

# DIASPORA GIVING: AN AGENT OF CHANGE IN ASIA PACIFIC COMMUNITIES?

## INDIA

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### Introduction

India's diaspora has been likened to a great Banyan tree "that has thrust down roots in soil which is stony, sandy, marshy—and has somehow drawn sustenance from diverse unpromising conditions. Yet the Banyan tree has itself changed. Its similarity to the original growth is still there, but it has changed in response to its different environments" (Jayaram, 2004, p.15).

After centuries of migration, this great spreading Banyan can no longer be seen as a single entity. Secondary trunks have established roots in over 133 countries and the diaspora is now more akin to a forest than a tree, with a plethora of "diasporas" including the "old diaspora," the "new diaspora," and within them the "twice-banished," "brawn," "knowledge," and "dollar" diasporas. Their links with the Motherland range from vibrant and tenacious to virtually non-existent as the relationships are profoundly affected by "personal circum-

stances, proximity to the subcontinent, (and) the timing, nature, and purpose of the original departure..." (Lal, 2007, p. 13). For third-generation diaspora in Sumatra, 60% to 70% of whom have never been to India, the country is the distant land of their ancestors, and they have little by way of an ongoing relationship with it. In contrast, first-generation information technology (IT) professionals in New York may call home every day and visit the country frequently. The Hong Kong-based Sindhi businessman and the Keralite construction worker in Qatar have other distinct relationships with India. Mark Sidel, a professor of law at the University of Iowa and an expert in Asian diaspora studies, noted, "Every kind of diasporic Indian group has its own sort of relationship with India and with a homeland portion of India, a diversity in diasporic relationships with the mother country that builds upon and complicates the complexity of the diaspora experience" (Sidel, 2004, p. 220).



Beyond the classification of diaspora subgroups mentioned above there are additional distinctions *within* subgroups, such as caste, creed, region, language, and socio-economic status. These tend to divide the Indian diaspora into even smaller, narrower affinity groups and further define their relationship with India.

Not surprisingly, recent efforts to create a pan-Indian identity among the diaspora have met with little success. Most members of the diaspora maintain a strong regional and linguistic identity and see themselves as members of a Gujarati or Bengali diaspora rather than the Indian diaspora. These affinities are evident in the large numbers of regional and cultural associations in countries with diaspora communities. For example, it is estimated that there are over 1,000 Indian American associations, such as the Telugu Association of North America (TANA). Many individuals also associate closely with professional peers through groups such as the Asian American Hotel Owners Association (AAHOI), which encourage and strengthen these identities.

These complex affiliations of Indian diaspora communities have a profound impact on the philanthropic practices of the Indian diaspora(s). “Many Indians in the United States belong to multiple and overlapping communities of ethnic origin, religion, and occupation, creating a complex mosaic of affiliations that directly affect philanthropy back to India...” (Sidel, 2004, p.220). These affiliations are important in the context of diaspora philanthropy because they yield considerable influence over the “allocation of individ-

ual and collective philanthropic resources back to their country of origin” (Merz, Chen, and Geithner, 2007, p.3).

This paper examines diaspora giving—charitable giving from individuals who reside outside of their homeland back to their countries of origin—among the complex Indian diaspora. It reviews the historic patterns and profile of Indian migration, explores the scope and scale of current giving, and looks at the beneficiaries and impact of charitable transfers. It reflects on whether diaspora philanthropy<sup>1</sup> has shifted from an *ad hoc* to a more strategic practice contributing to sustained social change, and highlights several examples of strategic giving. It assesses the roles of government and of civil society in strengthening and supporting diaspora philanthropy, and concludes with recommendations to further strengthen and support strategic giving from India’s vast and accomplished diaspora.

This paper is greatly strengthened by prior research on Indian diaspora philanthropy (Taplin, Viswanath, Gopakumar, Rustogi, Sidel, Lal, Kapur, Mehta, Dutt and Najam), and the author gratefully acknowledges the work of these scholars, many of whom are referenced throughout the text. At the same time, the current study is constrained by the same broad limitations faced by other researchers: existing literature is far more qualitative than quantitative, and the research focuses almost exclusively on the Indian American diaspora. The information cited and conclusions drawn in this paper reflect these constraints.

## Profile of the Indian Diaspora

“Like other movements and displacements of people, the Indian diaspora grew out of many causes and several crossings” (Lal, 2007, p.10). Significantly, Indian emigrants have always migrated of their own volition, primarily driven by economic and job opportunities. This economic migration particularly in recent years, has been encouraged and facilitated by many factors such as “the presence of an agency facilitating immigration, the policy framework governing the movement of populations both in the homeland and recipient country, convenient and economical modes of transport, etc” (N. Jayaram, 2004, p. 24).

While Indian migration has spanned several centuries, for the purposes of this study it will suffice to briefly review migration since the beginning of the 19<sup>th</sup> century. Migration during the last two centuries is often viewed as two major exoduses, one that began in the 1830s and lasted until the 1950s, and a second beginning in the 1950s and continuing through today. Each of these phases is further broken down into three somewhat distinct waves.

The first major exodus came in the wake of European colonial and commercial expansion and resulted in communities that are now referred to as the “old diaspora.” This exodus includes three distinct waves of migration. The first wave (1834 to 1920) was composed of thousands of unskilled “indentured laborers” who migrated under a recruitment system sponsored by the colonial government. Most were from north India and they were sent to work in the British colonies of Fiji, British Guyana

and the Caribbean, the French colonies of Guadeloupe and Martinique, and the Dutch colony of Surinam. The second wave, which began in the third quarter of the 19<sup>th</sup> century and continued to the 1930s, was composed largely of individuals recruited from south India through the *Kangani* and *Maistry* systems to work in Sri Lanka, Malaysia, and Myanmar. The most important distinction between the two waves was that the ‘indentured’ laborers of the first wave were bound by individual contracts to work for a certain period of time, while those who migrated under the *Kangani* or *Maistry* (meaning supervisor) system were legally free and not bound by any contract.

By 1938 these systems of recruitment were officially abolished but migration continued with a third wave—extending well into the first half of the 20<sup>th</sup> century—referred to as “free” or “passage” migration. “Free” emigrants were not bound by any contract and they paid their own “passage.” Many emigrants in this wave were self-motivated traders, clerks, and bureaucrats from Gujarat and Punjab and most of them settled in southern and eastern Africa and other British colonies. During this period a substantial number of laborers also went to work for the African Railways and there was the en masse migration of 30,000 Jews to Israel during the same period.

Over many decades the ties between these early Indian communities and their motherland have become almost non-existent despite persistent commonalities of religion, culture, and language. The second and third generations identify themselves only with the country of settle-



ment, and though they are more affluent and better placed than the first generation “their weaker identification with India has attenuated their philanthropic inclinations (Kapur, Mehta & Dutt, 2004, p.181).”

The second major phase of Indian migration, which has resulted in the new diaspora and ‘diasporas within diasporas’ (e.g., the dollar, knowledge, brawn, and twice-banished diasporas), began in the 1950s and continues through today. Emigrants during this period include students, professionals, and unskilled workers who have settled in various parts of the world. Here again one can see three broad patterns or waves of migration.

The first wave, which began in the 1950s and continued to the mid-1960s, saw substantial numbers of students and professionals going west in pursuit of higher studies and job opportunities. The favored destination was the United Kingdom, which was also the recipient of large numbers of skilled and semi-skilled workers, mostly from Punjab and Gujarat, who were motivated by the acute shortage of manpower resulting from the casualties of the two world wars. Scores of Anglo-Indians—descendants of intermarriages between Indians and the English who felt marginalized in the aftermath of Indian independence—also migrated to the United Kingdom, as did the descendants of the Indian diaspora who had migrated as indentured labor in the 19<sup>th</sup> century, resulting in the twice-banished diaspora.

The 1970s and 1980s witnessed two simultaneous but very distinct waves of migration triggered by two unrelated events—the oil boom in west Asia and a

new more liberal immigration policy in the United States—and “characterized by very different groups of emigrants” (Kapur et al., 2004, p.181). One group was composed of semi-skilled and unskilled laborers who traveled to west Asia following the discovery of oil and the consequent boom in construction. These communities of migrants are sometimes uncharitably referred to as the “brawn diaspora.” The majority was low-paid, working in the ports and construction sites or in domestic situations as cooks, housemaids, or drivers. They migrated with the sole purpose of making a better life for themselves and for their families, and their modest earnings were spent on providing for the economic needs of their families in India. Philanthropic inclinations, if any, were limited to small contributions to the temple or *madrassa* in their hometowns.

