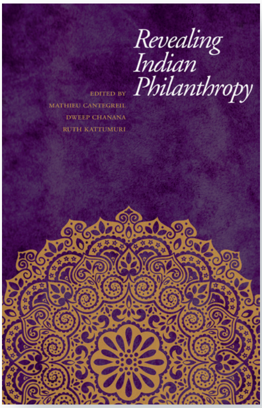
Signed Sealed and Delivered by the within-named Jamsetji Nusserwanji Tata and Freany K. R. Cama respectively in the presence of

P. J. Padshah.

D. B. Hakim.

Jamsetji N. Tata

Freany. K. R. Cama.



India is set to become one of the world's leading producers of wealth. The country has a long tradition of giving and it should therefore come as no surprise if it also takes the lead in philanthropy. However, philanthropy in the country remains largely undocumented compared to other leading philanthropic nations.

From the role it played in supporting the establishment of modern India to the innovative work of recent years, philanthropy has played, and continues to play, a critical role in the development of the country. The current resurgence of Indian philanthropy shows us that there remains a culture of giving. This culture, replete with imagination and talent, should provide inspiration to philanthropists throughout the world.

This book sheds light on the great story of Indian philanthropists – a story that is often unknown, forgotten or misunderstood. In so doing, it offers an optimistic view of the state of philanthropy in the country and seeks to inform and inspire emerging Indian philanthropists to build ambitious visions of what they can achieve.

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