

Cause Based Investment Trends in Philanthropic Activities

Ms Florine Clara Dsouza, Dr Florin Shelomith Soans

Department of Postgraduate Studies and Research in Economics, St Aloysius (Deemed to be University), Mangaluru-575003

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Abstract: In the modern times income inequality has been a matter of concern depicting the existence of poverty. With this understanding economists focus on breaking the vicious circle of poverty by achieving the equitable distribution of income. Therefore, the policy formulation revolves around the principle of 'redistribution of income'. Philanthropy is one of the tools to fight the inequality. There are various actors involved in philanthropy such as donors, foundations and beneficiaries. This research paper focuses on the sources of social sector funding in India and brings out the details of those involved in the sector. The paper points out the involvement of corporates and key business figures through 'family philanthropy'. Driving deep into the conceptual understanding of the area of research following are the objectives,

1. To understand the currents trends in philanthropy in India.
2. To analyse the contributions of philanthropists in driving social change.
3. To evaluate the future potentialities to meet the social sector funding gap.

Methodology: This study uses a qualitative content analysis method to examine the India Philanthropy Report from 2021 to 2025. The focus is on identifying key themes related to partnerships, funding strategies and stakeholder roles in the philanthropic sector. Relevant data is extracted from each annual report and organized according to predefined analytical categories. Patterns and trends are then compared across the five years to understand changes and continuities.

Keywords: CSR, family philanthropy, NGOs, social change.

I. Introduction

In the modern times income inequality has been a matter of concern. Inequality makes the population suffer by depriving them from the basic necessities of life. The problem of inequality has to be addressed in order to achieve the accessibility of resources and decent standard of living. Addressing inequality is essential achieve Agenda 2030. Inequality shows the existence of poverty. India faces the problem of income inequality in comparison to consumption inequality. With this understanding, economists focus on breaking the vicious circle of poverty by achieving the equitable distribution of income. Therefore, the policy formulation revolves around the principle of 'redistribution of income'.

Philanthropy is one of the tools to fight the inequality. There are various actors involved in philanthropy such as donors, foundations and beneficiaries. Philanthropy in India is present since ancient times with its roots in community and religious obligations. The modern form of philanthropy includes Corporate Social Responsibility (CSR) and social entrepreneurship with an aim of bringing social change. The private philanthropy is categories as follows;

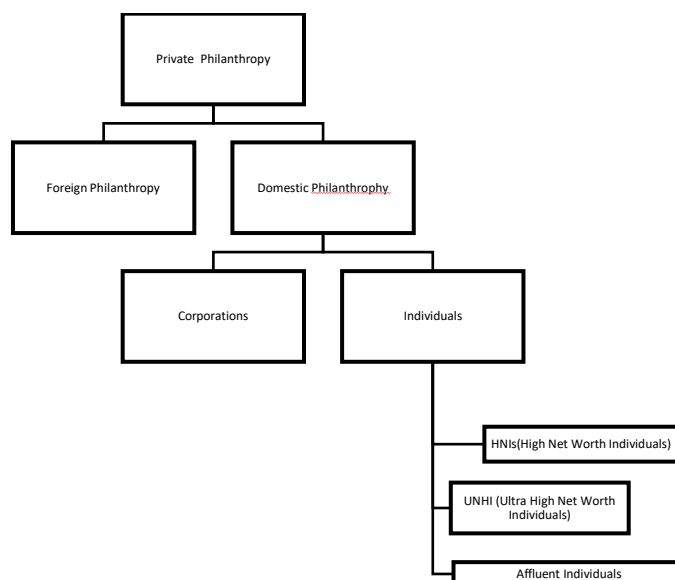


Figure 1: Classification of Private Philanthropy

The India Philanthropy Report (IPR), an annual publication produced by Bain & Company in collaboration with Dasra is regarded as a leading resource for mapping the philanthropic landscape in India. The report presents sector-specific allocations, highlights emerging trends in philanthropic activity and identifies systemic gaps that must be addressed in order to achieve social impact.

This research paper focuses on the sources of social sector funding in India and brings out the details of those involved in the sector. The paper points out the involvement of corporates and key business figures through 'family philanthropy'. Driving deep into the conceptual understanding of the area of research following are the objectives,

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II. Review of Literature

Sundara (1996) draws the attention towards the economic dependence of women. It hinders their traditional role as donors inspired by religious obligations and customs. Economic dependence hinders the participation of women in social entrepreneurship.