According to statistics released by the Ministry of Labor (Rajan, 2003, p 4), the annual volume of contractual labor migration from India grew from 0.11 million in 1985 to 0.20 million in 1991 and peaked at 0.44 million from 1992 to 1997. However, the late-1990s witnessed a fall in migration to 0.20 million due to regulations imposed by the United Arab Emirates, Saudi Arabia, and Bahrain as part of a policy to lower immigration flows. But by 2000 the annual flow was again on the increase, touching 0.37 million in 2002. The bulk of labor migration, an estimated 95%, has been to six destinations: Saudi Arabia, United Arab Emirates, Bahrain, Kuwait, Oman, and Qatar. It must be added that these figures do not include 17 categories of people—skilled workers, professionals and others—who do not require emigration clearance.

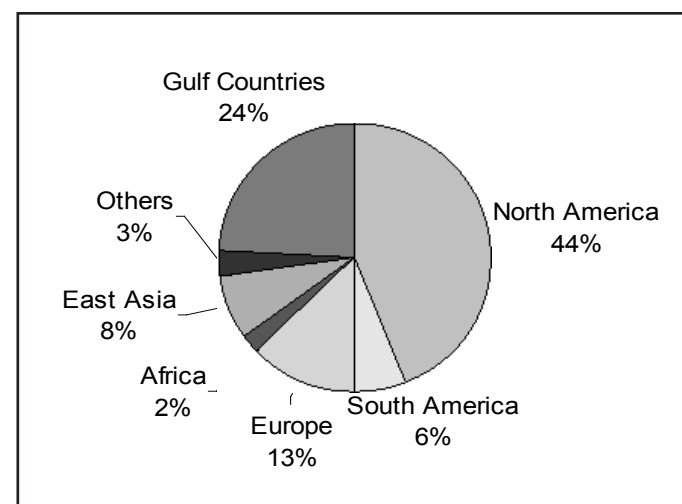
The second wave comprised a large number of professional individuals, including scientists, engineers, and other professionals—often seen as “India’s brightest and best”—who opted to work in the United States following the enactment of the 1965 U.S. Immigration & Naturalization Act. Very broadly, this Act replaced country-specific immigration quotas with a system favoring family reunification and workers in occupations with labor shortages. Professional migration to the United States was further boosted in the mid-1990s, when a surge of IT professionals took advantage of a special visa that enabled them to work in the United States for up to six years with the possibility of permanent residence. The extent of this migration can be gauged by the fact that in 1998 Indian migrants accounted for 47% of the 69,000 temporary workers admitted to the United States. In addition, many Indians who had initially gone to the United States as students stayed on after completing their studies. According to the 2001 U.S. Census, the number of Indian Americans rose from 0.39 million in 1980 to 0.81 million in 1990 and 1.68 million in 2000. (Kapur, Mehta, Dutt, 2004, p.193) This substantial community of professionals of Indian origin are referred to as the knowledge or “dollar diaspora.”

This wave of migration to the United States is particularly important in the context of diaspora philanthropy because it was substantially made up of young professionals who were financially and socially better placed than those who had preceded them and were therefore more inclined to philanthropy. Concurrently, globalizing trends and the growing ease of communi-

cation and travel made it far more likely that immigrants would maintain ties with India. As noted by Kapur et al. (2004, p. 182), “With the increasing globalization of trade, investments and mobility these citizens tend to be ‘global citizens’ willing to be philanthropic both in their country of adoption and their country of origin.”

The growing numbers of migrants, the shift from unskilled laborers to highly skilled professionals, and the changes in favored destinations have resulted in concomitant transformations in the level and source of remittances to India. Remittance receipts to India have grown steadily for years and dramatically since 1990 when they began rising from a modest US\$2.1 billion to US\$25.7 billion in 2006 and US\$27 billion in 2008. (Varma 2007 and ENS Economic Bureau, 2008). In 1990-91, over 40% of remittances came from West Asia and 24% from North America, but by the late 1990s 44% of remittances originated in North America and 24% in West Asia (Chishti, 2007, p.10).

Table 1. Source regions of remittance flows to India



Source: Reserve Bank of India Bulletin, November 2006.



This brief summary of some of the most significant aspects of Indian migration illustrates that “the sun does not set on the Indian diaspora” (Report of the High Level Committee, 2001, p. v).

Table 2 • Table of countries with estimated Indians above 100,000 in 2001\*

COUNTRY	TOTAL
Australia	190,000
Bahrain	130,000
Canada	851,000
Fiji	336,829
Guyana	395,350
Kenya	102,500
Kuwait	295,000
Malaysia	1,665,000
Mauritius	715,756
Myanmar	2,902,000
Netherlands	217,000
Oman	312,000
Qatar	131,000
Reunion Island	220,055
Saudi Arabia	1,500,000
Singapore	307,000
South Africa	1,000,000
Surinam	150,456
Trinidad & Tobago	500,600
United Arab Emirates	950,000
United Kingdom	1,200,000
United States of America	1,678,765
Yemen	100,900

This includes People of Indian Origin – those who have held a Indian passport at anytime or those who have parents, grandparents, great-grandparents born in and permanent residents of India.

Non-resident Indians - those who hold Indian passports and reside abroad for an indefinite period.

Stateless population - those who stay without proper documents.

\*Source Ministry of External Affairs, 2001.

## Diaspora Giving Practices and Patterns

### *Scale of giving*

The absence of quantitative research makes the task of assessing the scope and

scale of diaspora philanthropy virtually impossible. The only published information on foreign contributions in support of development and charitable purposes is the data prepared by the Foreign Contributions (Regulation) Act (FCRA) Division of the Ministry of Home Affairs. The Reserve Bank of India has additional data on remittances but the data does not indicate the portion of remittances intended for philanthropic purposes. Most FCRA information pertains to funds received from international agencies, foundations, and institutions. Notably, FCRA does not provide a breakdown of diaspora receipts. Neither does it track charitable contributions sent through family, friends, or other informal channels.

Information gaps notwithstanding, based on general upward trends in remittance levels and foreign inflows and qualitative studies on diaspora giving, it is reasonable to conclude that charitable resources received for development and disaster are also increasing. Sidel (2004, p. 247) noted that, “Giving has increased in virtually all sectors of the Indian ethnic, geographic, generational, religious and occupational communities in the United States through a variety of channels, unconstrained by coordination or even substantial common information...”

### *Frequency of giving*

One study, conducted by R. Gopakumar in 2000 to 2001, attempted to assess the frequency of giving among the diaspora in the United States (Kapur et al., 2004, p.187). Of the 150 respondents, 57.4% said they had given to charity three to five times

in the previous two years. Seven percent had donated more than US\$3,000 during this period, 14% had given between US\$500-1,000 and 19% between US\$1,000- 3,000. The most popular cause for giving was natural disasters, which had prompted 41% to donate. However, it must be noted that the sample size was small and the study was conducted primarily among academicians and researchers and was not representative of the general population.

#### *Motivations for giving*

Similarly, there is no comprehensive study on the diaspora's motivations and propensity for giving. However, several studies (see studies by Taplin, Viswanath, Gopakumar and Rustogi in the United States and Viswanath in South East Asia and west Asia in the aftermath of the Gujarat earthquake), though restricted in size and representation, provide valuable insights on these issues.

In the study by Taplin (2002), motivations for giving among the U.S.-based diaspora were found to be fundamentally connected to their Indian roots and the core Indian values of personal relationships, family, and religion. This was also evident in a focus group discussion that was conducted by Viresh Rustogi, in 2002 (Taplin, p.10) in which “the majority of participants placed a high value on family relationships in the context of giving.” Most said they gave only to “family and friends in need and organizations and causes that their parents and elders supported” and that they were “less likely to donate to organized causes because it lacks the relationship aspect (Taplin, p. 10).”

Taplin (2002, p. 13) also reported a motivation among the diaspora to do something for their homeland and referred to a small study of Indian American entrepreneurs in which respondents talked of the need to move away from traditional notions of charity and philanthropy to “social entrepreneurship” described as, “giving grants to innovative individuals and organizations to stimulate grassroots social change and investing in economic empowerment to create employment and a higher standard of living” (Taplin, p. 4). Other studies suggest that, in addition to family and religion, “altruism may stem from the cognitive payoff gotten for recognition in the diaspora community as well as the source country; the idea of a strong, economically vibrant and socially just homeland as a source of self-esteem; or broader business interests wherein philanthropic actions create goodwill and entry points for business deals” (Kapur et al., 2004, p.192).

#### *Beneficiaries of diaspora giving*

Given these sentiments, it is not surprising that families are the principal beneficiaries of diaspora giving. In the Indian context, remittances enhance domestic budgets and make it possible for families to avail themselves of better education and health care, invest in land, start a business enterprise, or build a nest egg for the future. There is also evidence that parts of remittances are set aside for social causes, such as the maintenance of the local mosque, feeding the poor, or perhaps a scholarship at the local school. As noted by Johnson (2007, p. 7) “Several recent studies have underscored the fact that many individuals choose to



use family and close friends as conduits for charitable gifts and social investments, believing that they are the most trustworthy of intermediaries and those best able to identify local needs. The size of these gifts can range from small monetary contributions to fairly significant investments.”

