

# Philanthropy



## Introduction



There is a vast reservoir of untapped goodwill for India amongst the Indian Diaspora all over the world. It has contributed in national emergencies like the Kargil War, the cyclone in Orissa and the earthquakes in Maharashtra and Gujarat. It has donated generously to charities in India for reconstruction, disaster relief, rural development, literacy, child-care and women's empowerment. PIOs in every part of the world have contributed massively to these and other causes. More than the Indian community in Kuwait contributed Rs. 3.4 crores and 11 containers containing relief material towards the PM's Relief Fund in the wake of the Gujarat earthquake.

- 34.2. Contributions are made either on an individual basis or through religious groups, student organisations or other Indian associations abroad. These have been received from all sections of the Indian Diaspora, irrespective of income differentials.
- 34.3. Overseas Indians demonstrate the same attachment to their ancestral villages and towns as members of the Chinese Diaspora. Contributing to their native villages is a pattern that has been observed in the philanthropic activities of the Chinese Diaspora also. This phenomenon was actively encouraged and facilitated by the Chinese authorities at all levels. With increasing familiarity with their ancestral homeland, overseas Chinese eventually returned not just with donations to build local schools and roads, but also with investments and funds that spurred the economic boom in China. The example of the Italian and Lebanese Diasporas, both of which contributed substantially in the postwar reconstruction of their homeland, is also relevant.
- 34.4. Philanthropy and love of India are deeply rooted in the Indian ethos. Charity is considered good for the soul. Giving gives the giver a sense of fulfilment and is, therefore, regarded by the Diaspora as a kind of payback to its mother country.
- 34.5. If the Indian Diaspora is to be made as effective a partner in India's development as the Chinese Diaspora, policies need to be devised to induce a greater flow of funds for development purposes. The historical origins of the Indian Diaspora being different from those of the Chinese, the means at their disposal are naturally comparatively limited. Nevertheless, a sizable number of the Indian

Diaspora have reached equivalent status with their Chinese business counterparts and India needs to learn from the Chinese example in the matter of encouraging a greater sense of belonging in its Diaspora.

- 34.6. The purpose of this Chapter is to explore the potential for strengthening, leveraging and facilitating contributions from overseas Indians for development and philanthropic projects in India. This cannot be a one-way affair. Overseas Indians feel enriched by the act of assisting development work in India, but they must be made to feel welcome and appreciated in their homeland.
- 34.7. Unfortunately, it is found that a plethora of rules and regulations, indifference and even hostility of the government machinery frustrate the efforts of genuine NRI/PIO philanthropists. NRIs/PIOs in their turn doubt the bureaucracy's capacity to deliver and prefer dealing with NGOs/private organisations known to them or those that have a good track record in implementation. On the positive side, the Government is aware of the need to expedite inflows for genuine development programmes and district administrations are increasingly involving grassroots NGOs in peoples' welfare and development programmes. This tackles the problems of lack of accountability that NRIs/PIOs complain of while dealing with the bureaucracy, and at the same time provides the necessary institutional support to overcome the fractiousness of many Indian and overseas Indian NGOs. The emergence of committed and cost effective NGOs in India and abroad, therefore, bodes well for the prospects of cooperation between overseas Indians / their NGOs and their Indian counterparts to further the task of development.
- 34.8. There is a regrettable absence of reliable and systematic data relating to the contribution of the Diaspora in the varied areas of philanthropy. Our Missions have no mechanism to collect data on Diaspora philanthropy, nor is such data kept and interpreted systematically by any official authority or research organisation in India. It is, therefore, difficult to analyse the trends and areas of preference so far as Diaspora contributions are concerned. It is equally difficult to compile a representative list of the organisations or individuals making such contributions. Though the outstanding contribution of many committed individuals in terms of their skills, time and money is well known, we are at a loss when it comes to its documentation.
- 34.9. The Committee's interactions with the Diaspora have provided eloquent testimony to the generous impulses that abound in the Diaspora. What is important is to facilitate and channelise Diaspora philanthropy and to secure proper and adequate recognition for it. It is also important to study the obstacles the Diaspora faces in making remittances and in funding and implementing its projects in India. A number of useful suggestions have been received by the High Level Committee that will be discussed in this chapter. Information has largely been gathered from discussions with Central and State Government representatives, from Indian and Diaspora NGOs, anecdotal evidence and websites. The US-based Diaspora organisations posted considerably more information on their websites as compared to similar organisations in other parts of the world. We hope that in due course, a comprehensive database would be created for Diaspora philanthropy. The Committee is, however, confident that its projections are well founded.