Cantegreil et al., (2013) pointed out the role of philanthropy in development of the country. The chances of increase in wealth among the Indians widens the scope of philanthropy capital. They address the concern about lack of awareness about the philanthropists which has resulted in lack of acknowledgement of role played by philanthropists in the process of nation building.

Li, Song & Wu (2014) analysed the corporate philanthropy in China which proved that the non-state actors are major drivers of philanthropy. The amount of philanthropy is based on leadership and profitability of firm.

Kumar (2018) conducted a study on philanthropic contributions of Tata Trust. Imperialism, modernism, neoliberalism, nation building, managerialism, secularism and colonialism have shaped the philanthropic journey of India. Tata trust has focused on both the immediate achievement of results as well as long term results on social change.

Maclean et al., (2020) have shown that donors from developed countries like UK and USA gave the donations to individuals and organisations in developed countries. Alms giving is customary form of philanthropy while entrepreneurial philanthropy is based on the application of entrepreneurial methods, partnership and engagement with donors to obtain outcome based socio-economic development.

Sidel (2021) highlighted that new generation philanthropists have shown the trends in philanthropy similar to those in United States. Experiences, socio-economic background of India has shaped the philanthropy practices of young entrepreneurs.

Ananzeh et al., (2022) have showed that philanthropy by a corporation is dependent on the factors such as size, age, media attention and profitability of firm. The government exercises influence on the philanthropic decisions of the corporates by ensuring their compliance with CSR norms. The debt of corporates refrains them from philanthropic funding. Family-owned companies are driven by profits and do not contribute much towards philanthropy.

III. Methodology

In this study our aim is to understand the landscape of cause-based investments in India. For this purpose, we have analysed the India Philanthropy Report published by Bain & Company in association with Dasra. In this study, we analyse the report from 2021-2025. The report gives the details about the sources and changing paradigm shift in the philanthropic sector. This study uses a qualitative and descriptive research design. The aim of the study is to understand the current trends, patterns in philanthropy and understand the potentiality of Philanthropy in India. The objectives of this study are met by exploration of data as reported in the Philanthropy Report.

Relevant data is extracted from each annual report and organized according to predefined analytical categories. Patterns and trends are then compared across five years to understand changes and continuities. We have employed thematic and content analysis method to identify themes, narratives and trends. The data is thematically categorized as trends in philanthropy, paradigm shifts in philanthropy, contributions to various sectors, status of contributors and challenges and opportunities highlighted in the report. The reliance of secondary data which is qualitative in nature is constrained by the lack of numerical depth.

IV. Results

This section presents the findings of the study based on the stated objectives. The result section shows the trends in the cause-based investments taken in the form of philanthropies from 2021-24 is presented in the table 1. There is an analysis of challenges and emerging opportunities available to boost the cause-based investments in India.

Table 1: Trends in Philanthropy

	2019 (%)	2021 (%)	2022 (%)	2023 (%)	2024(E) (%)
Foreign Private Funding	19	12	20	19	18
Retail Cohort	19	28	30	21	21
HNI/Affluent	33	23	22	30	30
UNHI	4	12	4	6	5
CSR	23	24	24	25	25
Total (in thousand cr)	86	103	110	122	131

Source: India Philanthropy Report, 2022-25

Trends in Philanthropy is listed in **Table 1** shows the growing contributions of the domestic philanthropy which is dominated by HNI (High Net Worth Individuals). The rising gains in the capital market is the reason behind this.

The retail cohort is showing a positive response in comparison to 2019 estimates. The quarter of retail cohort is directed towards NGOs while community-based lending and peer to peer lending are next in line. This change is driven by Unified Payment Interface (UPI) and emergence of crowdfunding platforms during the COVID 19 pandemic.

The mandate of 2014 and desire of the companies to comply with the Environment, Social and Governance (ESG) strategies and corporates are focus on the issues like climate change and environmental concerns in order to adhere to the mandatory disclosure of Business Responsibility and Sustainability Reporting (BRSR) have influenced the CSR contributions in India. In 2022, 50% of CSR contributions came from 200 companies listed in Bombay Stock Exchange. But the CSR contributions have surpassed the mandate of 2%. However, the CSR funds are clustered around 10 states including Gujarat, Karnataka and Maharashtra. But the state without business clusters like Meghalaya, Bihar, Uttarakhand, Jharkhand do not receive the CSR contributions.

