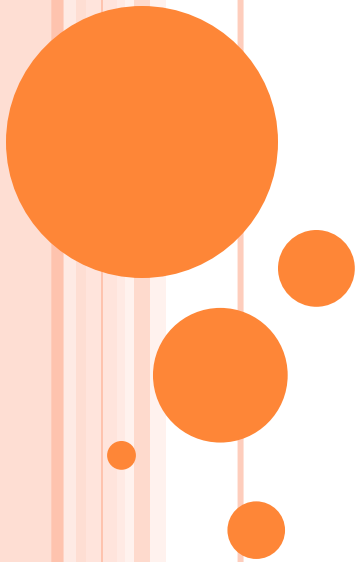


**FROM GAINING TO
GIVING WEALTH:**

**THE SHAPING OF
A NEW GENERATION
OF PHILANTHROPIC
FOUNDATIONS
IN INDIA**

Emily Jansons



OVERVIEW

- Introduction
 - Focus, Methodology
 - Context in India
- Who are Hyperagents? And what do their Foundations look like?
- The Business Connection
- Implications for Foundations
- Looking Ahead



RESEARCH FOCUS

How can we understand emerging corporate and private Indian foundations through the lens of their founders?

1. How can we understand these Indian business leaders cum philanthropists?
2. How does their background shape the foundations they establish?
3. What role are these foundations playing, and what are the implications for India's philanthropic and socio-economic development sector?



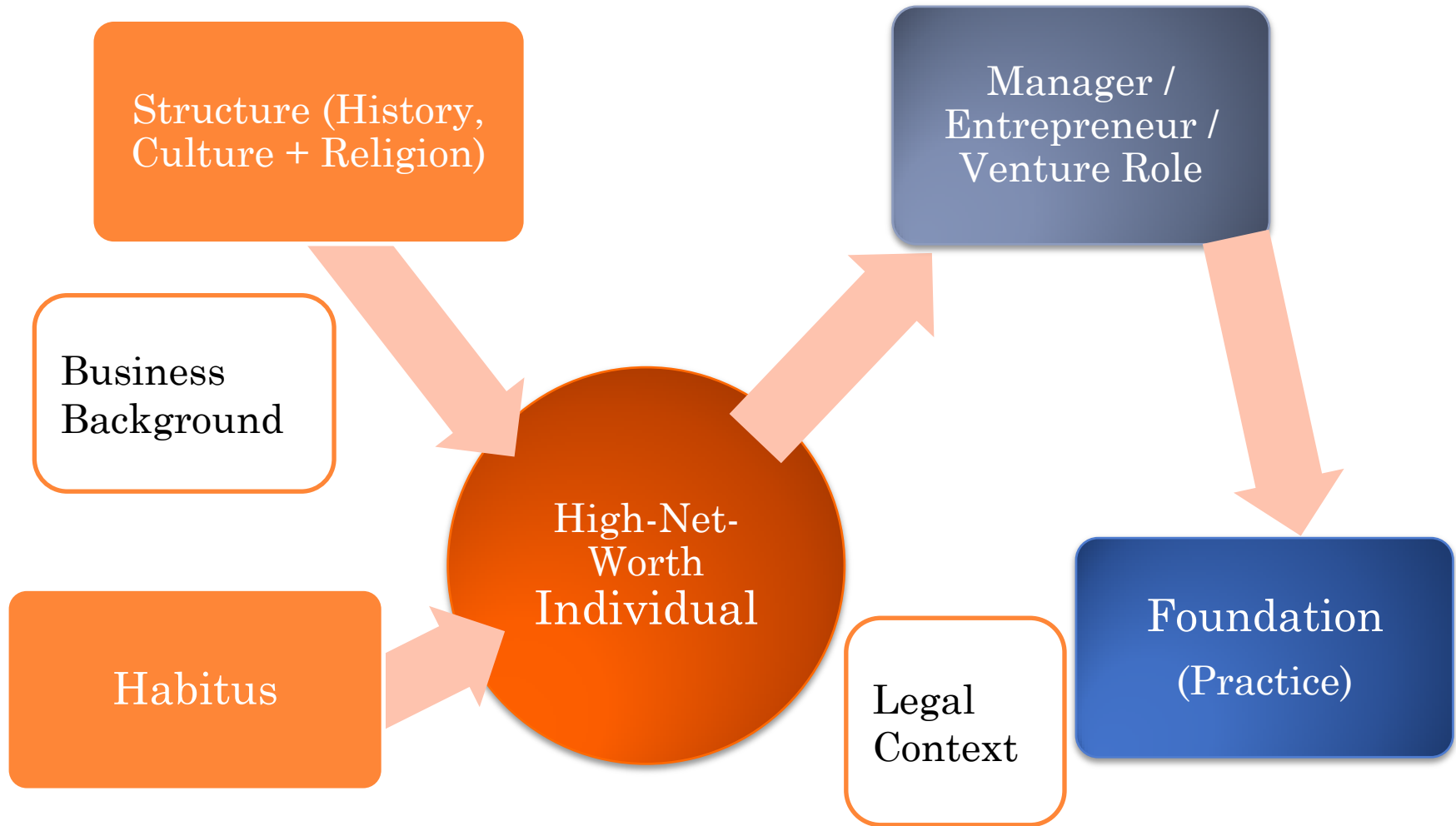
WHO? (TARGET GROUP)