## 1. Contributions: Individual Donations

- 34.10. As already mentioned, Indians display the same emotional attachment to the homeland as the Chinese Diaspora does. A few of the innumerable and mostly undocumented instances are given below as illustrations. Since there is a separate section on individual Indian American philanthropists, particularly from the Silicon valley, in the Chapter on North America, only a few have been mentioned here as examples. Dr. Jagadeesh's contribution is mentioned because he faced persistent problems in donating computers to municipal schools in Bangalore, a problem that has resurfaced repeatedly with others. B.V. Jagadeesh, a co-founder of Exodus Communications of the US, donated \$ 1 million for uplifting municipal schools in his hometown. His enthusiasm was matched by the Chief Minister Shri S. M. Krishna, Corporation Commissioner Jairaj and Infosys MD Shri Nandan Nilekani, who heads the Bangalore Urban Taskforce. He is also supporting the Indian School of Business in Hyderabad.
- 34.11. Shri Om Dutta Sharma, a taxi driver in New York, set up a school for girls in his village of Doobher Kishanpur in his mother's name. Salaries to the teachers were paid out of the savings of Shri Sharma and his wife. This moving example motivated several US citizens to donate funds for his school. It is also reported that the story so moved an American lady that she set up a school in India in her mother's name.
- 34.12. The contribution of one individual can make a difference to thousands of people, as is illustrated by Dr. Pailla Mala Reddy, President and CEO of Bactolac Pharmaceuticals, from New York. He allocated more than 20 % of his annual income to build a model village in his native Andhra Pradesh without any Government assistance. This included a rest house for travellers, new roads, a women's technical training institute, a primary healthcare and community centre, school buildings and 2 temples. He set up a trust to pay old age pensions to 50 village elders and a scholarship fund to help poor college students. The Government subsequently sanctioned several supplementary developmental works for the village. He is actively involved with the *American Telugu Association* and donated \$ 12,000 to a cancer hospital in Hyderabad.
- 34.13. Dr. Boodhun Teelock, a Mauritian of Indian origin and former High Commissioner of Mauritius in the United Kingdom, donated 16,000 Pounds Sterling equivalent to Rs. 1 million - for development work in his ancestral village in Bihar, which he traced with enormous perseverance and with the help of the Mahatma Gandhi Institute. Despite persistent attempts to identify an implementation agency by him and the High Level Committee, there was no concrete response from the authorities in Bihar. Dr. Teelock finally sent the money to the District Magistrate in the hope that his dream project for his ancestral village would be realised.
- 34.14. Mr. M.L. Pindolia, Chairman, Hindu Council of Africa, Kenya, set up a Trust called Shri L. R. Pindolia Charitable Trust, Kundanpur, Bhuj, through which he is funding water retention projects, education, health and sports facilities for the villages in Bhuj. Other noteworthy contributions are by Mr. Gopal Savjani & Mr. Ramesh Bhutada, eminent industrialists who run the Indian Disaster Relief Fund, Dr. Paul Likhari of the Indo-American Charity Foundation and Dr. Sunita

Moonat who runs the Indian Doctor's Club Charity Clinic. Numerous instances of Sikh PIOs who have funded all sorts of facilities in Punjab have been heard of, besides many others.

- 34.15. A prominent UK PIO businessman, Raj Loomba started the Shrimati Pushpa Wati Loomba Memorial Trust in memory of his mother with the help and guidance of the then High Commissioner for India. The Trust educates the children of poor widows in India. It was officially launched in London in 1998 in the presence of Prime Minister Tony Blair. Mrs. Cherie Blair, the wife of the Prime Minister of UK is the Patron. Our Prime Minister, Shri Atal Bihari Vajpayee inaugurated the Trust in India in 1999. The Trust has funded the education of 200 children in Delhi and Orissa and 100 children whose mothers were widowed in quake-hit Gujarat. The Trust also aims to fund the education of 100 children from all States. Mr. Loomba has the distinction of being named the Asian of the Year in 1997 for community services.
- 34.16. Mr. Loomba is also one of the many examples of PIO industrialists who wanted to invest in manufacturing in his home State of Punjab but found that even importing a sample of yarn for demonstration purposes was frustrated by the customs authorities. Today he has invested in manufacturing facilities in China where he got a very different reception. This concrete example has been cited in order to illustrate the nature of problems manufacturing investment has to face in India. It is unfair to blame the foreign investor when even the Indian investor finds it hard to negotiate the labyrinth of bureaucracy. The share of the manufacturing sector in India's economy has shrunk to just above 20% and the need for structural and administrative reforms is self-evident.

## **2. Contributions from Religious and Ethnic Associations**

- 34.17. A very substantial amount for educational purposes and development activities comes from ethnicity-based and religious foundations. The ethnic, linguistic and regional cultural Associations like the Telugu Association of North America (TANA), Federation of Kerala Associations in North America (FOKANA), Federation of Gujarati Associations in North America (FOGANA), the Bengali Association of North America (BANA), and Maharashtra Mandals, which are based in many countries, etc. fulfil similar functions for their original home States. In the UK, organisations based on regional or ethnic alignments are the Confederation of Gujarati Organisations, Andhra Association, Bengali Association, Goan Association, British Malayali Association, Punjab Unity Forum etc.
- 34.18. In the latter category, i.e., religious centres such as temples, gurudwaras and mosques, act not only as community cultural centres for the Indian Diaspora, but also as centres of education and raising funds for charitable works for the community and for India. Almost all religious denominations in India have their representative bodies in the US and the UK, for example. More and more places of worship are under construction in these and other countries reflecting the increase in the strength of the respective Indian communities. They also frequently have counterpart organisations in India that reduce overhead costs of charity works substantially.