Faith-based organizations also appear to be receiving a substantial volume of diaspora funds. In 2005 to 2006, eight of the top 15 recipient associations of foreign contributions were religious organizations (FCRA Annual Report 2005-06, p.20). This again is not surprising given the fact that the giving of *dhaan* or charity to the less fortunate is a way of life to most Indians. Even the poorest individuals set aside a few *paise* to give in alms or to the local temple, “the traditional assumption being that the giving of alms will reap religious merit (read: salvation)” (Viswanath, 2003, p.12). Giving to faith-based organizations may also reflect the desire to adhere to “the charitable traditions of their family,” the general trust in faith-based groups, and the desire for practical evidence that their money is being well spent” (Taplin, 2002, p.4).

Responding to the diaspora’s charitable priorities, religious organizations have begun some remarkable initiatives and have become leaders in social and economic development. The Mata Amritanandmayi Math in Kerala, seventh on the Reserve Banks 2005-2006 list, with receipts amounting to US\$18.96 million, is an example of a faith-based organization that draws huge donations from the diaspora. It runs 33 schools, 12 temples, 34 welfare centers, and hospitals and hospices for

the poor and needy. It also builds 25,000 homes annually for the homeless. Similarly, the Satya Sai Central Trust, which received US\$16.03 million in the same year, runs several educational institutions and hospitals. Its drinking water project (seen as a best practice the world over) has changed the lives of hundreds of thousands of people in arid areas of Andhra Pradesh. It is said that when Swami Satya Sai Baba initiated the water program in 1995, US\$75 million poured in from various parts of the world (Paranjape, 2005, p. 245).

Support for all levels of education—including primary, secondary, technical and higher education—is also a high priority among the diaspora. The educated diaspora, who have high aspirations for their country, believes that access to quality education is the cornerstone of a better future for India. Such sentiments have enabled non-governmental organizations (NGOs) like Asha for Education to raise US\$1 million every year for their projects. In recent years fund-raising for education has also become a priority for alumni associations. Wealthy alumni of the prestigious Indian Institute of Technology (IIT), such as Vinod Khosla, Desh Deshpande, Raj Mashruwala, and Rajat Gupta, have raised millions of dollars for the upgrading of student facilities. Gupta also took the lead in bringing together the Indian diaspora and Indian corporations to establish the world class Indian School of Business in Hyderabad.

Unfortunately, giving for education has recently been adversely affected by the Bharatiya Shiksha Kosh (Indian Education Fund) initiated by the government in January 2007. The fund seeks to centralize

all overseas donations for education and donors are required to send contributions to it but allowed no say in how their money will be spent. Not surprisingly, IIT Mumbai has not received any contributions since the inception of the fund. To quote an IIT alumni, “Most of us have very little confidence in the Government of India doing the right thing as decisions are heavily influenced by political considerations” (Anonymous, retrieved on 10/23/07 from <http://www.newsindpress/Newsitems.asp?>)

In addition, many areas of health and medicine, from primary to tertiary care, are receiving considerable contributions from the diaspora. The American Association of Physicians of Indian Origin (APPI), representing 35,000 physicians across the United States, has been mobilizing huge amounts for equipment, supplies, hospitals, and clinics in several Indian states and for the reconstruction of hospitals damaged in the Gujarat earthquake. The association recently signed a Memorandum of Understanding with the Government of India to execute two pilot projects in Andhra Pradesh and Bihar.

In recent years, several other social development issues—including micro-credit, information technology, digital equalizer projects, and women’s empowerment—have also been receiving significant support, although even less is known about the trends or levels of giving in these areas.

### *Channels of giving*

As interest and ability to “give back” have both grown, giving channels or vehicles have increased and diversified. Distribution channels are critical to diaspora philan-

thropy because they affect both the volume and the purposes of giving. As Adil Najam observed, “...the biggest hurdle to more and better directed diaspora giving is *not* a paucity of resources within the diaspora, it is a dearth of dependable instruments of giving that the diaspora communities have confidence in” (Najam, 2007, p.145). This has, in fact, been noticed in West Asia, where vast resources of the diaspora Indian community remain untapped because, “The Indian expatriates don’t know how to channel their funds” (Viswanath, 2003, p. 62).

Perceived limitations notwithstanding, since the 1990s, the Indian American diaspora has become increasingly organized, compared to other Indian diaspora communities. Sidel (2004, p. 221) categorizes eight vehicles of giving available to the American Indian diaspora:

- Informal family and personal networks
- Faith-based intermediaries
- International U.S.-based NGOs (e.g., CARE)
- U.S.-based public charity affiliates of Indian NGOs (e.g., CRY/US, PRATHAM)
- Indian American umbrella occupational, ethnic, professional, religious, alumni, and cultural groups (e.g., Telugu association of North America (TANA), the Federation of Kerala Associations in North America (FOKANA), American Association of Physicians of Indian Origin (AAPI) etc.)
- Indian American philanthropic groups (e.g., American India Foundation)
- High-technology and other companies with operations or other interests in India



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- American philanthropic intermediaries with donor-advised or 'venture' bases (e.g., Acumen Fund)

In addition to these categories there are:

- Intermediaries (e.g., Give2Asia, United Way, Charities Aid Foundation)
- Online giving (e.g., Asha for Education, CRY)

Of these many options, most overseas Indians prefer to give through informal channels of family and personal networks and Indian American occupational, ethnic, religious, and professional groups.

Informal channels are said to be preferred by the diaspora because: (1) it is easier and simpler to give in cash while visiting India or through friends and relatives when they travel abroad; and (2) official institutions and formal organizations are not trusted. Some Indians also use the *hawala* networks — a money-transfer mechanism without the movement of money—because they provide quick door-to-door transfer of money and advantageous exchange rates. Moreover, these agents operate in remote areas and distant villages where there are no banking systems. In fact, Western Union is now trying to reach this customer base, through a partnership with the Indian Post Office that will enable Western Union to use the post office's network of 150,000 offices—the largest in the world—to access remote areas.

Indian American umbrella occupational, ethnic or professional and religious groups are also becoming increasingly popular modes for giving for their members. The Telugu Association of North America, with 10,000 members across the United States and Canada, supports development and

disaster relief works in the state of Andhra Pradesh; in 2001 it channeled US\$800,000 for various development projects including scholarships, a Hepatitis-B treatment program, and other projects. Members of The Indus Entrepreneurs (TiE), a professional network that supports entrepreneurship and venture capital, are collectively donating to the five IITs and other health, education and relief-related causes in a number of Indian states.

*Regional variations to diaspora giving*

The propensity of a diaspora to give is largely influenced by its wealth, its community organization, and the length of time its members have resided outside of India. It also appears to be affected by the philanthropic culture in which the diaspora resides. Kapur et al. (2004, p.193) note that the philanthropy of the knowledge diaspora appears to be drawing “its lessons from the patterns of the culture it is imbedded in (the United States) rather than the culture in which its origins lie (India).”

The U.S.-based diaspora—which has been growing in size, wealth, and stature—is undoubtedly the most vibrant and the best organized among the Indian diasporas. It practices institutional giving alongside personal giving, and giving patterns among this diaspora are “more or less established and divided along the lines of generations or professional groups” (Viswanath, 2003, p. 15). Typically, first- and second-generation Indian Americans tend to “follow the pattern of homeland counterparts” and prefer to give to their regional, linguistic, or religious compatriots rather than “to India” (Geithner, Chen, and Johnson, 2004, p.

xvi). However, there is substantial evidence that third-generation immigrants are less parochial in their giving and more inclined to respond to national needs in countries of origin. Taplin (2002, p.4) describes them as “bicultural philanthropists—they give to India and [to] the [U.S.] though proportions vary.” Other studies have cited several reasons for this generosity, perhaps the most important being that liberalization of the Indian economy has affected the Indian psyche and options for returning home are more real. “There is a strong sense of connectivity and investing in India (is) viewed as an investment in individual futures” (Viswanath, 2000, p.13).

In comparison, philanthropy among the diaspora in South East Asia—Singapore, Hong Kong, Bangkok and Jakarta—is “more personal, less organized and less institutional” (Viswanath, 2003, p. 14). The Indian diaspora populations in these countries are generally less wealthy and live in smaller communities with weakened ties to each other and to India. Very few appear to be motivated by a desire to give to their homeland; even among those so inclined, it could at best be described as sporadic, generally limited to small donations made while visiting India or through donations to India-centric NGOs.

In fact, giving among the Indian diaspora in Southeast Asia tends to be more focused on their country of residence rather than on India. Hong Kong’s 23,000-strong Indian diaspora, for instance, is synonymous with philanthropic giving, and their contribution to the development of the island has been so immense that there are streets and buildings named after

them. In comparison, its giving to India has been modest because they “don’t relate to India” (Viswanath, 2003, p.23). This sentiment is shared by Indonesia’s 50,000-strong Indian diaspora, whose members felt that since “we live here and benefit from what we do here so we feel we must give back here” (Viswanath, p.32) and by the diaspora in Singapore, which “wanted to identify with Singapore” (Vishwanath, p.40).

