

Philanthropy should be humble, but not modest: Rohini Nilekani

Apart from building a flexible and resilient framework for the future, philanthropists, civil society and the government must work in tandem so that every rupee is absorbed on the ground

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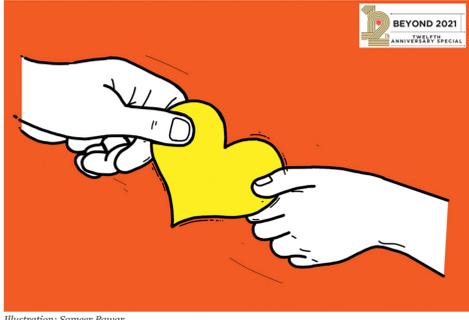


Illustration: Sameer Pawar

We can definitely say that civil society and the philanthropy sector stepped up rapidly in the face of the pandemic, March 2020 onward. Very quickly, personal philanthropy foundations, corporates and individuals pivoted their programmes to give immediate assistance and humanitarian aid to whoever they could find and trust. No matter what plans they had for their budgets in 2020-21, those changed to be largely dictated by the needs of people and institutions on the ground.



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On the heels of that, most people and organisations also recognised the need to look at their portfolios, change the way they measure how they give, and be more open-minded. I know of several philanthropists who told civil society organisations that they will not hold them to hard indicators of impact and that they will be more flexible with respect to changing budget heads or responses as needed.

Within a few months, some of the more serious philanthropists realised the need to develop a flexible and resilient framework for the future, be it by supporting good leadership, allowing flexibility in creation of metrics for impact, allowing organisations to pivot based on the needs on the ground, rethinking how to move from project to programmatic mode, or even tweaking one's theory of change itself.

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Last year, while philanthropists had to immediately address Covid-19 relief needs, civil society organisations were changing how they work. Those working in water, in sanitation, agriculture, education or other areas had to shift their attention to pandemic-related work. So there was no choice for them or the funders in the past 1.5 years. Looking forward, however, things have to be different.

Philanthropic organisations have to keep their budgets relatively flexible to be able to respond to temporary disasters that are going to come at us, wave upon wave. I'm not being pessimistic, but realistic. We've had enough data over the past 10 years to see how droughts, public health emergencies or just market-related emergencies like the financial crisis hit us. Planning for what you cannot plan for is becoming critical for philanthropic organisations.

While we are still in the middle of the second wave of the pandemic, by the end of this calendar year, we should be in a better place to look at the future with calmer eyes. It will take building relationships of trust and discovery. What does this mean? Find the people whose work you believe in, whose ethics you can share, and support them generously without holding back. You can co-create your impact metrics and hold them accountable, but lead with trust. Once you do that, those civil society organisations will have more feet on the ground than philanthropists can ever hope to have. They will have the agency to respond contextually as needed. That is the kind of rethink that philanthropic organisations will have to do.



Children gather at a park in Mumbai, Mumbai, every evening to read books brought by NGO Parcham. Civil society organisations are key to creating on-ground impact of philanthropy. Image: Praful Gangurde / Hindustan Times via Getty Images

I've spoken enough about samaaj-bazaar-sarkaar (society-markets-governments) linkages. I support work based in the samaaj, because I think a strong and resilient samaaj enables good government and good markets as well. First of all, acknowledge that we need to invest in strong, diverse institutions and leaderships in the samaaj, because it is actors of the samaaj that are going to work to make society better. Having a strong civil society foundation not only allows the state to function better, but also allows markets to discover innovations and scale up. So it makes sense to invest heavily into samaaj even if you are a market enthusiast.

Some Indian civil society organisations also tend to be a little antagonistic toward the state, but those looking at solving problems should learn to work better with the state as and when they can, since everyone, especially the most vulnerable, benefit from an effective state. Civil society organisations need to also accept that markets can play a very complementary role to expand the work of the social sector. Everyone has a role to play in deepening the positive, trusting relationship between samaaj and bazaar. Both need to work better with the state and also hold the state accountable for delivering on its mandate of equity and justice.

We all know that many people are uncomfortable with the fact that a few of us are becoming so wealthy, while the rest of the people do not seem to be able to get a leg up. While this is not the space to give lectures on how inequitable the growth of capitalism and markets has been, we need to reinvent the system for it to be much smarter and strategic than what it is now. Those who are building wealth in the process of sheer innovation and by developing good institutions are also the ones that see the potential of rapidly giving forward, and today in India, we are seeing a resurgence of philanthropy from those who have become wealthy just in the recent past.

There is a lot of new philanthropy happening in India and I find it encouraging that the younger people are giving back sooner. They are saying, even if they make \$500,000 by selling shares or being bought out, a portion of that will be reserved for philanthropy from the get-go. And that is exactly the kind of thing we want to see as more young people begin to get newly wealthy. This is what is going to separate them from the older generation. The latter often came from industrial houses, whose parents and grandparents had set up businesses that the next generation took forward, but as we know, the younger people do not feel they have full control over the wealth.