- 34.19. The Swaminarayan Foundation has made a contribution to building schools and relief work. The Agha Khan Foundation, Vedanta Societies and the Ramakrishna Missions abroad have been involved for years in charity work in India. Several religious organisations stepped in to do commendable work in post-earthquake hit Gujarat. The Bohra community living in East African countries and in the West, the Hindu Council, The Hindu Swayam Sewak Sangh, the Vishwa Hindu Parishad, Chinmaya Missions, the Sikh Supreme Council and the Cutchi Leva Patel Samaj of Kenya contribute to charities or relief works in India. The American Foundation for Muslims in India supports several charitable causes, including a mission to spread awareness on AIDS prevention. Since Christian charities receive funds mainly from foreign organisations, they have not been included for discussion here. In Canada alone, a representative sample of religious organisations brought to the attention of the Committee is as follows - the Council of The Muslim Community of Canada, the Jain Society, the Vedanta Society, Sri Sathya Sai Organisation, Sanatan Mandir Cultural Centre, Scarborough Muslim Association, Hindu Swayam Sevak Sangh, Hindu Prarthana Samaj, Hindu Sabha Bramalea, Guru Ravidas Sabha, Nanaksar Satsang Sabha and the Swaminarayana Hindu Temple. Indians settled in the UK have formed various social and cultural organisations. Among the religion based organisations are the Hindu Cultural Society, Indian Muslim Federation, Ahmadiya Muslim Association, Dawoodi Bohra Community, Arya Samaj, Jain Samaj Europe, Sikh Forum, Namdhari Sangat, Zoroastrian Organisation, Indian Christian Organisations, Ambedkar & Buddhist Organisation etc.
- 34.20. Sewa International of the UK, raised an enormous amount of funds for the Gujarat earthquake and other causes through individual donations, fund-raisers and group contributions from the Indian community and religious organisations (temples, gurudwaras, Muslim charities, schools, and sports, social and cultural organisations). The Bharat Hindu Samaj, Arya Samaj, the Fatemi Trust of the Dawoodi Bohra Welfare Society (Leicester), Northampton's Hindu Community, The Hindu Society along with the Indian Society at the London School of Economics and Political Science contributed funds to Sewa for the Gujarat earthquake and other causes. The World Federation of KSIMC in England, a leading Muslim Charity, is working with Sewa International in its efforts to collect donations. Sewa Mandal, a group in East London held a prayers & Ras Garba evening which immediately raised funds for Sewa International's Quake Appeal, one of several such events organised by different groups.

### 3. Philanthropy from the United States

- 34.21. Indian Americans, who besides their genuine love for India have also been influenced by the local US traditions of philanthropy, have been contributing in a major way towards welfare in India, especially in the economic and social fields. Large donations have been received from Silicon Valley-based Indians towards educational projects, including towards institutions providing higher and specialised education programmes, such as the IITs, which have already been described in an earlier Chapter on North America. There are a number of organisations supporting welfare projects such as child welfare and literacy programmes, and other rural projects in different parts

of India. Donations from the US-based Indian community are substantial and also the best reported as most organisations host websites. Indian student groups in the US tend to be more concerned about contributing for development than for religious purposes.

### **The India Development Service (IDS)**

34.22. The *India Development Service* (IDS), founded in Chicago in 1974, is a non-profit, totally voluntary, non-sectarian and non-political organisation that supports grassroots economic and social development programmes in India that benefit all individuals regardless of caste, creed or sex. The founding members, Mr. Hiremath and his wife, returned to India to start the Medleri project in a village in Karnataka. They formed dairy cooperatives and fodder farms, and conducted camps for adult literacy, education, training and health. This project was extended to cover more than 25,000 people in 21 villages. IDS now has support groups in several cities and university campuses across the United States. Some examples of projects supported are: a Development Project in Maharashtra for Empowerment of Women; the Campaign for Sustainable Agriculture or *Sita Sheti*, also for women; the *Yusuf Meherally* Project near Panvel and Pen near Mumbai on afforestation; *Vikasana* in Chikmagalur, Karnataka on environmental issues, advanced farming techniques, and training for women; *Asha* in Pune, Maharashtra to counsel battered women; *Samaj Parivartan Samudaya* in Dharwad district of Karnataka, an environmental action group. It recently won a battle in the Indian Supreme Court against the State government over common grazing lands given away to a paper mill. The **Vigyan Vahini** project at Pune, a Mobile Science laboratory staffed by volunteer teachers that imparts practical science education to village school children in Maharashtra, is another laudable initiative launched by Dr. Madhukar Deshpande, who returned from the United States after working there with the IDS.

### **Association for India's Development (AID)**

34.23. Indian students in the United States have organised an Association for India's Development (AID), which supports projects in India and has non-profit status in the United States. AID chapters have been set up in prominent American universities. AID students visit India at their own expense to work in remote villages. AID chapters have targeted to collect US \$250, 000 for 10,000 villages out of their personal scholarships and other earnings, and leverage that with the funds at the disposal of Indian NGOs.

### **The American India Foundation (AIF)**

34.24. The American India Foundation was founded in February 2001 by a group of prominent Indian Americans and former President Clinton following the Gujarat earthquake. It is dedicated to helping India by partnering with existing NGOs. It also enjoys tax-exemption status. Its members include Bill Clinton, Victor Menezes, Chairman & CEO, Citibank, and Rajat Gupta, Managing Director of McKinsey & Company. It has appointed a full-time coordinator in India. The High-Level Committee met with AIF office bearers and learnt of their ambitious plans for the future.

According to the information on their web page (quoted almost verbatim), the American India Foundation has already raised over \$4 million and plans to raise \$25 million by the end of 2001. It aims to be the premier US-based foundation focused on relief and development in India. In March 2001, AIF sent doctors from the US to Gujarat for microsurgeries on earthquake victims under *Project Swasthya*. It sponsored a visit by the former head of FEMA, James Lee Witt, to facilitate the development of a national Indian disaster mitigation plan. It plans to develop a Disaster Management Resource Centre to mitigate and respond to future disasters.

- 34.25. A very significant initiative is the launching of its India Service Corps composed of qualified second generation PIOs (age between 20-35 years) to work on projects in infrastructure, education, agriculture, health, sanitation and economic development (micro credit, income generation, lending) with leading non-governmental organisations in different Indian States. The majority of the projects for this year's pilot-program are focused on rehabilitation and reconstruction of Kutch, Gujarat. A smaller project located in Bangalore, Karnataka, is aimed at bridging the "digital divide" by setting up PC learning centres for underprivileged children. Participants in the pilot Service Corps represent some of the best talent in the US and come from some of its top schools. AIF is teaming up with organisations on the ground in India like *Abhiyan*, a leading national NGO. Following the pilot program, the Foundation plans to launch a larger program that will send as many as 100 volunteers throughout India annually to complete service projects. The program aims to channel a ground swell in Asian-American activism and a growing interest in India. These young people have the potential of acting as India's Ambassadors in their home country thus creating a lasting bond between future generations. These are worthy goals that India must facilitate and ensure that their youthful idealism is undimmed and properly channelised.

