

# INDIA

REDINESS LEVEL

LOW

India has become the 7th largest economy in the world in terms of absolute GDP<sup>1</sup> but continues to face challenges in uplifting its most vulnerable populations. The philanthropy sector has increasingly played an important role in addressing such needs, with private giving predominantly restricted to domestic causes. However, recent amendments to the Foreign Contributions Regulation Act (FCRA) are already having implications on the country's ability to process foreign donations. Foreign donors and recipient organizations will have to adapt and find ways to work within the confined regulatory framework.



## CROSS BORDER GIVING INDEX

SCORE  
2.00

Cross-border giving is limited despite great potential. Private funding increased by 15% between 2014 and 2018, totaling US\$9.4 billion in 2018, playing an important role in the domestic social sector.<sup>2</sup> However, philanthropic investments focus primarily on domestic needs.

On the other hand, India is a major recipient country. Asia Pacific donors, especially among Indian diaspora living abroad, present great potential for cross-border contributions to India. In Singapore alone, there are 117 individuals of Indian descent with a total net worth of US\$14 billion. A study by Dalberg on trends and patterns of Indian diaspora giving suggests that efforts to increase motivation for giving and improve the ease of giving will be important factors to tap into this group of donors.<sup>3</sup>

However, due to amendments to the FCRA, some sector experts believe that incoming cross-border funding may decline.



## REGULATORY INDEX

SCORE  
1.40

Outbound charitable funds are restricted. Under India's Foreign Remittance Act, every remittance above USD250,000 for individuals in a year is subject to government approval. Donations to overseas causes that are not deemed to serve national interests by the government are taxed according to the Central Board of Direct Taxes. Exceptions were given to disaster relief such as earthquake relief to Nepal in 2015.<sup>4</sup>

Nonprofits receiving foreign funding face heightened scrutiny. Under the FCRA, nonprofits must register and get permission from the Ministry of Home Affairs to receiving foreign funding. This permit needs renewal every five years. Recent major changes to the FCRA prohibit organisations receiving foreign funding to sub-grant to other charities or to spend over 20% of the funds on annual administrative costs. This may reduce funding flows for small organisations and forces intermediaries and recipient NGOs to work on direct implementation.



## INFRASTRUCTURE INDEX

SCORE

2.00

India has a growing presence of philanthropic ecosystem players. Domestic philanthropy has witnessed the emergence of intermediaries to standardise and institutionalise setters and intermediaries to institutionalise philanthropy in the past decade.<sup>5</sup> For example, the Credibility Alliance, a consortium of nearly 600 organizations, set up the Central Accreditation Committee (CAC) – a group of specialists in organisational management, finance, and social work – to promote sector standards. While national standards have not been set, the CAC aims to operate as an accreditation body to enhance accountability and transparency in the sector.<sup>6</sup>

Advocacy efforts are generally limited and narrow in scope. The impact-investing community or United Nations agencies tend to lobby for their own individual impact areas. Sometimes, the whole sector can face blanket regulations from the government due to one actor's position. For more concerted advocacy efforts, there is a strong need for a narrative for the whole sector and a win-win framework with the government.<sup>7</sup>

ECOSYSTEM SUPPORT ROLE	ORGANIZATIONS
Academic institutions	<ul style="list-style-type: none"><li>• Centre for Social Impact and Philanthropy</li></ul>
Philanthropy advisory	<ul style="list-style-type: none"><li>• Credibility Alliance</li><li>• Praxis</li><li>• Catalyst Management Services</li></ul>
Grant making intermediaries	<ul style="list-style-type: none"><li>• CAF India</li><li>• Give India</li></ul>
Ecosystem promoter/advocacy	<ul style="list-style-type: none"><li>• Jharkhand Anti- Trafficking Network ( JATN)</li><li>• Centre for Social Action</li><li>• Centre for Youth and Social Development</li></ul>
Philanthropy media	<ul style="list-style-type: none"><li>• Indian Development Review</li></ul>