In comparison, philanthropy by the diaspora in West Asia has been continuous and generous because of its close ties with India. However, most people prefer to give quietly to India because of “the host country’s legal and at times, unofficial, intimidation, and fear of attracting undue attention” (Vishwanath, 2003, p. 79). Studies have also shown that most migrants live in close-knit groups based on their communities or states of origin. Initially they lean towards community-based giving, such as support of a school or an NGO in the areas of origin, because the new communities they live in are constituted in much the same manner as in their homeland.

However, with emigrants accumulating unprecedented wealth during the last decade, preliminary studies also show that many of them are in favor of creating an atmosphere for giving and organizational networks to support broader social causes or NGOs in their states of origin in India. “Such participation will not only make the process easier; it is likely to make it more accessible to those Indians on the lower rungs of the financial ladder, as well as [to] those who aspire to philanthropy in the near future” (Viswanath, 2003, p.80).



The U.K.-based diaspora uses both formal and informal channels for giving. The more sophisticated and wealthy first- and second-generation individuals and families—the Hinduja, Lakshmi Mittal, Khemka, G.K.Noon, and others—have established trusts to support initiatives in India, and the bulk of philanthropic giving from the U.K.-based Indian diaspora is primarily from them. The reason for this is that, unlike the diaspora in the United States, the U.K.-based diaspora has few links with India. Among the first-generation diaspora, a substantial percentage are [descendants] of the twice-banished diaspora from former British colonies and their ties with India are virtually non-existent. Moreover, many of them have seen difficult times and the stress is on saving rather than [on] giving. When they do give it is primarily to their homeland or villages and it is through less formal channels. For instance, Harsh Patel, a philanthropist of repute spoke of, “54 families from his ancestral village” who met every year in the U.K. and “decided on a range of initiatives to extend support to, and on ways to keep the links with India alive” (Viswanath, 2003, p.95). The second generation is better placed and more philanthropic but their weak links with India has attenuated their giving to their motherland.

An exception to these regional characteristics is giving in times of natural disasters or national crises. In the face of a crisis, the diaspora everywhere responds quickly and gives generously. In the aftermath of the Gujarat earthquake, the Hong Kong diaspora collectively and individually sent donations through international NGOs

such as Oxfam and the Red Cross. The Federation of Tamil Associations in Singapore raised US\$1 million. Though the majority of the diaspora in Indonesia is of modest means they, too, gave generously. Similarly, when the Government of India floated Resurgent India Bonds to bail itself out of an economic crunch in the early 1990s the diaspora everywhere stepped in to help out; the largest number of bonds was bought by the diaspora in west Asia.

Finally, regardless of regional generalizations, there are individuals and groups throughout the world who give regularly and generously to India. The Bohras and Parsee communities of Hong Kong are known for their generosity. Arvind Singh, in Singapore, has been instrumental in raising funds to establish Aavishkaar, which provides fiscal support for micro-ventures in India. B.S. Abdur Rahman, a businessman in Abu Dhabi, has set up scores of schools and colleges in his native state of Tamilnadu to help the Muslim community in India. Indu Yadav in Dubai regularly raises funds for NGOs and charities in India. These are but a few of the many diaspora individuals who personify India’s philanthropic spirit.

## The Impact of Diaspora Philanthropy

### *From charity to strategic philanthropy?*

Over the last 20 years there has been a conspicuous change not only in the volume but also in the intent and form of Indian diaspora philanthropy. Perhaps the most evident feature of this change is the shift from ad hoc giving, aimed at alleviating

charity, to more focused giving that seeks sustainable social change. Many believe that the key catalyst for the shift was the digital revolution of the 1990s. The technology boom created a new class of Indian emigrants with skills and talents that brought them huge earnings, as seen in the Silicon Valley of the United States, where more than one-quarter of startups in the second half of the 1990s were owned by Asian immigrants (Geithner et al., 2004, p. viii). This new wealth resulted in a rapid increase in remittances and charitable giving. More importantly, it ushered in new players and new perspectives and “energized the philanthropic field with new visions” (Geithner et al., p. viii).

Taplin (2002, p.4) describes these individuals as “idealist philanthropists” who approached philanthropy with the “same dedication, resolve and focus as they would with any business venture.” They expected recipient NGOs to have “compelling ideas, strong leadership and a solid business plan.” Donors expected to be able to track their philanthropic “investments” and the impact these had on the intended beneficiaries. Many of these individuals began to give through associations such as TANA, FOKANA, and AAPI in order to leverage their charitable contributions with those of others.

The first documented recognition of this paradigm shift was the February 29, 2000 article by Celia W. Dugger in the *New York Times*, which clearly acknowledged “the capacity of Indians to give to a focused cause” when confronted by a “government that had challenged them to raise a billion dollars for the institutes that educated them.” But as Viswanath (2002, p. 11)

rightly pointed out, the move towards more strategic philanthropic investments in India began in the early 1990s, when members of the Indian American diaspora bailed the Indian government out of an economic crisis by investing in the Resurgent India Bonds. Investments from the United States were second only to the investment by diaspora Indians in West Asia. Viswanath (2002) believed that the real watershed in Indian American philanthropy was in 1999, the year of both the May-July Kargil war with Pakistan and the cyclone that devastated Orissa. Taplin (2002, p. 11) concurred, noting that these two events “brought the Indian American community closer than ever and what emerged was a great mobilization of Indians towards extending support to the government.” More importantly, the philanthropic momentum continued after these crises subsided. The events and the philanthropic response spawned new philanthropic intermediaries and facilitators, new forms of giving, and an exciting new synergy between the government, the diaspora community, and civil society.

Critical to this new synergy was the government’s realization that an enormous reservoir of skills, talent, technology, and resources were available within its diaspora that could potentially be harnessed (as China had been doing with its diaspora since the 1970s) to contribute to India’s growth and development. Numerous policy reforms were put in place to leverage these resources. Concurrently, the liberalization of the Indian economy was also spawning rapid economic growth within the country. The diaspora was quick to respond to these economic and policy changes, avail-



ing themselves of the many opportunities to invest and participate in the growth and development of their home country.

Yet the optimism of “shining India” was tempered by a keen awareness of the immense social and economic challenges that continued to plague much of the Indian population. The electronic media, Internet, and cheap travel were enabling those residing in other countries to see for themselves the inequities that prevailed in their homeland, “Resulting in a strong urge among the second- and third-generation diaspora, who had grown up in the philanthropy environment that prevails in the West, to give back to their country.” (Dr. Balaji Sampath, founding member of Association for India’s Development, personal communication, September 2007).

There was, moreover, a growing realization that ad hoc philanthropy would no longer suffice given India’s size and the magnitude of its disparities. Increasingly, members of the diaspora wanted to invest their monetary resources more strategically, and they were also motivated to share their skills and knowledge to help their motherland. These new proclivities led to an increasing connection and collaboration between the diaspora and civil society.

“Strategic philanthropy” became the new buzzword, with the diaspora evidencing a growing inclination to address social causes. NGOs, donors, foundations, faith-based organizations, and even the government developed strategies, established initiatives and developed new modalities to provide all stratas of the diaspora with opportunities to contribute to development and social change in India. Organizations

such as CRY set up offices abroad to raise funds and link with donors. Indicorps and American India Foundation developed initiatives through which young people could travel to India and give of their time, skills, and knowledge. Facilitators such as Charities Aid Foundation (CAF), United Way, and Give World began promoting cross-border giving for wealthy diaspora Indians residing in the United States and in Europe. Charities Aid Foundation created thematic funds in the areas of chronic health care, education, and livelihood. Venture capitalists such as Aavishkaar and TiE encouraged strategic philanthropy through the promotion of entrepreneurship, which they saw as imperative for social and economic development. Regional associations and alumni groups like the IITs established collective giving initiatives to achieve greater impact. Also, faith-based organizations such as the Tirupati Tirumalai Devasthanam created the “*e-hundi*,” an Internet replica of the receptacle in which offerings are traditionally placed. It is said that the site raises an average of US\$250,000 a day to help its numerous educational institutions.

Among the student diaspora, some like Sandeep Pande and Balaji Sampath were motivated to return to India and develop programs through which diaspora donors could contribute to true social change. Pande began Asha for Education, a totally voluntary movement that aggressively promotes primary education (see case study in Appendix A). The Association for India’s Development, started by Sampath, is taking its innovative reading and library program to thousands of children in government schools in five states.

*The dawn of strategic philanthropy?*

Arguably all the elements required for a more widespread shift from ad hoc philanthropy to strategic philanthropic practices are in place. The diaspora is evidencing a desire to be seriously involved in the socio-economic development of their motherland. Remittances are growing as the diaspora grows in wealth, status, and number. New intermediaries and facilitators are initiating new mechanisms for giving and investing in India's development. Moreover, after years of sluggish indifference, the government is enacting policies and programs to encourage diaspora investments and to create an enabling environment for strategic philanthropy.