### **The American Association of the Physicians of Indian Origin (AAPI)**

- 34.26. The AAPI, one of America's premier ethnic medical associations, with a membership of 35,000 physicians, is committed both to India's development and to facilitate Indian American physicians to excel in their profession. Some of the activities the AAPI Charitable Foundation is involved in conjunction with NGOs or governmental agencies are - 13 free clinics across India, Gujarat earthquake rehabilitation efforts, improving burns, trauma and disaster management, medical education programmes and AIDS prevention and equipment donation. Existing medical and charitable activities in India include The Arpana Charitable Trust in Haryana, The Rotary Hospital connected with the Kasturba Medical College in Manipal, The Eye Hospital in Vyara, Gujarat, Eye camps in cooperation with Volunteer Eye Surgeons International, Latur Hospital Medical Centre, Maharashtra, B.J. Medical College, Pune, and Children's Health and Welfare Foundation, Uttar Pradesh.

### **Counterpart International**

- 34.27. The Indian chapter of the Washington-based Counterpart International runs a healthcare programme for children in the slums of Ahmedabad. Counterpart works closely with the United

States Agency for International Development (USAID), which is funding its ongoing child healthcare programme called *Jeevan Daan* (Gift of Life). The programme will reach out to 250,000 slum dwellers in the industrialised region of Gujarat. As part of the programme, Counterpart will build the capacity of local NGO partners to implement sustainable health programmes.

### **CRY US Chapters**

34.28. CRY Inc., a branch of India's famous CRY, is a volunteer-driven organisation across 25 Action Centres in the US.

CRY Inc. supports 37 projects in India dealing with a wide range of issues concerning children and the underprivileged sections of society. The projects are truly praiseworthy, targeted at needy children and women and are too many to enumerate. CRY's work does not require any publicity in India, being extremely well known. Details are available on CRY's webpage.

### **Pratham USA**

34.29. Pratham USA, based in Houston, with chapters in New York, Los Angeles and Chicago, was established in 1998 by Mr. Vijay Goradia, CEO of Vinmar International. It has been doing educational work with slum children of Delhi and Bombay. It has initiated the India Education Foundation to support grassroots efforts to eradicate illiteracy from India. Over a million dollars have been raised and sent to India in the last 3 years.

### **Asha**

34.30. In 1991, students at the University of California - Berkeley started Asha to provide basic education for underprivileged children in India in cooperation with several non-governmental and governmental organisations in India. Asha, a non-profit voluntary organisation, has 35 chapters in the US, India, Canada, Australia and Singapore and in 2000 raised nearly a \$1,000,000 for more than 125 projects in India. All the chapters keep overhead costs to zero, thus ensuring that the funds are actually utilised for projects. The innovative *Work an Hour* fund-raiser in which donors contribute just one hour of their pay towards educating underprivileged children in India, which is being organised by Asha annually since 1998, has succeeded in raising progressively larger amounts each year.

### **India Development and Relief Fund (IDRF)**

34.31. The India Development and Relief Fund (IDRF), established in 1976, to provide funding for *Seva* projects in the United States and in India in educational, medical and social service areas, is based in Houston. IDRF is a tax-exempt organisation. IDRF has raised US \$ 5.5 million in the past decade. It supports grassroots NGOs serving disadvantaged, impoverished, illiterate and disabled people. Dr. Vinod Prakash, the moving spirit behind IDRF, monitors progress. With other local organisations, it raises funds for well-established, volunteer-run, non-profit organisations in India and the United States. It raised major funds for the Latur earthquake, Kargil relief, and Orissa

cyclone victims. For raising US \$303,000 for the rehabilitation of victims of the 1993 Maharashtra earthquake, IDRF was awarded the designation of America's top voluntary NGO. Last year, IDRF disbursed \$668,000 to 98 NGOs, mostly in India.

### **Rejuvenate India Movement (RIM)**

34.32. Groups of Indian Americans have launched a "Rejuvenate India Movement" to collaborate with voluntary organisations in India - like Indians for Collective Action, Association for India's Development, People for Progress in India and *Asha* - for social regeneration through citizen empowerment and volunteerism. There are 50 chapters in various cities of the US and 500 members have offered to fund various schemes. The RIM is drawing up a list of volunteers willing to live and work in India for extended periods at places and projects of their choosing. Priority projects are in the fields of health, hygiene and sanitation.

## **4. Philanthropy from the United Kingdom**

34.33. *Sewa International*, UK, supports a variety of other initiatives in India besides the work already described – relief for the severe draughts in Gujarat and Rajasthan, projects for supporting children, schools for the children of displaced families in Jammu & Kashmir, a huge relief operation following the super-cyclone which hit Orissa, help for the families of the Kargil martyrs, a leprosy colony including a hospital at *Bharatiya Nivarak Sangh Ashram* in Champa District, Bilaspur, Madhya Pradesh, which also runs a school and a community centre. "SWA" – *Roopwardhinee*, in association with *Vigyan Bharati*, caters to disabled school children in the villages near Pune. Help is being extended to *Gurukula* school started in 1995 in Hariharpura village in Chikmagalur, Karnataka. In conjunction with *Kalyan Ashram Trust* (UK), *Sewa International* also funded a hostel and school in Tripura. Its Canadian branch is also very active and serves underprivileged children in India. Since other organisations have high overheads, the trend now is to give directly to *Sewa International*, which has no administrative charges.

