

India: Great Potential and Promise

by Milton Cerny and Marva J. Rowan

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Goldman Sachs in a recent report predicted that India would be the world's third largest economy by the year 2050, behind the the United States and China, surpassing the United Kingdom in 20 years and Japan in 30 years. India, with its population of more than 1.05 billion people, is a land of many contrasts. Economically, the country is unrecognizable from a decade ago. This year's economic forecast calls for an impressive 7 percent rate of growth, nearly double that of 2002. This growth has been generated basically in New Delhi where automobile manufacturing and particularly information technology have fueled economic growth. Google, the world's largest Internet search engine, and IBM, are transferring their highest paying programming functions offshore to India.

However, the bright economic news does not hide the problems that India faces in bringing prosperity to its poorest states. India's masses are held back, hindered in large part by a political system controlled by caste and religion and an agrarian economy that has locked millions of Indians into poverty. A recent report issued by the United Nations shows that almost half of India's children remain chronically malnourished and that the country's literacy rate is below 65 percent.

The good news is that democracy is alive and well because of the independent institutions of a free press, judiciary, and the thousands of nonprofit organizations (NPOs) that operate there. Thus, the NPO sector has a great potential for growth and development because of India's global economy and the 20 million nonresident Indians are being lured back to India, bringing with them the entrepreneurial technology and financial resources they have gained in the West. Access to these funds, the generational transfer of wealth, and the experiences gained in the West will fuel the future growth and sustainability of the NPO sector.

I. Introduction

Volunteerism has always been a part of Indian culture and social tradition. The roots of the nonprofit sector can be traced back to the tenets of the various religions that have dominated India, such as Hinduism and Islam, which enjoin individuals to help the needy.

At the beginning of the 19th century, Christian missionaries in India began to engage in organized efforts aimed at social reform and empowerment and were soon joined in their efforts by the Indian elite. In particular, these social reformers began to establish schools, hospitals, and agricultural colonies with a view toward bettering the socioeconomic conditions of the Indian people. They also fought against the inferior treatment of women and the caste system.

During the late 19th and early 20th centuries, Indian nonprofit organizations were influenced by the freedom movement and became increasingly nationalistic in their goals. The voluntary sector gained increasing momentum in the 1920s and 1930s from Gandhi, who promoted voluntary action as the only path to India's development and independence. After India obtained independence in 1947, the number of nonprofit organizations surged. According to one estimate, the increase of the number of organizations from 1953 to 1980 was fivefold. Many organizations in the post-independence period, influenced by Gandhian ideals, engaged in nation-building and development-related activities, while others focused on relief work for refugees and flood and famine victims.¹

Since that time, both the nature of activities engaged in by nonprofits and the characteristics of those establishing nonprofits have become increasingly varied, although there is still a strong emphasis on development and community empowerment. Throughout this time, the government has, through various tax benefits, promoted the work being done by nonprofit organizations, while maintaining sufficient regulatory mechanisms to prevent abuse. The nature of these tax benefits and their related requirements are discussed

¹See generally, Asia Pacific Philanthropy Consortium, *Strengthening Philanthropy in the Asia Pacific: An Agenda for Action*, Background Paper: India (Sept. 2001); Siddhartha Sen, *Defining the Nonprofit Sector: India*, Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project, no. 12 (L.M. Salamon and H.K. Anheier eds., The Johns Hopkins Institute for Policy Studies) (1993); R. Sooryamoorthy and K.D. Gangrade, *NGOs in India: A Cross-Sectional Study* 39-53 (Greenwood Press 2001).

