



**MOVE ON FROM PHILANTHROPY;
ALTRUISM AND GOVERNANCE ARE
REAL HEROES OF CHANGE!**

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Growing number of philanthropists doesn't translate into radical social change. Until and unless corporates and individuals bring a change in the way they "give" to the community, systemic inequalities will remain unscathed. This paper explores the need for shift from philanthropy to altruism that will lead to 'giving' to the best possible cause that creates a maximum impact. Not only would this cease being a mere charity, altruism has roots in creating systemic large scale changes which imbibe the qualities of governance. This paper attempts to capture the importance of altruism paving way for governance that would ultimately result in maximum impact for the most vulnerable.

Introduction

In his book titled *Socialism for Millionaires*, the Irish playwright George Bernard Shaw commented that a rich man “does not really care whether his money does good or not, provided he finds his conscience eased and his social status improved by giving it away.” Although the book was released in the 1900s, the cynicism of Shaw probably is still relevant to the current times. This phrase by Shaw mirrors the definition of philanthropy. A philanthropist is the one who gives what they have. Efforts are not put into finding out the needs of the receiver.

Although both the altruist and the philanthropist intend to extend a helping hand, there is, however, a significant difference between them. A philanthropist is the one who gives what he or she has. An altruist, on the other hand, is the one who will find out what the urgent needs are and provide for them. Between the two, there is a possibility of variance between what is given and the needs of the receiver. For instance, at the time when

farmers need seed to sow, and water for the crop, the government gives them fertilizer and tractors. The given falls outside the purview of what is required; this is despite its use eventually. This variance disrupts the sequence between what is needed and what is offered. On the contrary, the altruist firmly sticks to the chain.

Alternatively, philanthropists in their preoccupation to give mostly stay within themselves. They do not sufficiently reach the receiver to understand what is needed by them. The altruist moves towards the receiver and spends time in finding out what is required by the other. This can make a significant difference at the site of the consequences of what is given. The relation between the intention of the givers and the effects they generate can make a lot of difference.

Philanthropists and Charity



For profit corporations can act in delivering altruism to individuals in need and their role in doing so has only increased in the past few years. In 2015, Arton Capital and Wealth-X's [philanthropy report](#)¹ states that ultra-high net-worth individuals in the United States (those who have \$30 million and above in net assets) gave \$49.2 billion to charities in 2015 – or 19% of all individual philanthropic donations in the U.S. But if we bring in data from the Urban Institute, which puts the total revenue for U.S. charities at \$1.73 trillion in 2015, the super-rich contribute less than 3% of the total.

Closer home in India, the philanthropic landscape has grown during the past 10

years. Domestic philanthropic giving in India has been fuelled by positive economic trends and regulatory changes. Over the past three decades India has experienced strong economic growth, with a concurrent increase in personal wealth. These economic trends may well increase the potential volume of money available for philanthropic giving in India. In addition, the introduction of the Indian Companies Act of 2013, mandating higher corporate spending towards specific areas, has led to the expansion of philanthropic giving from Indian corporations.



The introduction of CSR legislation in 2013 significantly changed the scope and scale of domestic corporate philanthropy. The Companies Act of 2013 mandated all registered entities under the MCA to engage in specific activities through the

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<https://www.wealthx.com/report/the-wealth-x-and-arton-capital-philanthropy-report-2015/>

regulation of CSR. Section 135 of the Act states that every company with net worth of approximately USD 160 million, or net profit of approximately USD 780 million, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on certain activities²

In fact, India has no shortage of billionaires. In 2017 alone, 17 new ones were added, taking the count up to 101. During the same year, the wealth of this elite group increased³ by Rs 20,91,300 crore—an amount equal to the total budget of the central government in 2017-18. The [Hurun India Rich List](#)⁴ looks at people with wealth of over Rs 1,000 crore. In 2018, 831 individuals made it to this list which was a remarkable 35% increase from last year and a jump of 100% since 2016. The average wealth on the 2018 list was around Rs 5,900 crore. It is interesting to note that while the number of Indians giving more than Rs 10 crore during the year rose from 27 in 2016

to 39 in 2018, the average donation size actually reduced from Rs 86 crore to Rs 40 crore.

Year	Number Of Indians Giving > Rs 10 Crore	Total Amount Of Giving (In Crores)	Average Donation Size (In Crores)
2013	31	15,250	492
2014	50	15,000	300
2015	36	32,400	900
2016	27	2,334	86
2018	39	1,560	40

Source: Hurun India Philanthropy Lists, 2013-2018
India Development Review analysis
* In 2018, Hurun changed the measurement period to October-September in 2017-18 from the earlier period of measurement which was January-December 2016. Hence, there is no 2017 list.

Bloomberg | Quint

Graph sourced from Bloomberg Quint⁵

Need for perspective change

Domestic philanthropy in India remains highly concentrated in the sectors of education and health, which account for over half of all philanthropic expenditure⁶. Even with the aim of challenging inequalities, most corporates/philanthropists opt for a linear solution looking for a quick fix to the problems in India.

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http://www.oecd.org/development/philanthropy-centre/researchprojects/OECD_India_Private_Giving_2019.pdf

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<https://www.oxfamindia.org/blog/15-shocking-facts-about-inequality-india>

⁴ <https://www.hurunindia.net/barclays-hurun-india-rich-list-2018>

⁵

<https://www.bloombergquint.com/opinion/philanthropy-in-india-is-growing-fact-or-fiction>

⁶

http://www.oecd.org/development/philanthropy-centre/researchprojects/OECD_India_Private_Giving_2019.pdf

consideration” requires that we determine what would have the greatest impact. However, in this example, the birthday giver follows the defective model of philanthropy. Ideally, this person should have opted out of buying a present for the friend.



Extending this example to the development/social sector, philanthropy also falls flat since it doesn't take into account what is the best measure that would create the maximum impact. William Macaskill⁹, the co-founder and President of the Centre for Effective Altruism (CEA), helped to create the effective altruism movement. Influenced heavily by other philosophers who were

advocates of effective altruism, Macaskill's book '*Doing Good Better*' captures the essence of altruism with the following questions:

1. What is the number of people that will benefit and by how much?
2. Is this the most effective thing that we can do?
3. Is this area neglected?
4. What would have happened otherwise
5. What are the chances of success, and how good would the success be?

If these questions are taken into account and analysed, it is clear that altruism in its theory is more engaged with the cause it is associating itself to and strives to make a change with evidence of the same.

⁹ <https://www.williammacaskill.com/>

Cementing the road of governance



Impacting a large number of people in need cannot happen without strengthening government structures and institutions. Answering the aforementioned questions can help altruists lay a strong foundation of systems and processes. Accounting for every rupee and the impact it creates at the ground level is how altruism works. Similarly, without taking into account the existing gaps of weak structures and processes, impact cannot be made at a larger level. Altruism is not merely creating a quick fix and immediate relief, but a methodology of innovative sustainable solutions that anchor governance, polish systems and processes – leading to a social change. Through these structures and systems of governance, the vulnerable population at

large is empowered to access these very systems for their benefit. Effective institutionalising of processes results in good governance benefitting both the institution as well as the community. Good governance cannot be devoid of government involvement. For involving government for the larger good of people, we need strong structures and processes. This is where altruism makes the most impact in the attempt to create a strong and powerful participatory governance structure that eases public delivery systems and assists the vulnerable in accessing benefits, entitlements and schemes.