34.34. One saddening story has been reported from a UK-based PIO NGO. The Overseas Indian Association established its trust in India for implementation of a health and education project in 1994. Though they built a high school for the poor in village Morajpur, Dist. Bulandshahr, UP, they have failed to date to get recognition from the State Education Department. Similar indifference and delays have obstructed holding of medical and eye camps for the rural poor. The lack of support has hampered the import of essential medicines and medical equipment from the UK. They have also failed to get essential facilities like telephone connections and electricity supply. Their office in Delhi has been illegally occupied. They are also facing problems in getting FCRA clearance. One is not aware of how many other such well-meaning organisations are suffering in similar conditions.

### **Overall Philanthropic Contributions**

34.35. In the decade of 1991-2000, total foreign contributions for the voluntary sector including all PIO contributions of Rs. 3924.63 crores or US\$ 835 million (at current exchange rates) were received.

As mentioned earlier, desegregated data on contributions by PIOs is not available. America was the top foreign donor country at Rs 5260.37 crores. During 1999-00, the following 17 States / Union Territories received foreign contributions over Rs. 15 crores or US\$ 3.2 million in descending order - Delhi, Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Maharashtra, West Bengal, Uttar Pradesh, Gujarat, Orissa, Bihar, Madhya Pradesh, Himachal Pradesh, Rajasthan, Punjab, Meghalaya and Assam. The highest amount was received for rural development, followed by healthcare and family welfare, orphan care, construction and help for the poor, aged and destitute.

## 5. Work Done in the Various States of India

### State Level Interaction

- 34.36. Following the economic liberalisation programme launched under the 1991 reforms, nearly all State Governments have created offices to deal with FDI/NRI/PIO investments. In some cases, the office dealing with investment also deals with NRI/PIO matters and offers the same range of incentives to all categories of investors. One innovation reported was that some Offices of Resident Commissioners in Delhi had been authorised to act as a facilitation point for liaising with the districts in order to expedite investment and other matters. This could be a useful model towards decentralisation and expediting development.
- 34.37. Very few, however, have specialised offices to deal with the multidimensional aspects relating to PIO philanthropy, which may include donations of funds or *services* and active involvement in the implementation of projects, as many of the implementation issues arise at the State level. These include liaison with the police, local district administrations, PWDs, SEBs, investment promotion bureaus, education and welfare departments, schools etc.
- 34.38. A lot of work needs to be done and structural administrative reforms carried out to sensitise field-level officials to optimally leverage the enormous reservoir of skills, talent, technology, idealism and funds of the Indian Diaspora. As mentioned earlier, a lot could be learnt from China's experience, whose holistic economic and administrative reforms encouraged Overseas Chinese to flood their homeland with much needed investment as well as donations to ancestral hometowns and villages.
- 34.39. The awareness is not entirely lacking. Kerala, Gujarat and Punjab have created institutional structures for dealing with NRI/PIO problems. The Punjab Government and NGO NRI Sabha cooperate in this matter and have many achievements to their credit. Andhra Pradesh is leveraging this asset through innovative schemes. The details are contained in the Chapter on organisational structure.
- 34.40. The UP Government has initiated a "Discover your roots" scheme, designed for descendants of labourers who left India decades ago. Rajasthan held a major Convention of nonresident Rajasthanis in the year 2000. It is learnt that the Haryana Government has announced reservation of 5% seats and reduced tuition fees for NRIs in its technical and professional institutes. In Bihar,

a company Patnaahead.com has launched an innovative scheme for nonresident Biharis for delivering their emails free of charge through the local postal services. In Himachal, some NRI initiatives include the successful Ayush herbal products firm, the Indus Hospital in Shimla, and an IT institute in Solan. Madhya Pradesh has created a website which has a number of projects for NRIs to fund.

- 34.41. Several States have reported that NRIs/PIOs have built schools and hospitals in their ancestral villages. Many have launched special residential building complexes for NRIs/PIOs to encourage them to resettle or at least have a second home in India. Many State Governments have instituted social welfare funds targeted at the weaker sections of society for which they would welcome contributions. However, in view of the reluctance of PIOs to donate to government organisations, more innovative ways would need to be found for funding.
- 34.42. The information below has been collected from the Web and some of the recommendations are based on inputs sent by a few States to the High Level Committee. The omission of work done in other States is regretted, but many of the findings and recommendations of this report should be of relevance to them.

### **Problems Faced by PIOs Donating to Charities/ Development Work in India**

- 34.43. The PIO/NRI organisations involved in welfare work, which have sent feedback, are of the view that procedural and other obstacles in India make implementation of foreign funded projects an obstacle race that only the most determined can win. In 2000, there was a lot of publicity about PIOs willing to contribute to the tune of more than a billion dollars for setting up educational institutions in India but there was no machinery to handle or follow-up on this eagerness. PIOs assert that the volume of donations would increase manifold if systemic and procedural issues were sorted out in India. The High Level Committee received several reports relating incidents of avoidable harassment. Complaints ranged from the general ones regarding cumbersome bureaucracy, non-transparency of the approval criteria, corruption faced during implementation of projects, to the clearances required under the Foreign Contribution (Regulation) Act, 1976 (FCRA), lack of clarity about rules and regulations, hostility to PIO offers of funding, airport formalities, customs clearances for donated materials, etc. While monitoring the money raised for Latur and Gujarat Earthquake Relief, there was a public outcry that the money raised was not fully utilised and the relief material was often wasted due to frequent changes in rules regarding permissible imports and lack of coordination at the disaster site.
- 34.44. One of the extremely unfortunate consequences of this harassment was not only the cutting off of prospective donations but also the diversion of potential investments to other destinations due to disenchantment with the way the system worked in India. This is exactly the kind of trend that this Report seeks to address, analyse and redress through its recommendations.