- Wealth earned from business (predominantly since 1991 economic liberalization)
+ Indians engaging in domestic philanthropy
- Billionaires in India (*Forbes*):
 - 48 in 2012
 - 55 in 2013 (total net worth of \$194 billion)
- HNWIs in India:
 - 158,000 dollar millionaires
 - 1,500 individuals with over \$50 million
 - 700 with more than \$100 million

(O'Sullivan and Kersley, *Global Wealth Report 2012*)



FRAMEWORK



Drawing on: Schervish 2003; Schervish, Herman, and Rhenisch 1986.

METHODOLOGY

○ Qualitative

- Exploratory, Inductive
- Primary & Secondary analysis

○ 63 conversations:

- 46 semi-structured in-person interviews
- 10 corporate foundations
- 9 individual (private) foundations
- Experts, philanthropic organizations, NGOs, media, government, industry bodies
- Delhi, Mumbai, Pune, Bangalore (2012)

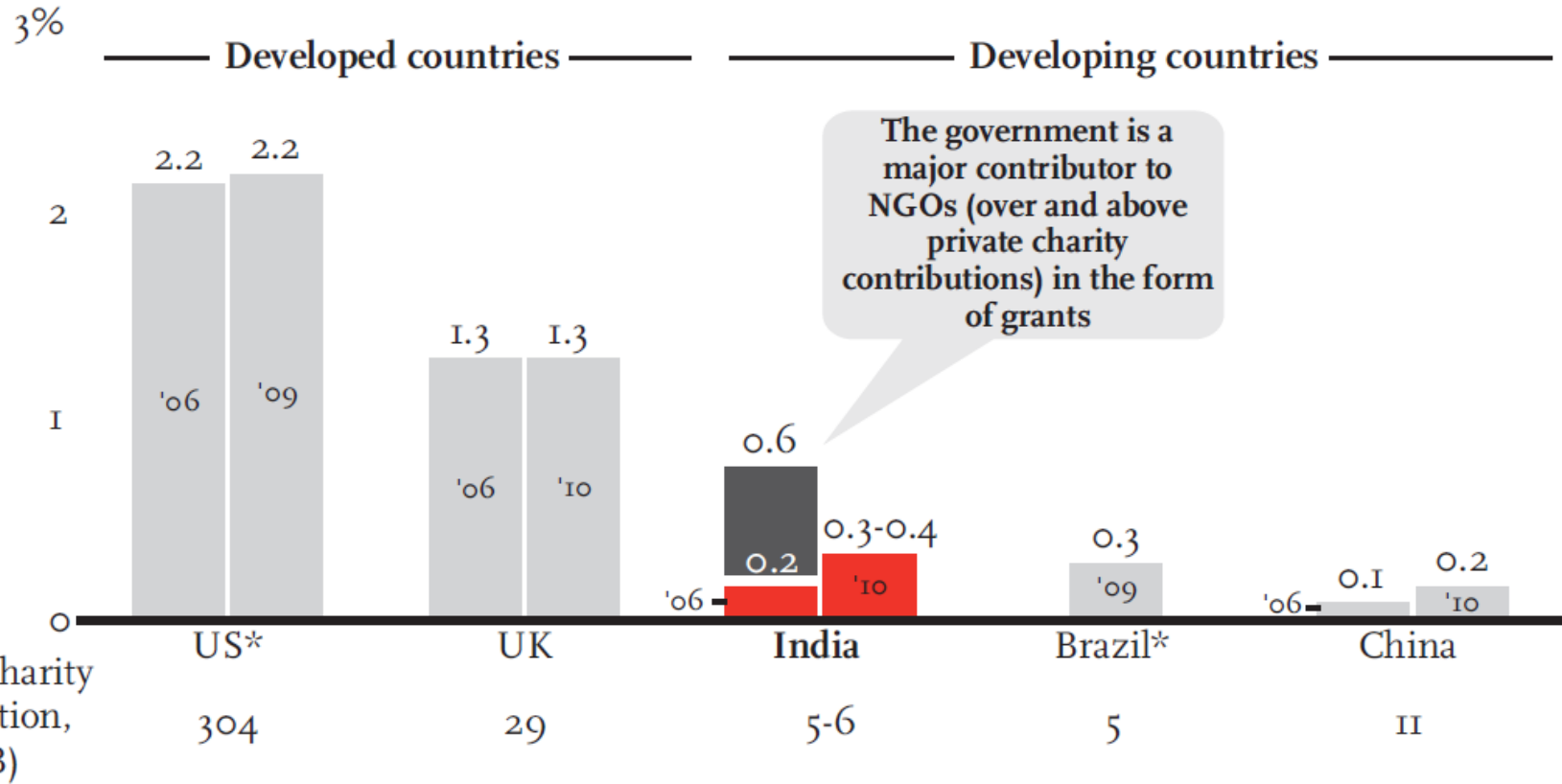
○ Literature review, foundation websites and documents, reports by consultancies, media coverage, observations