The decline in foreign private funding in comparison with domestic philanthropy is due to the amendment of Foreign Contribution (Regulation) Act (FCRA) and convergence of interests towards low-income countries and vulnerable regions.

UNHI contributions have shown a slight fall. The UNHI contributions are positively related to the net wealth of the contributors. The report highlights that UNHI contributions in India is 6-10 times lower than that of US, China and UK.

Table 2: Recent Paradigm Shifts in Philanthropy

Emerging Trends/donors	Estimates (in percentage)
Women Led	55
Inter gen and Now Gen	33
Staff to manage philanthropy	65
Self-managed (Managed by families with support from advisors, friends, family, or volunteers)	36
Grant making (Providing funds to nonprofits)	41
Grant making and Programme Implementation	23

Source: India Philanthropy Report 2025

Table 2 shows that Philanthropy led by women stands at 55%. Women contribute more towards GEDI as they can able to connect with the issues related to gender equity which are addressed by grassroot organisations. Now gen and Inter gen contributors form 33 per cent of the contribution. Individuals start donating in 30s and 40s due to wealth creation in the service sector. The 2025, report draws the attention towards growing professionalism in the philanthropy capital marked by the appointment of managers to maintain the philanthropy portfolios. The majority focus on providing grants and only 23 per cent are focused on grant making and programme implementation.

Table 3: Contributions to the sectors

Sectors	%
GEDI Gender, equality, diversity, and inclusion (GEDI) includes gender equality, social justice, disability, and mental health;	40
Climate Action	29
Ecosystems Strengthening Future	39
Historical Causes (include education, healthcare, educational technology, senior care, palliative care)	71
Livelihood enhancement and skill development	23
Arts, culture, and heritage	7
Animal welfare	8
Others (include sports, rural and urban development, sustainable livelihoods, and sector-agnostic causes)	17

Source: India Philanthropy Report 2025

Table 3 highlights the contributions to sectors based on the preferences of philanthropists. Historical causes are preferred highly followed by GEDI. Climate Actions is gaining priority by the young philanthropists and corporates. Ecosystem strengthening future is preferred by 39 per cent of donors indicating the desire to contribute towards projects which create long term impact. Arts, culture and heritage are new areas of interest among the donors.

Table 4: Status of contributors

Contributors	Estimates
Private Sector	65%
Family run Business	65 to 70%
Families making majority of contribution (Tata, Ambani, Adani, and Birla)	2%
No of PSUs	~0.4k
No of Pvt sector firms-Professionally run	~3K
Private sector firms: Family owned	~17K

Source: India Philanthropy Report 2025

In **Table 4** contributors to the philanthropy are listed. The table indicates that 65 % of contribution are from private sector in which majority i.e., 65-70% comes from family run business with 2% of the family make the majority of contribution. Approximately 0.4 thousand Public Sector Undertaking (PSUs) made the contributions towards philanthropy capital. Around 3 thousand and 17 thousand professionally run firms and family-owned private firms make contributions towards social change respectively.

The Bain Report points out that although the social sector funding has grown significantly over the last 5 years by 13% with the increase in the contribution by public sector and private sector by 13 % and 9 % respectively. There is a shortage of INR 14 lakh crore to meet the social sector demand. In order to meet these shortages, the following set possibilities are recommended in the report.

Promoting collaborative philanthropy: Collaborative philanthropy refers to collaboration among government, civil society organisations, government, academia and private sector. Transparent communication among the partners, long term funding and adaptability can enhance the impact of collaboration. Strengthening civil society organisation can be a foundational stone for collaborative philanthropy.

Strengthening philanthropic infrastructure: It can be done by, “supporting non-profit capacity building, setting up investment ready vehicles, strengthening advisory strategy, providing funds for research, innovation, monitoring and evaluation”.

Taping the potentiality of crowdfunding market: The crowdfunding market is initial stages of development in India. Donation based crowdfunding can help to meet the social sector funding gap by targeting retail donations.

Usage of technology: NGOs can make use of social media to spread awareness about their programs which can help to bridge the trust gap. The technology is helpful to boost crowdfunding market.