## 1. The Foreign Contribution (Regulation) Act, 1976

- 34.45. The Foreign Contribution (Regulation) Act, 1976 governs the receipt of foreign contributions by Indians. The conditions that the recipients have to meet are, *inter alia*, obtaining the prior permission of the Central Government, registration with the Central Government in case permanent recognition is sought, specification of a bank branch in which the contribution is received, intimation of each foreign contribution and information on its source and purpose and manner in which it is utilised for each accounting year. A separate set of accounts is to be maintained exclusively for foreign contributions. The accounts, certified by a chartered accountant, along-with the balance sheet and statement of receipts and payments are to be furnished to the Ministry of Home Affairs.
- 34.46. NGOs have highlighted the delays in the grant of FCRA clearances as major dampeners on the enthusiasm of donors. PIOs have raised the difficulties faced by them in transferring donations to India with the Prime Minister. Thus the better organised, bigger NGOs have the infrastructure to obtain these clearances. The smaller ones find it almost impossible to obtain these. They have also pointed out that the FCRA provisions go against the parallel liberalisation of foreign exchange regulations. While they are appreciative of the concerns that motivate the conditionalities, PIO NGOs feel that as the voluntary sector is now increasingly involved in various fields of development – it is more trusted by the authorities. Basically, the revised FCRA law should facilitate the flow of funds for developmental activities that are in consonance with India's national interests rather than obstruct it. Clearly, there is scope for taking a fresh look at the existing legislation/ rules and regulations governing PIO contributions. Facilitation of charitable inflows can have a very important demonstration effect on PIOs.
- 34.47. Some reforms have been carried out. For example, applications accompanied by a verification certificate from the competent authority – District Collector or State/Central Government Departments are put on the fast track and granted approval, and the inquiry done subsequently. This has brought about a significant reduction in the time taken to grant permission. Universities and deemed universities are also granted registration without any inquiry. A large number of multilateral bodies and international agencies have been notified so as not to be treated as a 'foreign source'. Simplification of the procedures under the Foreign Contribution (Regulation) Act is under consideration, envisaging decentralised application of the law, which will expedite the implementation as well as facilitate the accounting aspects of the foreign contributions received.

## 2. Customs Duties on Donated Articles

- 34.48. The donation of computers, imported duty free by EOU/EPZ/STP/EHTP units to recognised non-commercial educational institutions, registered charitable hospitals, public libraries, public funded research & development establishments, and government organisations was permitted in July 1998. In February 1999, the Ministry of Finance exempted customs duty for second-hand computers and computer peripherals received as donation by schools run by government agencies. In addition to the above, ad-hoc exemptions from customs duty intended for donation for the relief and

rehabilitation of the people affected by the Gujarat earthquake have been issued. Despite this, Dr. Jagadeesh's donation of computers and even the receipt of computers arranged by the Punjab NRI Sabha from the UK for distribution in the schools of Kapurthala District was held up for want of customs clearance. Similar reports have been received from other donors. Clearly, there is scope for regularizing, expediting and liberalising imports of donated materials including second hand computers by PIOs.

### **3. Choice of Implementing Agency**

34.49. While PIOs are willing to fund development projects, frequently in their ancestral villages, they have voiced their frustration at various levels on the issue of obtaining clearances, cooperation from the local authorities, and corruption. Thus a recurrent demand is for execution to be entrusted to NGOs/ trusted private agencies of their choice, bypassing local government agencies. This needs to be examined sympathetically and constructively with a view to finding mutually acceptable mechanisms to expedite such investment.

## **Recommendations**

34.50. The Committee would like to once again emphasise the need to tap the Diaspora's potential. However, the mechanisms need to be extensively improved or streamlined. Although many attempts are being made to address existing problems, judging by the actual experiences of donors, many bottlenecks remain. The High Level Committee has thus made a series of wide ranging recommendations, starting from creating a facilitation mechanism at the central level with direct links to the States, to help address some of the problems. An effort in this direction will also dispel the cynicism prevalent among PIOs about the efficacy of sending funds to India.

### **1. General**

34.51. An office to handle Indian Diaspora Philanthropy/NGOs must be created in the new comprehensive central organisation proposed. This office will have multiple responsibilities including liaising with other Central and State authorities, Indian and Diaspora NGOs, Indian Missions abroad and every concerned organisation.

### **2. FCRA-related**

34.52. There is a strong case for placing FCRA clearances by PIOs for secular and developmental purposes (irrespective of the fact that it is a religious or secular association of PIOs) on a separate fast track. There are two options for this:

#### **First Option: Automatic Route**

34.53. Serious thought must be given to creating an automatic route for donations by PIOs (NRIs do not require clearances as they are Indian citizens). Procedures for remitting the funds should be drastically simplified. The criteria could be simple but properly implemented/ monitored:

- It would require intimation of the amount and purposes for which the donation is made in one simple format to the Ministry of Home Affairs, the central agency to be set up for the Indian Diaspora, and the RBI.
- Only PIO Card-holders may avail of the automatic route. The PIO Card would thus bring some tangible benefits to both sides in reducing red tape while encouraging a sense of belonging.
- A set of additional criteria will be:
  - PIO card-holders' donations must be made for developmental and secular purposes only i.e. economic projects such as building roads, schools, water and electricity supply facilities, houses etc. The suggestion from a State representative that there should be a negative list for which the automatic route will not be applicable - should be considered.
  - The existing provision for registration without enquiry for reputed educational institutions should be expanded to include all medical institutions including hospitals, and all registered educational institutions imparting secular education and/or receiving government grants. These should then be brought under the automatic approval route. Further details are given below.
  - An Officer not below the rank of District Collector needs to certify that the project exists, meets the criteria and is being implemented. State-level Offices for handling Diaspora matters should also be empowered to give this certification. This certification may be obtained after the donation is made.