- Motivations
- Structure of foundations
- Areas (sectors) of focus
- Partnerships
- Enablers & Challenges



CURRENT GIVING IN INDIA

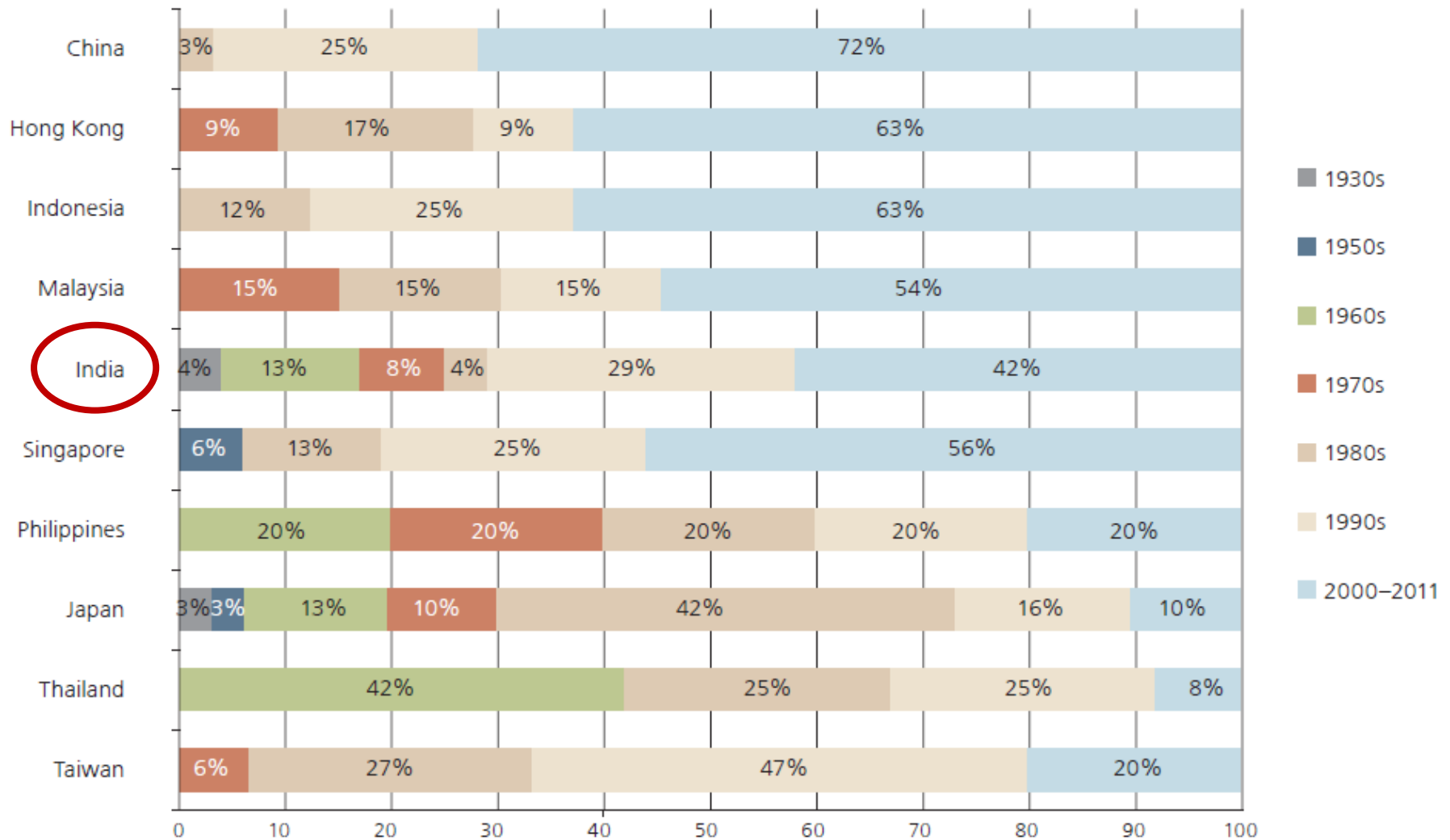
Private charity contribution as % of GDP