But the *levels* of strategic philanthropy needed to bring equitable development to a nation of over a billion people are nowhere apparent. Many scholars of the diaspora phenomenon caution against viewing these trends as a significant shift towards strategic philanthropy or in describing the diaspora Indians as "agents of change." Clearly, there have been encouraging steps in diaspora philanthropy since the 1990s, but no one has succeeded in tapping its true potential. No one even knows its true potential yet.

As Jaime Augusto Zobel de Ayala II, an industrialist from the Philippines, rightly pointed out, the answer lies in confronting three critical issues (Ayala 2006): the scale of philanthropic investment, the size of the donor base, and the relationship between private philanthropy and the government. Scale, as he explained, must be relative to the size of the problems faced. This is relevant to India given the vast economic and social disparities that prevail in the country.

Pilot projects will no longer suffice; what is needed are national programs that will bring about systemic, sustainable change. When viewed in this context, diaspora initiatives and contributions, though well intentioned, are grossly inadequate. Indeed, diaspora philanthropy pales in comparison to domestic giving. For example, of US\$ 83.4 million raised by CRY in 2005 to 2006, only US\$2.71 million came from overseas.

Moreover, as Viswanath sees it, "strategic philanthropy for addressing social justice and equity issues on a large scale cannot be envisaged with the average [US]\$100 gifts. The initiative has to be designed strategically, positioned well and with a will to engage the diaspora. The government has successfully positioned literacy and IT initiatives in the past, engaging a plethora of agencies and the diaspora, and it is therefore best-positioned to lead a national initiative that can work to scale—a serious public-private partnership that has strategic goals and matrix to measure success. Also critical to the success of a national-level initiative is a brainstorming with the diaspora at the right level, either the Planning Commission or the Ministry of Overseas Indian Affairs, because it has to be positioned exactly as one would do with an economic fund. The power of a successful government that is spearheading 9% economic growth cannot be underestimated" (personal communication, September 15, 2007).

The problem is further compounded by personal donor preferences, traditional charitable practices, and a lack of information. "As individuals or groups, the diaspora feel they know what is best for the



country, resulting in small isolated initiatives—a school here, a hospital there—which they feel are critical or necessary. And they hope that, over time, these islands of excellence that they are supporting will go towards making India a developed nation. A majority are either not interested or helpless when it comes to macro issues that plague us or larger issues of equitable development.” And while “at some level they want to understand India’s problems, they resist professional or organized giving and remain largely individualistic ‘charitable’ donors supporting soft areas” (Viswanath, 2007). Sidel has suggested that [what] is required is a platform or organized points of contact between the diaspora and organizations that focus on social justice and inequities.”(Personal communication, September 2007)

The second, and closely related, challenge identified by Ayala pertains to the size of the donor base. Only a small fraction of the diaspora is engaged in organized philanthropy. In this, the fault squarely lies with civil society and the government for failing to tap the diaspora’s potential—although that potential has been apparent since the 1970s. If the government had seriously engaged with the diaspora and developed a comprehensive plan for strategic philanthropy then, the diaspora would have undoubtedly responded positively as it has done whenever the country faced a crisis or calamity. The government would have done well to develop strategies comparable to those made to attract diaspora investments for business and industry. To have overlooked philanthropy’s role was sadly short-sighted.

Ayala’s third concern is the relationship between the government, NGOs, private investment, and private philanthropy. In the Indian context, the government will always be the largest provider of services. Putting aside the question of respective responsibilities, neither the diaspora nor the corporate sector will ever match the government’s budgetary outlay. Other sectors also lack the infrastructure and the human resources that are vital for bringing about strategic development in a country as large and as diverse as India. Even India’s vibrant NGO sector has at best supplemented—and not supplanted—the government. What is required are strong partnerships that harness the unique resources, talents, and skills of each sector.

To be sure, there are encouraging examples of effective partnerships. Helpage India is linking senior citizens to government schemes that entitle them to old age pensions and grants for building houses. It already has benefited 22,000 elderly in nine districts of Bihar, Uttar Pradesh, and Jharkhand. The organization is likewise now extending this activity to 33 of the poorest districts in the country. On the other hand, the American India Foundation, through its innovative Digital Equalizer program, is taking technology to thousands of children in government schools in six states. These programs should be encouraged and their best practices brought to bear on additional challenges.

#### *Best practices in strategic philanthropy*

Though strategic philanthropy initiatives on a national scale have yet to mature, diaspora individuals and groups are undertaking initiatives in areas including

education, livelihood, and entrepreneurship—all aimed at reducing poverty and bringing about equitable development and social change. Case studies of two promising examples of strategic philanthropy are described in Appendix A. The philanthropic investments of “Village Associations” formed by the diaspora in Canada are transforming their communities in the Punjab and inspiring others to make similar investments, and Asha for Education has expanded its initial education agenda to spearhead a mass-based movement for democracy at the grassroots level.

While the Village Associations and Asha for Education were selected for case studies, there are scores of other promising initiatives and best practices that diaspora philanthropy could support and replicate. By way of brief example:

#### *Public-private partnerships*

The American India Foundation, in partnership with the Government of Gujarat, has implemented livelihood schemes that train young males who have dropped out of school to fill shortages in the areas of health, hospitality and sales in the states of Gujarat, Hyderabad and Jharkhand—giving a new lease on life to 40,000 families in various geographies. A second path-breaking program, with the children of seasonal migrants who are traditionally left out of the school system, has motivated the government to include these marginalized communities in the National Education Program—a decision that will benefit generations of children who otherwise would have been left out of the government’s purview.

#### *Venture philanthropy*

Aavishkaar, a venture fund that falls between micro-finance and traditional venture capital, is using strategic philanthropy to promote entrepreneurship in rural and semi-urban India by providing micro-equity between US\$20,000 and US\$200,000, as well as operational and strategic support to commercially viable and environmentally friendly companies. Over the last five years it has provided risk capital to scores of small and medium private enterprises which have been historically thwarted by limited access to capital. Aavishkaar believes it can drive development in under-served areas by increasing incomes and providing goods and services.

And indeed it has. With support from Aavishkaar, Servals, a rural technology company in Tamilnadu, has developed a fuel-efficient kerosene burner that reduces kerosene consumption by 30%, and a rain-gun that provides enormous savings in water and also improves crop yields. N-Syst in Mumbai is creating disabled-friendly IT infrastructure for the visually- and auditory-impaired. A third investment, also in Mumbai, supports the manufacture of low-cost ATMs that would enable banks to break the outreach barrier. There are many more similar ventures throughout the country.

#### *Market-based approaches*

Meanwhile, the Deshpande Foundation is using its Akshaya Patra mid-day meal program to reduce the scale of poverty by lowering malnutrition and dropout rates among children in government schools. In place of an earlier process in which grains



were given to schools (resulting in considerable corruption and poor-quality food), the Foundation set up a market-based pilot project in Hubli, Karnataka, with a completely automatic prototype kitchen, proving that it was possible to provide children with a clean, nutritious meal for just Rs.4 a day per child. The Akshaya Patra program has now been extended to cover 800,000 children in Rajasthan, Karnataka, Uttar Pradesh, and Gujarat. The Foundation has also helped Akshaya Patra to set up an office in the United States to enable it to raise its own funds and become completely self-sufficient.

#### *Issues and challenges in strategic diaspora philanthropy*

While the foregoing initiatives and practices are inspiring, there are formidable challenges to diaspora philanthropy's ability to be a true driver of social change in India. Some of these challenges could be expediently addressed, while others are less disposed to quick resolution.

Undoubtedly, the biggest challenge faced by the diaspora philanthropy is the *magnitude of the problems* to be confronted. India is enormous, as are its social and economic problems. Philanthropy will never have the kind of infrastructure, human resources, and budgetary outlays needed for sustained interventions covering large areas, large numbers, and various geographies.

The second challenge of diaspora giving is *the absence of a coordinating body* that will promote it, guide it, and devise effective initiatives and strategies. "For the Indian diaspora to realize its considerable

potential, it will have to move beyond individual giving for projects and socially desirable causes to a broader engagement with the unfinished agenda of social and economic democratization" (Kapur et al., 2004, p.206). However, as Viswanath (personal communication, September 2007) points out, "It would be unrealistic to expect everyone in a diaspora as diverse as that of India's to contribute to the same bucket or to have the same aspirations and interests. And, indeed, this should not happen because the vibrancy of the sector would be lost."