**Second Option: Fast-Track Mechanism for PIO donations for secular/developmental purposes**

34.54. The second option is to create a fast-track mechanism (FTM) under the FCRA for this category of donations. A positive list of activities that can be undertaken with the Diaspora's contributions should be prepared and placed under the FTM, for whose implementation, the following organisational structure would be required and should be set up.

**At the Central Level**

34.55. We have already proposed an office for Philanthropy/NGOs in the new comprehensive central organisation. This Office should handle all FTM clearances as also the automatic route. Deputation to this nodal organisation from the relevant Ministry/s would be essential. Brief and simple guidelines regarding eligibility criteria for getting FTM permissions should be immediately finalised. It should be mandatory for this office to reply to all applications and state the reasons, if an application is rejected under FTM and placed on the normal route or rejected altogether. This should be accessible to the applicant on the Web page (see below) to be maintained by this Office by allotting a code to the applicant. The replies should include contact details of dealing officers,

phone numbers, e-mails etc. Applications may also be routed through our Embassies abroad. This office will also:

- Have direct links with the facilitatory NRI/PIO Offices (see below) to be set up in State capitals.
- Work closely with Indian missions in countries with a sizeable Indian community to keep itself updated on new initiatives to help India.
- Establish links with a consultative mechanism of Indian and overseas Indian NGOs established on a country-wide/ regional/ global basis. A suggestion received from North America is for the Home Ministry to liaise with a central coordinating committee of reputed and established North American NGOs with whom our Missions may also have a long-standing association. The involvement of non-officials will help create trust and a habit of dialogue between the authorities and the NGOs and imbue both parties with a greater sense of accountability and responsibility.
- Coordinate with Customs authorities to ensure a fast track mechanism for clearing donations by overseas Indians.
- Maintain a comprehensive web page that gathers all relevant information and is regularly updated, to be serviced by the nodal central agency dealing with PIO matters, with inputs from Central Ministries, State Governments, CAPART, voluntary organisations in India and abroad, FICCI, CII, PHDCCI etc. This will contain:
  - A Directory of accredited and trusted NGOs and GOI-recognised agencies for accreditation;
  - Forms required for registration and facility for application for registration through the Web including helpful guidelines and procedures for obtaining permission;
  - Hyper links to all major concerned Government Departments, PIO Commissioners Office in State Governments and PIO organisations worldwide;
  - All policies/ rules regarding registration and operation of NGOs in India;
  - Customs rules for donated equipment, money and materials;
  - Tax-exemption rules and income tax clearances required specifically of PIOs and NRIs, etc.;
  - The funding policies and rules of organisations like CAPART, NABARD, and SIDBI;
  - Supplementary grant facilities available, rules and details of contact offices;
  - List of organisations in India with full contacts details and their activities, which have been given permission under FTM/ FCRA to receive foreign contributions;

- Details such as addresses of banks/ post offices / other organisations for remitting contributions to such entities by Persons of Indian Origin;
- A data bank on incentives available, land allocation policies and procedures, contact offices for various clearances, transparent procedures for clearances;
- Many web sites have been started by Indian organisations providing comprehensive information and advice on taxation issues, banking services, investment incentives, repatriation benefits, property purchases etc. Some like [www.etinvest.com](http://www.etinvest.com) have a separate section devoted solely to NRI issues and even have a list of contact nodal points for PIOs wishing to invest in different States of India. These should be hyper-linked and associated with maintaining / updating the main web page.

### **At the State Level**

**34.56. Creation of State-level offices:** Offices for Diaspora facilitation matters should be created in States with an important expatriate population where these do not exist as yet.

**34.57. Security of tenure:** A 5-year tenure for the officials manning the proposed Diaspora in the States should be instituted, as NGOs like to identify officers they can work with and donations are discouraged if transfers of officers are too frequent.

**34.58. Powers and Functions:** The head of the NRI/PIO organisation in the State should also have the power to give supplementary, if not matching grants for donations by the Diaspora for secular, social, developmental and other charity works. This would increase the effectiveness of the dealing State level Office. The CD 2.35 scheme under the Planning Commission should be routed through the State level office. The functions of this organisation would be:

- Responsibility for ensuring speedy clearances and certification (see recommendations for Automatic Route for Overseas Indians Donations).
- Liaison with the Central organisation.
- Providing grants to projects receiving donations from overseas Indians under the delegated powers of the Planning Commission.
- Maintenance of (a) data banks on overseas Indians and their ancestral roots in India and Indian students leaving for the United States and (b) of statistics on PIO/NRI contributions. This would facilitate links with Indian charity organisations and alumni associations abroad. This could be a joint central and State/district level effort. Computerisation is the obvious answer.

### **3. Accreditation Mechanism**

34.59. To enable additional Indian recipient organisations in the developmental, educational and medical sector to avail of the FTM, an accreditation mechanism should be set up. The *Charities Aid*

*Foundation*, India has developed a validation methodology. Additional inputs from other accreditation bodies could be sought and such a body set up under the auspices of the proposed central organisation for the Indian Diaspora. CAPART could be associated with the task of maintaining an updated roster of cleared, accredited, credible Indian recipients/ NGOs. This roster would be available on the web to facilitate overseas Indian NGOs to locate the right counterpart. It would also be periodically updated to impose some accountability.

#### **4. Education**

34.60. Donations for promoting secular education should be placed on the automatic route/ fast track mechanism: A list of institutions eligible for donation should be published and regularly updated in consultation with the Ministry of Education, Indian Medical Association and the All India Council of Technical Education. There should also be no limits on the grants/donations given by overseas Indians to established schools and Universities – public or private, as long as they are registered - with only a reporting requirement to RBI, just as in the case of a foreign investment proposal, and Ministry of Home Affairs. Similarly there should be no ceilings on scholarships awarded to Indian students.