Source: Arpan Sheth and Madhur Singhal, Bain & Company "India Philanthropy Report 2011"

PROLIFERATION OF FOUNDATIONS

Philanthropic Unit Decade of Establishment



Source: UBS-INSEAD Study on Family Philanthropy in Asia, 2011

FOUNDATION REGISTRATION (FEDERAL LEVEL)

Societies	Trusts	Section 25 Companies
Societies Registration Act, 1860	Indian Trusts Act, 1882	India Companies Act, 1956
Min. 7 individuals to form	Min. 1-2 trustees	Min. 3 individuals to form
Charitable societies, promotion of science, literature, education, fine arts, museums.	“Relief of poverty or distress; education; medical relief; the advancement of any other object of general public utility.”	“Promoting commerce, art, science, religion, charity or any other useful object.”
Governed by council or managing committee	Governed by trustees	Governed by directors, managing committee or council elected by members
Most NGOs	Most Foundations (esp. private)	Some Foundations (esp. corporate)
3.17 million (March 2012)		3,350 (March 2012)

TAX CODE (INCOME TAX ACT, 1961)

○ Tax Exemption:

- If generate profit, lose tax-exempt status.
- Must spend 85% of its income in any financial year.
- Must keep basic record of all donors (anonymous donations taxable at up to 30%).

○ Tax Deductions for donors:

- Section 80G: 50% tax exemption
- Section 35AC: 100% tax exemption
- Deductions may not exceed 10% of donor's gross income



WHAT IS HYPERAGENCY?

- “They are not *consumers* of the social agenda, but rather *producers* of it”

- 1) Wealth at an early age
- 2) Intelligent
- 3) Strong will to translate business orientation into philanthropic engagements

Empowerment:

- Psychological
- Spatial
- Temporal

'TYPICAL' FOUNDATION

Established	Mid-2000s
Founder's age	50s-60s
Geographic	Local; home village; expand over time
Model	Operational or Mixed
Area of focus	2/3 rd education; 95% education, health or livelihoods (often mixed)
Outcomes	Tangible, Easy to measure
Research	Basic surveys
Mission	Broad, evolving
Role	Between Driver & Catalyst

INTER-GROUP MISTRUST

Government

- Companies Bill 2012: mandates 2% of profits to CSR for companies of certain size
- Suspect money laundering

- Increased regulation of NGOs, including of foreign funding (FCRA 2010)
- Red-tape, corruption

Private

- Lack professionalism, accountability
- Suspicion of profiteering

Civil Society

INTER-GROUP COLLABORATION

Government

Public-private
partnerships
(e.g. Mid-day
meal scheme)