The new generation of youngsters that is becoming wealthy has no legacy to uphold; it can think completely freely and afresh, just like we did when Infosys shareholders came into wealth and a few others around us in the IT sector. Just like we were free to spend our money the way we wanted to, because it was not handed down generationally, this young crop is not only ready to do that, but they are also thinking completely differently, beyond even what my generation did. And I find that very exciting.

These youngsters are market-savvy, but not all are market fundamentalists. They recognise the potential of markets, but seem to understand their limitations too, which is why they seem to be mixing their portfolio between market-led investments and outright social non-profit giving. I like that, because one approach will inform the other, and both those together will also change the person who is giving. They are looking at societal impact in mixed ways.

The other departure from the previous generation that I see is that it is much more aware of environmental issues, because it is the climate generation. They and their children are going to face the brunt of the mistakes of my generation and the ones before me. They are willing to contribute toward making the markets more responsive toward climate challenge.

Some of the lessons to be learnt for these new young philanthropists in India is to come in with humility, experiment a lot, double down on a cause you really love and where you are able to find trusting partners. Keep an open mind, keep learning and keep on creating coalitions of philanthropic giving in your own networks, age groups and communities that are coming into wealth. Encourage them to partner with you in experiments of giving forward, because it is going to be one of the most fun things you are going to do in your life.

All crises also provide new opportunities, and the pandemic has brought all of us together to collectively do more than what we could do at an individual level. The ACT Fund, for instance, was so quickly set up during the lockdown and got such a huge response. It offered a great philanthropic model for the future, because apart from the super-rich people of India, there is a sizeable population of rich people who are willing to experiment with giving forward. They don't really know how to do it, because unfortunately we do not have those many organisations that can trustfully support those who want to give, unlike in the West where it's a whole industry. So having your peers set up a fund, deploying the social capital instantly through a platform like this, has been very attractive to a lot of people. So the ACT Fund worked well, and now it is being extended to causes beyond Covid-19 relief work as well. I know more collaborative funds like that are coming up. All these things point to unlocking much more philanthropic capital.

While we are doing that, we should know that the problem is not so much of philanthropic capital, but of absorptive capacity. There is all this philanthropic capital dressed up and ready with nowhere to go. Because we did not invest enough in building civil society institutions that can last and scale. It is no use pointing fingers at civil society because three fingers point back at the philanthropists. We did not invest in those institutions and give core funding. It's like telling entrepreneurs, "Go out there and become successful, but I cannot support your office rent or even give you an accountant." So as these young philanthropists come in and we talk about resilience and responsiveness, it is important to know that putting out philanthropic capital is not enough. We have to start learning the ropes of how to give in such a way that the next rupee and the rupees after that will be absorbed on the ground.

That said, we are all a bit confused and worried about why the government does not seem to have enough trust in the civil society institutions, or even corporate organisations, for that matter. Because the new changes in Corporate Social Responsibility (CSR) laws are dense and baffling to many.

Similarly, it's becoming difficult with the recent Foreign Contribution (Regulation) Act amendments. If we need to stop foreign funding, fine, but then we need to find ways to increase domestic funding. So that even if someone has ₹10 to give, it should be easy to give. In which case, we have to have a dialogue on what is the enabling policy structure that will deepen and widen Indian giving.

There is a lot of work ahead, because otherwise civil society organisations will go under. And while that might not be apparent as a problem right away, over time, you will definitely see a weaker society. Because civil society institutions very quietly do a lot of work that the state and markets simply cannot do. Even if they are tiny organisations, their contribution to nation- and society-building should not be underestimated.

Conversations with the government and deeper dialogues are required much more, so that we can understand and hopefully simplify some of the new rules that have come in. There is a breakdown of trust that needs to be rebuilt. It's a two-way street. We need more transparency from civil society organisations, but we also need enabling policies; not restrictive policies that tie them down. The state has to be more in listening mode and involve more actors from civil society before such rules are made and thrust down. We need the government to explain what is the larger mission and goal. Once we are able to understand where the government is heading, and if we can have a little more dialogue and access, it will be hugely beneficial for everyone.

Looking into the future, there are a couple of changes required. First, the policy environment needs to improve. Two, both corporate and philanthropic foundations need to begin with trust and build out plans to support resilience.

Third, civil society organisations need to get their act together in a sustainable manner to represent their sector when policy shifts and emergencies like the pandemic happen, so that all can work seamlessly and hammer out common interests beyond ideological differences.

Then, of course, people who have come into so much wealth have to experiment with giving more freely. These one-off projects that make you happy are not enough. If you want serious social change as a philanthropist, you have to make multi-year commitments and long-term funding, along with generosity and curiosity.

Philanthropy should be humble, but not modest. They have to genuinely accept failure without glorifying it. I think the future of giving in India remains positive. We should steam ahead.

- As told to Divya J Shekhar
- Rohini Nilekani is a philanthropist and founder-chairperson of non-profit Arghyam

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