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EDITORIAL ANALYSIS

Atmanirbhar Philanthropy: When Domestic Giving Outgrows Foreign Funds

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THE LIFT LINE

India's giving economy has quietly crossed a threshold: home-grown philanthropy now funds far more of the country's social sector than foreign money ever did, and the policy question has shifted from how to police foreign funds to how to grow and channel domestic generosity.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

The debate over funding civil society touches governance, security, the economy and the rights of association all at once. For an aspirant, it is a chance to move beyond the tired framing of foreign funds versus national security and to argue for a mature regulatory architecture that both protects sovereignty and enables genuine development work. The subject sits squarely inside the syllabus on the role of non-governmental organisations and civil society.

GS Paper 2: the role of civil society and Self-Help Groups, mechanisms and laws for the vulnerable, and government policies for the social sector. **GS Paper 3:** mobilising domestic resources for development and inclusive growth. For **Prelims**, hold the specifics: domestic private philanthropy now exceeds foreign contributions by roughly **fivefold**; mandatory **Corporate Social Responsibility (CSR)** flows from **Section 135 of the Companies Act, 2013**, which sets the **2 per cent** spending norm on eligible companies; foreign donations are governed by the **Foreign Contribution (Regulation) Act (FCRA), 2010**, with an **FCRA Amendment Bill** on the Monsoon Session agenda; and **Section 80G** of the Income Tax Act offers deductions for donations. For **Mains**, argue for calibrated, transparent regulation plus stronger domestic-giving incentives so that a self-reliant philanthropic base can fund development and civil society.

BACKGROUND AND CONTEXT

For decades, a section of India's social sector leaned on foreign grants, and the state grew wary of funds that could be used for ends at odds with public order. The FCRA regime tightened repeatedly, registrations were cancelled, and compliance became onerous. Critics said the crackdown squeezed legitimate non-profits; the government replied that transparency and national security demanded scrutiny of cross-border money.

The ground has since shifted. Rapid growth in corporate profits, a maturing class of wealthy individuals, and the statutory push of **CSR** have expanded domestic giving dramatically. Home-grown money now finances the bulk of organised philanthropy. That change reframes the entire debate: if the country can fund its own social sector, the policy priority becomes deepening domestic channels rather than fixating on shrinking foreign inflows.

THE CORE ARGUMENT / ISSUE

Domestic giving has become the mainstay

The single most important fact is scale. Private domestic philanthropy, driven by mandatory **CSR** and rising individual and family giving, now overshadows foreign contributions by a wide margin. A sector once anxious about every FCRA renewal can increasingly plan around predictable home-grown resources.

Regulation must be calibrated, not blunt

Security concerns about foreign money are legitimate, and no serious observer argues for an open door. But blunt instruments that treat all non-profits as suspect impose heavy compliance costs and chill genuine work in health, education and disaster relief. The **FCRA Amendment Bill** is an opportunity to move from suspicion by default to risk-based, transparent oversight.

Incentives shape behaviour

Domestic giving responds to signals. Clear tax treatment under **Section 80G**, simpler compliance for small non-profits, and public recognition of giving all expand the pool.

FUNDING CHANNEL	GOVERNING PROVISION	POLICY LEVER
Corporate giving	Section 135, Companies Act 2013 (2 per cent CSR)	Widen eligible causes, ease reporting
Individual and family giving	Section 80G deductions	Simplify claims, broaden coverage
Foreign contributions	FCRA 2010 and the Amendment Bill	Risk-based scrutiny, faster approvals
Non-profit compliance	Registration and audit rules	Proportionate, digital-first processes

HOW TO THINK ABOUT THIS (ANALYTICAL FRAME)

Use the frame of a self-reliant social sector. The old model asked a narrow question about controlling foreign money. The **atmanirbhar** frame asks a bigger one: how does a large economy fund its own civil society with dignity and transparency? The answer is a two-track policy. Track one keeps foreign funds under proportionate, security-aware rules. Track two actively grows domestic giving through incentives and trust. A regime that only polices, without nurturing the domestic base, wins on control and loses on development.

THE DIAGRAM IN WORDS

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CSR under Section 135 + rising individual giving -> domestic funds outgrow foreign inflows fivefold -> reframe policy from policing to enabling -> calibrated FCRA plus stronger 80G incentives -> self-reliant, transparent social sector
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WAY FORWARD

1. **Legislate risk-based FCRA oversight.** Use the **FCRA Amendment Bill** to replace blanket suspicion with proportionate, category-based scrutiny, faster approvals for clean actors, and clear timelines.
2. **Strengthen domestic-giving incentives.** Simplify **Section 80G** claims, widen eligible **CSR** causes under **Section 135**, and reward transparent long-term giving over one-off spends.
3. **Cut compliance friction for small non-profits.** Build a single digital window for registration, reporting and audit so that mission-driven organisations spend on impact, not paperwork.
4. **Build a culture of accountable giving.** Publish anonymised data on flows and outcomes, and recognise credible philanthropy so that public trust in the sector deepens.

PYQ LINKAGE AND PRACTICE

This maps to the recurring UPSC theme of the role of civil society and NGOs in development, and to questions on the tension between regulation and the freedom of association. It also links to the wider **atmanirbhar** narrative of mobilising domestic resources.

Practice question: "As domestic philanthropy overtakes foreign funding, India's task is to regulate civil society without stifling it." Discuss, with reference to the FCRA regime and incentives for domestic giving. (15 marks, 250 words)

Sources: The Hindu Editorial, Ministry of Corporate Affairs

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