Perhaps, as suggested by Desh Deshpande (personal communication, October 2007), a multi-pronged effort is required. At one level, there should be long-term, large-scale projects with which the diaspora can engage—a platform that would enable everyone from the US\$ 100 to the US\$ 1,000 donor to contribute to the extent they choose. At another level, there must be strategies to persuade donors to look beyond purely charitable causes or pet themes to equitable development issues including social justice and human rights. While doing so, it must also encourage individuals and small NGOs to do what they want to do even if it means educating just 50 children. It is, as Deshpande added, "the starfish story.<sup>2</sup> Somewhere these various initiatives and strategies will make a difference".

The third challenge is the *lack of information* on both causes and credible NGOs. An oft-heard remark is, "I want to give but I don't know where to give." This is also related to the lack of NGO credibility, which propels many donors to contribute

to international NGOs, projects, and initiatives that are known or linked to family and friends, or to faith-based organizations. The government should highlight the initiatives of countless small NGOs doing inspiring work in isolated mountain communities or among tribal groups, and give the diaspora opportunities to step in and help them with funds or skills. In addition, given the diaspora's propensity to give to faith-based groups, better information could be made available on religious organizations with constructive agendas. Indian embassies and consulates, nodal agencies, and credible intermediaries are all potential platforms to provide information and connect donors with organizations who share their concerns and aspirations.

The fourth challenge lies in bringing about a *shift from individual to institutional giving*. Such a shift will come about only if the NGO sector develops new practices and improves its image. The sector needs to be accountable and transparent in all its activities, practice good governance, have sound financial systems and audits, and make information available to an investing public. NGOs also need to develop communication strategies that will tell their story powerfully, thereby enabling the investing public to make informed decisions.

The fifth challenge is to develop mechanisms to *assess the outcome of social investments*. "Until more effective performance indicators, measures and methodologies are developed and used, it will be difficult to gain consensus on the effectiveness of diaspora philanthropy in advancing the

public good" (Geithner et al., 2004, p. xxi).

A final challenge may be the most difficult one to address. For diaspora philanthropy to become a true driver of social change, it must confront an emerging counter-equity concern. Particularly in the areas of education and health, the diaspora increasingly funds initiatives that primarily serve the country's elite rather than those most in need. Education philanthropy provides new opportunities in graduate training rather than extended access to primary education. Health philanthropy focuses on tertiary rather than primary health care. The reasons for an elite focus are complex. Part of the problem is that philanthropy by its very nature is elitist and beneficiary organizations are very often elitist. Moreover, for a donor in the United States, national inequities in India may not be of prime concern. While many wish to help those in need, they would prefer to give to their hometown, because it is "linked to their sense of identity, familial relationships, social affinities and traditions of charity." In addition, philanthropy can be motivated by a desire for personal prestige and recognition in one's own community. With large numbers of the diaspora originating from, and giving back to, geographic areas that are relatively wealthy (e.g., Kerala, the Punjab, Andhra Pradesh, Gujarat) inequities are becoming exacerbated. It is then up to the government to come up with well-formulated initiatives for more equitable development and social change, and engage the diaspora in these.



## The Enabling Environment for Diaspora Philanthropy

Philanthropy is not practiced in isolation. It is shaped and controlled by government, works hand-in-hand with civil society, and is continuously influenced by the corporate sector. Together, these sectors create an environment that can range from extremely restrictive to exceptionally supportive to the practice of both local and diaspora philanthropy. This section provides a brief overview of the enabling environment in India.

### *Government initiatives to encourage diaspora philanthropy*

In September 2000, after decades of indifference and apathy, the Government of India appointed the “High Level Committee on the Indian Diaspora” to assess the needs and concerns of the diaspora and suggest policies that would enable an engagement with it. This move coincided with the country’s own shift from a state-led development strategy—in which the government was seen as the vanguard of socio-economic transformation—to a market-led development model. In addition, by 2000, it was becoming increasingly apparent that the diaspora was a huge reservoir of resources, talents, and skills waiting to be harnessed. For example, the government recognized that the diaspora had aided the government during the enormous financial crunch in the 1970s by investing in the Resurgent India Bonds, and then again in 1999 when it provided substantial support during the Kargil War and the devastating cyclone in Orissa.

In a report released in December 2001, the committee observed that the diaspora could indeed be an effective partner in development and made around 50 recommendations to induce a greater flow of funds for development purposes. Key recommendations included: a single point of contact, simplification and transparency of the FCRA Act 1976 and other opaque and obtuse rules and regulations, an anti-corruption mechanism, and the creation of a foundation to receive and dispense contributions from the diaspora.

The report led to a number of supportive measures—often tardy and inadequate, but encouraging nevertheless. The first of these was the launch of an annual Pravasi Bharatiya Divas (Overseas Indians Day), first organized in New Delhi in January 2003 to create a forum for sustained interaction between the diaspora and the government. The principal aim was to encourage economic investments by the diaspora, but it also included a session on social change and development. Unfortunately, there were few tangible outcomes, and by the third year the forum was being dismissed as a “jamboree” with a lot of rhetoric and very little in returns.

In 2004 the Ministry of Overseas Indian Affairs (MOIA) was created; since then, a more coordinated effort appears to be underway to reach out and connect with the diaspora and involve it in India’s development agenda. Since its inception it has:

- Redefined the concept of Pravasi Bharatiya Divas to enable it to seek and achieve targeted outcomes;
- Suggested to the Ministry of Home Affairs that a more enabling legal and

regulatory framework be created, including specific recommendations for liberalizing the Foreign Contribution Regulations Act 1976 (FCRA);

- Set up a not-for-profit trust known as the Overseas Facilitation Centre, in collaboration with the Confederation of Indian Industry, with the specific purpose of promoting overseas Indian investments into India and steering overseas Indian philanthropic resources to good causes;
- Signed a Memorandum of Understanding with the American Association of Physicians of Indian Origin (APPI) for the execution of two pilot projects in Andhra Pradesh and Bihar in six areas of health. A similar model is being developed with the Asian American Hotel Owners Association to encourage tourism;
- Created the not-for-profit Global India Foundation to promote, guide, and enhance the investment of philanthropic capital. The Foundation has been conceived not as a grant-making body but one that will simply facilitate information and direct diaspora donors to causes and organizations that are on their empanelled list. The government's strategy, intriguingly, is to target the estimated 3.5 million mid-income donors who are likely to contribute US\$1,000 (Rs.45000) annually, rather than more wealth donors, because it feels they "don't require institutional mechanisms" (G. Gurucharan, Jt. Secretary in the Ministry of Overseas Indian Affairs, personal communication, October 2007).

Commenting on this development, Priya Viswanath of CAF India opined, "The absence of a credible grant-making institution focusing on the diaspora—which the GIF could have potentially been—was indeed a lost opportunity" (personal communication, December 2007).

Meanwhile, the Planning Commission has formulated the National Policy on the Voluntary Sector 2007 to encourage, enable, and empower an independent, creative, and effective voluntary sector that can contribute to the economic advancement of the people of India. The policy will: (1) enable the sector to legitimately mobilize necessary financial resources from India and abroad; (2) encourage it to adopt transparent and accountable systems of governance and management; and (3) identify systems by which the government and voluntary organizations can work together in the development process. The sector has welcomed the policy, but they say much depends on how it is implemented.

*The legal and fiscal framework: Helping or hindering diaspora philanthropy?*

Following the MOIA's suggestion that liberalization was necessary in the regulatory and fiscal framework governing the voluntary sector, the Ministry of Home Affairs drafted what has been described as a "softer version of the FCRA" (Noshir Dadrawala, Director of the Centre for Advancement of Philanthropy, personal communication, October 2007). The new act, known as the Foreign Contribution Management and Control Act, was tabled in Parliament in December 2006 and then referred to a Standing Committee. The



Committee invited public representations and its final report was expected in March 2007, but nothing further has been heard.

Nevertheless, it is drawing considerable criticism from both the voluntary sector and social activists who feel that it will be as much a deterrent to diaspora philanthropy as the present Act. Dadrawala said, "The sector agrees on the need for regulations. And this way we at least know what is coming in and how it is being used. The government also has a right to regulate, but this is control. There is a difference between the two words" (Dadrawala, personal communication, October 2007).

Meanwhile, the FRCA continues to pose hurdles to organizations wanting to avail themselves of diaspora philanthropy. The biggest hurdle is that an NGO cannot receive the permanent number from FCRA that allows receipt of foreign funds without completing three years of activity. If NGOs want to receive foreign funding during the interim period they have to apply for Prior Permission for each source from which they are receiving funding—a long and tedious process that is fraught with tensions and uncertainties for the NGO concerned. In part, the FCRA policies are designed to prevent funds channeled to nefarious activities ranging from conversions to terrorism. However, from the case study on village associations in Punjab (see Appendix A), it is clear that those who want to give will find a way to do so—regardless of the cause.

## Action Recommendations

The preceding sections reviewed current practices and patterns of diaspora

giving, underscored the key challenges to the effective development and deployment of diaspora giving, and examined the strengths and limitations of the enabling environment. Based on these findings, we propose the following strategies to promote, facilitate, and strengthen the role of diaspora philanthropy as an agent of change in India.