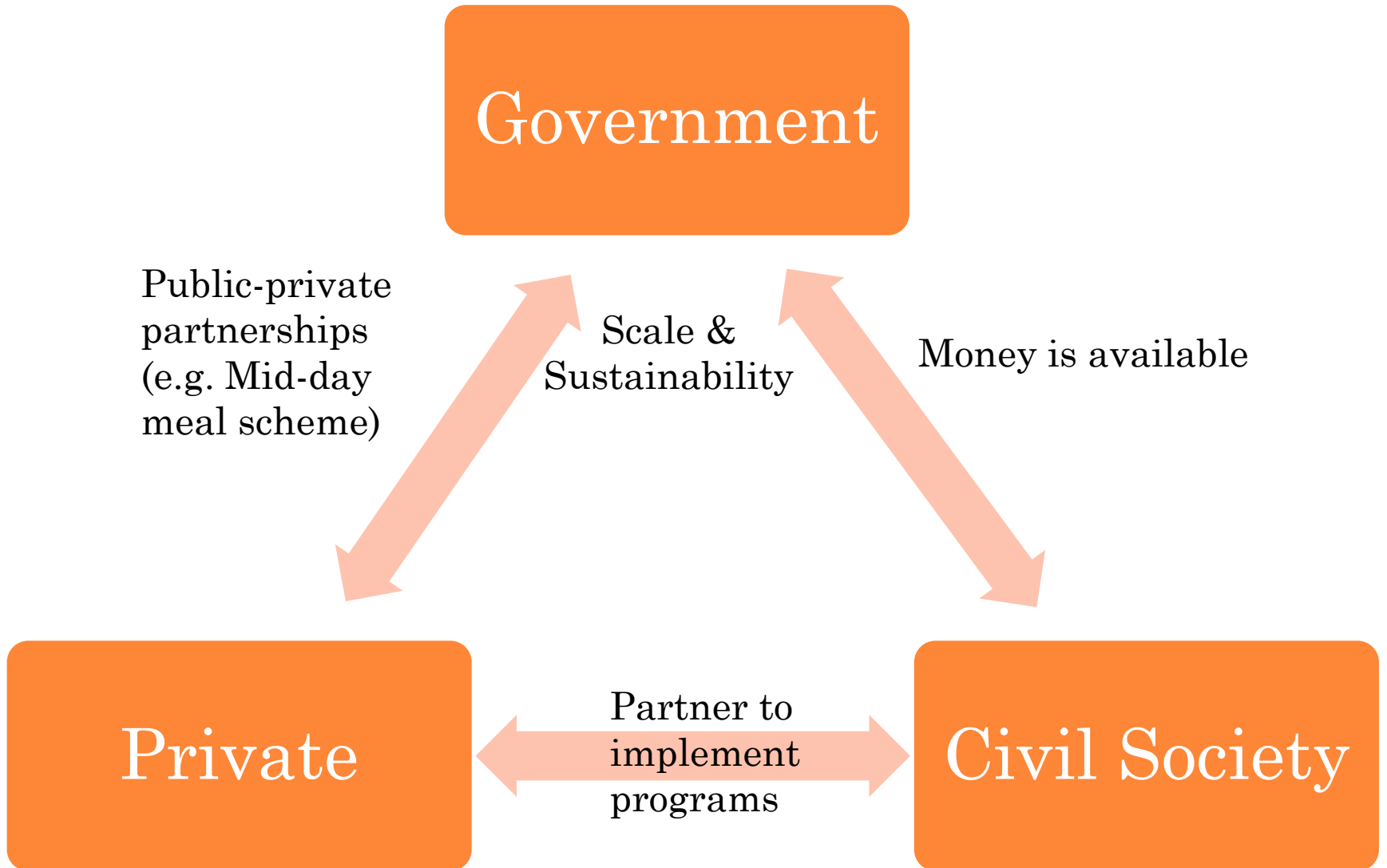
Scale &
Sustainability

Money is available

Private

Partner to
implement
programs

Civil Society



BUSINESS INFLUENCES

Positive Transfer	Negative Transfer	Should Do More
<ul style="list-style-type: none">• Use business experience• Emphasis on measurement, return on investment• Demand for professionalism from partners• Active engagement by founder	<ul style="list-style-type: none">• Close kinship ties• Micro-managing• Blur personal and corporate• Over confidence	<ul style="list-style-type: none">• Risk-taking• Pursue new approaches and fund more sensitive issues

WHO WILL BE THE CATALYST?

- Government: control over policy, legislation, and holds the most funds
- Private foundations:
 - Pilot models to be replicated, scaled-up
 - “Innovation will not come from the government; we will have to do innovation at our end.”
- Philanthropic organizations: support role; need more robustness



LOOKING AHEAD (TRENDS)

- Proliferation of operational foundations
- Emergence of forums, associations, groups, i.e. philanthropic infrastructure
- Religious giving remains
- Some moving into neglected niches
- Paradoxes / Tensions to continue

- Need for more:
 - Collaboration & Leadership
 - Training of development-sector professionals
 - Focus on socially / politically unpopular areas
 - Research



SUMMARY

- Indian Hyperagents:
 - Entrepreneurial role
 - Spatial and psychological empowerment
 - Foundations: driver and catalyst role
- Business plays mixed role
- Collaboration exists amidst mistrust

“Do we want to address the symptoms of social inequity? Or do we want genuine social transformation?” (–R.Nilekani)



THANK YOU.

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