34.61. This could give a big boost to the educational sector in India, which despite all obstacles already accounts for India's famed success in information technology and increasingly, in different areas of scientific research. It may help to create new avenues for higher education and stem some of the foreign exchange outflow on account of Indians emerging as one of the top ethnic student categories in many developed countries. Similarly, health services, already one of the fastest growing consumption sectors in India, could be transformed into a major foreign exchange earner if we institute the right policy environment to enable its balanced growth while maintaining the highest standards of accountability. Policies aimed at promoting the services sector, of which education and health services could form a major part, need to be put on the fast track in India.

#### **5. Other Procedural Simplifications**

- i) At present foreign contributions can be received in only one designated bank account and cannot be transferred to other parts of the country. This involves duplication and unnecessary paperwork. It is felt that this provision could be liberalised and registered NGOs could have the facility to transfer their funds for their activities anywhere in the country.
- ii) Indian NGOs have requested that the 3-year track record rule for obtaining registration should be reviewed. This policy has deterred many serious start-ups since seed money is unavailable to new NGOs.

### **Non-FCRA**

#### **6. Motivate Second Generation PIOs**

34.62. As seen above, second generation PIOs account for a large and growing body of people willing to

commit time, money and talent to development work in India. NGOs set up by PIOs also have student interns who are willing to spend time in India on various projects. The idealistic students who come to India for voluntary work, e.g., the first batch of American Indian Foundation volunteers who came to Gujarat this year, need to be encouraged and cultivated as a body of young ambassadors for India. The India Service Corps, an initiative of the AIF, formed after the Gujarat disaster, should be encouraged. The Government should help set up such programmes, which should incorporate the following considerations:

- Mechanisms to ensure that they have a pleasant experience during their stay, from arrival at the airport to their final departure from the country, for promoting their enthusiasm, for debriefing and recognition of their contribution – should be put in place and coordinated by the new central agency on the Indian Diaspora.
- During their stay, an orientation by a senior Minister/Secretary of the GOI could be organised.
- As per the US pattern, these interns could be attached briefly to departmental secretaries in development Ministries, Members of Parliament, and State Governments to acquire an in-depth knowledge of the development process in India before being sent to the field.
- They should also attend a specially designed course coordinated by the central agency on the Indian Diaspora for familiarisation with India's foreign policy and perspectives on global issues, on which they get very limited exposure in their countries.
- A little familiarisation with India's ancient culture should be a part of the experience.
- Similar treatment should be accorded at the district level where they are deputed. Important members of the community should meet them where they are conducting their voluntary activities.

## **7. Disaster Management and Customs Duty Exemption for Donated Materials**

- (i) In all post-disaster relief efforts, a major outcry has followed regarding wastage of relief materials, changing rules for their import into India – sometimes midway in the disaster relief operation - and lack of coordination. It is recommended that a list of required and permitted materials (certain medicines, supplements, baby food, food packages, warm clothes, blankets, tents, utensils) be immediately finalised and publicized after the disaster so that people know what to donate.
- (ii) Managing disasters should be declared a charitable activity and NGOs specialising in this area should be allowed to coordinate relief efforts.
- (iii) There is a need to have a special regulation governing imports of donations by PIOs of equipment/relief materials for secular, educational and welfare purposes and creation of a fast track mechanism for PIOs.

## **8. Income tax Exemptions for PIO Donations**

- 34.63. Income tax exemptions on donations by overseas Indians from their incomes in India for **developmental/ secular/ educational/ medical purposes** should be raised to 100%. This would encourage more philanthropy on the US pattern.

## **9. Creation of an Anti-corruption Mechanism**

- (i) The High Level Committee is of the view that the best remedy for corruption is to devise transparent, fair and fast track mechanisms for processing clearances, which has been the purpose of the above recommendations. However, additional mechanisms as confidence building measures are required as tales of corruption sully India's image. Measures are required to be taken both at the Central and State Government levels to address adverse perceptions on corruption, which in all fairness are not confined to PIOs. The central agency should have the facility to receive complaints regarding corruption. It may have representation from or a direct link with the Central Vigilance Commission. There should also be direct contact between the central agency, the State NRI/PIO organisation, the Diaspora and the implementing agencies to address the issues of corruption and extortion.
- (ii) The issue of harassment at the airport by customs and immigration authorities has been dealt with at length in all sections of the Report. This was brought up during the course of research on this Chapter also. The NRIs/PIOs should be fully informed, while being given visas, about the governmental clearances needed before departure from India.

## **10. Facilitating Donation of Services**

- 34.64. For example, a PIO doctor, engineer, architect, teacher or scientist may want to donate his services and skills free of charge. This involves long delays and clearances through the concerned departments. Recognition of degrees and qualifications should be facilitated through the Medical Council of India and other concerned bodies and an enabling mechanism which could devise simpler procedures could be set up in the central agency office dealing with the Diaspora.

## **11. Facilitating PIO Projects on Micro-credit**

- 34.65. Several suggestions have been received for micro-credit following the success of the Grameen Bank in Bangladesh and Sewa and other organisations in India to the effect that the Government should consider allocating Non Bank Finance Company status to NGOs in India; micro-credit activities of NGOs should be income-tax exempt and PIOs should be associated with work on micro-credit being carried out in India.

## **12. Greater Recognition for PIOs**

- 34.66. Suitable awards and recognition should be given to outstanding contributions by PIOs/NRIs and NGOs set up by them in India and in their countries of residence that benefit India.