### *Government strategies*

- Create an enabling environment that will promote diaspora investment in the social sector by reviewing and overhauling legal, fiscal, and regulatory policy. In particular, protect against real concerns regarding issues such as terrorist financing and money laundering without obstructing charitable giving to legitimate causes.
- Provide a platform that will encourage positive engagement between the diaspora, NGOs, and the government. The Planning Commission, while formulating the new National Voluntary Policy, collaborated with senior NGO leaders and the policy consequently encapsulates the sector's thinking. Similarly, it is important to give the diaspora opportunities to meet, share, dialogue, and discuss critical issues that impact the sector.
- Reduce the role of the FCRA division, which continues to operate as a policing unit—resulting in considerable harassment and hardship to straightforward and legitimate organizations. This is being done despite the fact that there is The Right to Information Act, Income Tax laws like 12- and 80G to

ensure transparency and accountability from recipients of foreign funds.

- Rid the government of red tape and corruption, which currently continue at lower echelons of central and state government. Current practices are promoting the use of money and/or influence to get clearances, resulting in considerable harassment and over-charging by auditors and lawyers.
- Encourage younger and second- and third-generation diaspora to give back to India. These groups have experienced a different socialization process and thus give differently. The government must understand these trends and encourage young people to participate in innovative schemes which address their motivations and interests.
- Create a “single window” for those wanting to invest in India.
- Educate government officials at various levels on the ‘credible’ not-for-profit sector.
- Train government officials on how to work and collaborate with umbrella organizations and intermediaries with a keen understanding of the NGO sector.

#### *Civil society strategies*

- Develop strategies that will focus on scale, impact, and the optimum use of funds. There are numerous “mom-and-pop” operations doing good work, but they need to go to the next step of thinking strategically on how they can bring their programs to a greater proportion of India’s population.
- Develop more sophisticated strategies for diaspora fund-raising that

articulates a vision, deliverables, and assessment strategies. Provide more education and information to the government, the corporate sector, and the general public, which presently lack an understanding of the role of social capital and the work being done by the NGO sector.

- Be imaginative in reaching out to the diaspora population. If funding is much below the potential of the diaspora, it is because the NGO sector has not been creative about tapping it. There must be a collective effort by the NGO sector to reach out to the diaspora and convey the needs of the country.

#### *Diaspora strategies*

Given the fact that strategic philanthropy is in a nascent stage, we feel that a few broad preliminary guidelines are necessary prior to making concrete recommendations for this sector. These include:

- Create stronger networks among emigrant communities so that more investments come in for trade, business, and social development;
- Refrain from regarding all NGOs with the same narrow viewpoint
- Provide support to small NGOs doing good work. Consider contributions of funds, skills, and inspiration so that they can scale up.
- Make a concerted effort to shift from ad hoc giving to strategic philanthropy that will bring about social change and development to India.
- Access and utilize information that is available from nodal agencies, such as



the Planning Commission and other intermediaries, while deciding on whom to support.

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### *Speech*

Ayala II. J.A.Zobel de. (2006) "The challenges of Asian Philanthropy in the 21<sup>st</sup> Century" at the WINGS forum. Can also be accessed at [wingsweb.org/forum06/presentation-zobel.cfm](http://wingsweb.org/forum06/presentation-zobel.cfm)

## Glossary

Bengali: Native from the state of West Bengal

Keralite: Native from the state of Kerala

Sindhi: Member of a community that had its roots in Sindh province of Pakistan

Gujarati: Native of the state of Gujarat

Hawala: Money transfer without the movement of money

Emigrant: One who leaves home or country for permanent residence elsewhere

Migrant: A person who temporarily moves from one home or country to another

Kangani system: Tamil word for "foreman" or "overseer". Used in the recruitment of labor for Malaya and Ceylon

Maistry: Tamil word for "supervisor". Used in the recruitment of emigrants for Burma

Dhaan: Charity

Dalit: An individual who belongs to one of the lower classes in the traditional caste system

Granthi: Sikh priest

Gurudwara: Place of worship for Sikhs

## Notes

- 1 The terms "philanthropy" and "remittance" have been used extensively in this paper and therefore need to be defined at the onset. "*The New Penguin English Dictionary*" defines philanthropy as, "goodwill to one's fellow beings, esp active effort to promote the welfare of others." The dictionary defines remittance as, "a sum of money remitted," which is further defined as, "sent to a person or place." It could be added that in the Indian context some portion of a remittance could also be set aside for philanthropy.
- 2 \* young boy was seen meticulously throwing starfish that had been washed ashore back into the ocean. When asked what difference it would make, considering there were thousands lying along the beach, he picked one up threw it into the ocean and said, "It will make a difference to that one."



## Appendix

### Case Studies in Strategic Diaspora Philanthropy

#### **Village Associations: Developing Partnerships with Communities of Origin**

The “village associations” formed by the Sikh diaspora residing in Canada may represent a potent model for diaspora engagement with community development and social change in India. While these efforts are still very limited in scope and scale, particularly when compared with the hometown associations in Mexico and in some other Latin American and Caribbean countries, they are promising in the context of this paper for two reasons. First, they reflect a shift in diaspora giving, with individuals going beyond the personal remittances they send to their families to contribute to the well-being of the larger village community. Second, they are an example of how the diaspora is able to circumvent bureaucratic hurdles and regulations such as the Foreign Contributions (Regulation) Act (FCRA), as well as their distrust of NGOs by sending funds directly to counterpart village associations that implement the projects.

Since these village associations formed by the diaspora in Canada to bring development to their villages in India are a relatively recent phenomena dating to the late 1990s it is difficult to predict what form they will take in the future. Currently, they are made up of diaspora members of the Indo-Canadian Friendship Society of British Columbia (ICFSBC), with

links to a particular village. Members do not necessarily live in close proximity in Canada; however, they share strong bonds of religion, culture, and home. Most of the villages that have been recipients of such diaspora philanthropy are in small communities with 90 to 350 households.

These village associations could more aptly be described as “development agencies,” because their principal aim is to make life better for their families and community in India by providing for basic needs, infrastructure, and civic amenities. The focus is clearly on the community rather than on the larger national issues of social change and inequity. On its website, ICFSBC describes its mission to “initiate, develop, and act as a catalyst for the sustained development of totally-integrated villages programs by providing clean water, on-site waste water management, computer education, and the creation of a healthy environment” (Project Overview, 2005 from <http://www.icfsbc.com>).

The first village association was spearheaded by Dr. Gurdev Singh Gill and Dr. Raghbir Singh Bassi from the Kharoudi village in Hoshiarpur district, which had 250 households and a population of 750. They persuaded other members of the ICFSBC who came from Kharoudi to make donations for the village’s development; notably, even those who had sold their properties in the village contributed. Work commenced in 1999, and by 2004 Kharoudi had paved streets, underground water and sewage

pipes, computers in the village school, solar lighting for street lights, parks and underground telephone cables. The total cost of the project was \$50,000, a third of what the government projected.

The transformation of Kharoudi prompted Anant Pal Singh, a Montreal banker, to persuade Dr. Gill to help him to do the same for his village, Bahrapur, in Ludhiana district, with 350 households and a population of 2,450. Mr. Singh made a personal donation of \$58,000 and used the example of Kharoudi to persuade the Canadian International Development Agency to match his donation and the Government of Punjab to donate \$60,000. The residents of the village also contributed \$50,000 and a Canadian NGO gave \$15,000. Work commenced in 2003 and was completed by 2005, making Bahrapur yet another model village with paved streets, underground sewage and water lines, and computers in its school.

More recently, Herb Dhaliawal, Canada's Minister for Natural Resources, who belongs to Dhaliawal, a small village of 90 households in Nawanshahr district, has persuaded Dr. Gill to help him undertake similar work in his village. Aside from this, the Village Life Improvement Foundation, an NGO launched in 1999 by Dr Bassi, is simultaneously working in Jian, Jandiala, and Langeri villages in Hoshiarpur district.

Inspired by these successes and motivated by the Punjab Government's support, village associations are said to be mushrooming in Canada, in the United States, and in the United Kingdom, vying with each other to make similar investments in their villages. The process has been similar

in all these efforts. Funds are raised from the village's diaspora and from residents of the village. Since 2002, under what is known as the 50:50 scheme, the Government of Punjab has offered to match the community contributions. Projects are selected jointly by the donors and by the counterpart village associations, which also have the responsibility of implementing the civic work. When the Bahrapur project commenced, Capt. Amarinder Singh, who was then the Chief Minister of the State, traveled to the village to personally hand over the matching check, thereby signaling the government's support for such projects. Interestingly, there has been no pressure on the village associations to work with the government infrastructure or bureaucracy, and the process of receiving matching grants has been streamlined. The only requirement imposed by the government is that every household should donate a month's salary for the upkeep and maintenance of the facility.