Optimum utilization of NGOs: NGOs have an ability to reach vulnerable sections of the society. The social impact created through the intervention of NGOs will be effective. NGOs should be treated as a partner in process of intervention rather than being considered as beneficiaries.

V. Discussion

This study set out to understand the current status and the dynamics of cause-based investment trends in India. Cause based Investment trend in India is aligned with legal mandate for Corporate Social Responsibility (CSR) under Companies Act 2013 and Environment, Social and Governance (ESG) frameworks. Our findings show that cause-based investments show a rising trend in India with the growing socio-economic and environmental concerns among the philanthropists. The changing dynamics of cause-based investment is marked by the compliance with CSR mandates, the rise of high-net-worth individuals (HNIs), family philanthropy and impact investing. Our study highlights shift in the priorities of investors from traditional sectors like education, health etc., to climate action, gender equality and livelihood.

This study is relevant as it is based on the concept of redistribution theory. India, is the fourth largest economy in the world but she continues her battle with inequality in education, health, wealth, access to basic opportunities and income. Redistribution theory advocates the mechanisms of redistribution of income to achieve development which is inclusive in nature. Taxation and welfare policies are the pillars of the redistribution. Cause based investment is an emerging contemporary force which channelises private assets towards the inclusive and sustainable society.

USA is a leader in the cause-based investment influenced by its tradition in charity, tax benefits and existence of large number of charity foundations. Zakat takes the form of cause-based investment in the Muslim majority nations. Singapore gives the highest amount of tax incentives for cause-based investors. European philanthropy market comprises of individuals, corporates and foundations. Germany and France have a major share in philanthropy market of Europe. However, the cause-based investments by corporates in UK and USA is voluntary in nature unlike India.

Our findings indicate that high net worth individuals interested in cause-based investment in India which is similar to the global phenomenon which is initiated by Bill Gates and Warren Buffet in 2010. Women are leading the cause-based investments in India driven by the motive of gender equality this is against the traditional orientation of women as a dependent individual. Private undertakings contribute significantly to the cause-based investments due to various factors like CSR mandate, building reputation and for the fulfilment of ESG norms. Although, public undertakings are also bound by same criterions their contribution for cause-based investment is comparatively less. This raises the questions regarding this differentiation.

Collaborative model of philanthropy wherein government, NGOs and philanthropists can join together to meet the social sector funding gap. The collaborative model can show the amplified results. Accountability, transparency and extensive use of technology to report the outcomes and initiatives undertaken are helpful to build trust and ensure optimum utilisation of cause-based investments.

VI. Conclusions

Historically, the religion and customs have inspired the families to make their contributions for social concerns. The modern philanthropy has become more formal and documented. Government of India's action to mandate 2% of net profits has been game changer which was fuelled by the rise the profits from service sector and capital market. The now generation donors are showing keen interest in philanthropic contribution. The philanthropists engage themselves in the donations for social change in their 30s and 40s. The family-based philanthropy is dominated by 2 per of wealthiest families of India i.e., Adani, Ambani, Tata and Birla have created the positive social change. Climate change, Animal Welfare, Cultural promotion are gaining the attention of donors. Meanwhile, donations in the areas gender equality, mental health, rural development, inclusivity, health and education are at forefront. The socio-economic concerns of women have made them major donors than male donors. The emergence of crowdfunding market for making donations during the COVID period has formalised the donation process. This paper points out that the collaboration between Civil Society Organisations and governments can enhance the impact of social change. This collaboration has a potential if they harness technology, maintain transparency and build trust. This move can build a India @ 100 which is 'Viksit'.

In this study it is highlighted that private sector players have become the main contributors to Corporate Social Responsibility (CSR). The cause-based investment shows progress but it has some drawbacks. NGOs ability to build trust depends on their ability to demonstrate real impact and act as a middleman that both sides can believe in. At the same time, the entire philanthropy environment needs to move beyond compulsion as states should increasingly encourage collaborative cooperation among many different kinds of actors as well as infrastructure construction and make use of technology for transparent transactions. These initiatives can lead to the emergence of cause-based investment mechanism which is more uniformly controlled and more efficient. The mechanism which can support state-led redistribution on the one hand while at another hand it can play a transformative role in addressing India's development priorities.

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