There are, however, large and unexplored questions of impact, sustainability, and replicability. ICFSBC's plans are ambitious, with goals to decrease and eliminate 30% of infectious and parasitic diseases; increase production, which is seen as a secondary result of better health; provide reforestation in and around the villages; develop computer skills; improve economic well-being through better agricultural knowledge, better marketing, and connectivity to the rest of the country and the world. It is also hoping that by, "Changing villages in this way will serve to slow down the massive migration to the cities" (Project Impact, 2005).



It is too soon to gauge the actual impact these civic works have had on these communities, though there is little doubt that they will have a positive and lasting impact on the health, education, and well-being of its residents if these efforts are maintained. Realizing this, the communities have committed to donating a month's wages for maintenance; in Bahrapur, the community has gone a step further and has established a foundation to ensure the maintenance and operation of the facilities.

Sustainability is based on diverse factors. According to Thandi, "It is possible that the financial flow may continue in a steady upward direction if linkages become more durable and are built on networks of social capital and trust. But what is most important, in successfully mobilizing the Diaspora, is the need to build transparency, accountability, and trust in diaspora-home-land relations" (Thandi, 2006, p. 9). "Other scholars suggest that while individuals may continue to maintain bonds to their country of origin, their main form of diaspora 'identity' and association may change. For example, some individuals may begin to associate more around professional ties rather than geographic ones. Others may begin to identify with national interests rather than local issues" (Johnson, 2007, p. 22).

Nevertheless, these projects have demonstrated a cost-friendly and replicable model of community development catalyzed by diaspora engagement. Based on their experience in Kharoundi and Nahrapur, Dr. Gill said, "It cost us about Rs22, 000 (US\$550) per household

to provide underground water and sewage pipes, a sewage treatment plant, telephone cables, paved streets, a computer center, and landscaping" (Ahluwalia, n.d. retrieved March 13, 2008 from <http://www.sikhpoint.com/community/Articles/GSGill.php>) which should inspire other diaspora communities to do the same for their villages.

India has 500,000 villages; most are in desperate need of basic amenities. As Johnson noted, "At a time when new migration patterns and technological developments are revolutionizing the relationship between migrants and their home countries, migrant associations may represent a rich, innovative, and largely untapped organizational model for philanthropic giving and impact" (Johnson, 2007, p. 16).

### **Asha for Education: Voluntarism at work**

When a small group of students at the University of California in Berkeley launched Asha for Education in 1991, they decided that it would be a totally voluntary, hierarchy-less organization with no officers or salaried staff and all decisions made by consensus. Seventeen years later it remains a totally voluntary organization, although it runs 385 projects in 24 Indian states and has extended its agenda beyond education to include a growing mass-based movement for stronger democracy and social change.

Asha's volunteers are indeed the backbone of the organization, its creative spirit, and its inspiration. They identify issues, raise funds, and sustain projects. What

appears to make all the difference is that they are from the communities they serve. They are school teachers, small entrepreneurs, traders, and young people who want to make a difference—not outsiders who have come with their own agendas. They are alert to the needs and the concerns of the communities they work with, and are able to motivate and mobilize the communities to take collective action when necessary by using innovative campaigns that create awareness and give people opportunities to fight injustice and be part of the change to which they aspire.

In its Uttar Pradesh chapter, which is the focus of this case study, Asha volunteers are working on two levels. On one level, they are taking education, which continues to be the organization's priority concern, to the most deprived and marginalized because they believe that education is a critical requisite and an effective catalyst for effecting socio-economic change. Here, Asha runs a host of educational projects: day-care centres for the benefit of working mothers; a government School Adoption Program that funds salaries of teachers (because there are schools that averaged 250 students with only four teachers!); an “each one teach one” campaign; and schools for the children of tribal communities, prostitutes, and seasonal migrant workers who are among the poorest of the poor. The intent is to combat child labor, improve school retention rates, and prepare young people to be socially aware and socially responsible in their lives. According to UNICEF, only 53% of children in India who enroll in grade one reach grade eight, and the number of child laborers in

the country is estimated to be between 12 to 40 million!

However, as Mahesh, who runs Asha's hostel for children of brick kiln workers asked, “How do you persuade a mother who says, ‘By taking away my child you are reducing my household income by half’?” (Personal communication, August 2007) In this case, after weeks of persuasion, she relented, and her 10-year old, who used to work with her removing 4,000 to 5,000 bricks for the kiln each day—for which they got a combined salary of US\$ 2 per day, is now going to regular school and dreaming of becoming an engineer. For Asha, this was a huge victory because the mother, seeing the transformation in her son, now wants her other children to be enrolled in regular school. More importantly, others in her community are also asking that their children be given similar opportunities.

Sometimes it is not just poverty—but age-old traditions—that Asha has to battle, as with the Banjara community of Natpurva which has a 300-year old tradition of sending the daughters of the community into prostitution and not letting them marry. Asha set up a school for the children in one of their villages; persuaded 40-year old Chandralekha, who is no longer in the profession, to become an Asha volunteer and set about rehabilitating the women by providing them education and training them in new skills. Now the village has a Self-Help Group; the women are being taught embroidery; some parents have been paid to keep their daughters out of prostitution; and, more importantly, three or four girls in the community have been married. These are huge victories for Asha



that can also have huge ramifications on the socio-economic fiber of this community. Moreover, the impact of volunteers can be an important model for work in other villages facing their own distinct challenges.

On another level, Asha volunteers are spearheading a mass-based movement for greater democracy at the grassroots level and an overall improvement in the quality of life. The decision to expand the organization's agenda beyond education came after its volunteers realized that it is difficult to teach a hungry child, and that parents have priorities other than their children's education—such as daily wages, health care, and emotional security. Considering all these, Asha is now bringing people together, creating awareness, and motivating them to use the Right to Information Act and the National Rural Employment Generation Act to question the bureaucracy, to fight for their rights and entitlements, and to get their grievances redressed.

If a problem is brought to the notice of Asha volunteers, they visit the village, call a meeting of the community to discuss the issue, and help develop the strategy that will be undertaken to end the injustice—be it filing a first Information Report (FIR) or meeting government functionaries. A group of volunteers is then formed from within the village, with a membership subscription of about 25 cents, to create a feeling of bonding and also to cover expenses, such as the travel of the group to the district headquarters. Groups such as these make up Asha's organizational base; over the years, they have grown in numbers and the impact of their work is becoming increasingly apparent. People are raising issues, refusing to pay

bribes, and beginning to resolve problems through their own initiative.

When a "Down with Bribes" campaign was organized in front of the Kanpur District Collectors' Office on November 15, 2006, the local community was quick to provide support. Local traders collected donations to pay for the printing of banners and for the volunteers' lunch, while lawyers offered to help with the filing of affidavits and other legalities. Over 400 complaints were filed within four days under the Right to Information Act. Inspired by the response, Shanker Singh, a tout at the Road Transport Department, spoke to Asha volunteers of the rampant corruption that prevailed in the Department and of the huge bribes people were paying to get a driving license. Asha consequently held several camps outside the department, enabling hundreds of people to get their licenses without paying a bribe. Asha volunteers estimate that over 200,000 people have been helped through such camps since November 2006.

By December 2006 the department was completely overhauled and the touts removed, and Shanker Singh became a full-time volunteer with Asha. Moreover, the public has been emboldened and empowered, refusing to pay bribes and threatening to report anyone who asks for one.

As Sandeep Pande, co-founder of Asha, said, "We may not have succeeded in influencing policy. The Right to Education Bill hasn't gone through Parliament and we haven't succeeded in closing down the Coca-Cola plant in Varanasi which guzzles 15 to 20 lakh litres of water a day, causing the water table fall from 1.6ft to 18ft. in just a decade. But there have been small

victories. Food grains are coming to the ration shops, the quality of mid-day meals in schools has improved, and action is being taken against people like the Brahmin teacher who refused to teach Dalit children on the grounds that they were fit only to do menial work. More importantly, Asha is able to engage with bureaucrats and politicians and they are listening to us because of our mass base—something they did not do earlier” (Panda, personal communication, September 2007).

Asha volunteers in the United States raise about US\$ 1 million a year. This may be a pittance when compared to the

diaspora’s potential, but as Pande said, “Our sustainability does not depend on this money because we don’t need much money for this kind of work. Campaigns are funded through local donations because people can see the difference our work is making. What we need are committed people who will work on the ground, and that is in short supply.” In fact, “Asha is gradually moving towards making a paradigm shift from supporting NGOs to grassroots activities—where you need volunteers, not money. We are proving that a lot can be done without much money, or [without] any money at all” (Panda, 2007).

### **Shyamala Shiveshwarkar**

After working for 25 years with a national daily, *The Hindustan Times*, in New Delhi Shyamala switched to freelance writing on development issues in 2000. Since then she has researched, documented and written on a wide range of issues from migration, to diaspora philanthropy, HIV/AIDS, female foeticide and other concerns of women in India.