

PHILANTHROPY

2014 - 2015 1st Quarter April - June 2014



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ADVANCEMENT
OF PHILANTHROPY

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A handy reference book to refer to brush up your working knowledge of the Trusts Act, Income Tax (exemptions and deductions) and of course the FCRA.....

Centre for Advancement of Philanthropy's latest book **"Frequently Asked Questions"** (FAQ) – the all new and revised 2014 Edition. Written by Mr. Noshir H. Dadrawala Foreword by Bahram N. Vakil (Founding Partner, AZB & Partners) **To buy a copy** – Call Martina on (022) 22846534 or e-mail: admin@capindia.in

This booklet published by CAP seeks to answer some of the most common questions not just in the mind of start-up NGOs but also the more mature ones. It's written keeping the lay reader in mind and in my opinion a thorough reading of this book would not just clear a number of doubts and queries but empower the NGO leader, be it a Board member or staff, to ensure that all that needs to be complied with is indeed done. Dhaval Udani - CEO, Give India

With an extremely knowledgeable and professional team, CAP is a trusted entity that provides advice that is easy to understand and implement. Dhun Davar - CEO, Apnalaya

Often we have small questions that need an immediate answer. A handy booklet is a great tool for quick reference especially when you are in a remote location or working at odd hours (which is often the case)! Pushpa Aman Singh - Founder & CEO, GuideStar India

Are you wondering how unspent income of your organization can be carried forward to the next year or accumulated?

Are you planning to receive funds from a foreign source but confused if funds received from an NRI would be allowed even without FCRA registration?

Wondering what should be the minimum and maximum number of trustees you should have on your Board?

Frequently Asked Questions (FAQ)

NGO Registration, Management & Legal Compliance
Income Tax Exemption & Deduction
Receiving & Reporting Foreign Contributions

By Noshir H. Dadrawala



CENTRE FOR ADVANCEMENT OF PHILANTHROPY

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Philanthropy has a reader base of grantmaking foundations, voluntary organizations and other entities operating in the sector. It is also widely read by professionals like chartered accountants and lawyers as well as by those in the corporate sector.

If you wish to subscribe to this magazine, or place an announcement, please contact our office.

We would also be happy to hear from you. Mail us your suggestions and comments.

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Editorial



Welcome to the new financial year 2014-15.

The Income Tax department continues to tighten its noose around NGOs. 12AA applications are being scanned in microscopic detail – even a hint of business or business like activity is not tolerated. Despite clarity in object clauses, applicants are made to file additional affidavits. Assessments are being carried out with equal

ruthlessness. Increasingly organisations are

starting to take the view that it's far simpler to register and run a for-profit company, especially if the organisation is not dependant on grants and donations.

The charity commissioner's office is increasingly getting 'judicial' in its role and simple processes like approving 'Change Reports' are carried out in a manner akin to a proceeding at a district court. Little wonder NPOs now prefer registering as non-profit companies with the Registrar of Companies.

The buzz around CSR continues to intensify but apparently without much happening. Companies without any past history of CSR continue to remain confused. Although past the Ministry of Corporate Affairs (MCA) given deadline, many companies are still in the process of forming their CSR Committees and writing their CSR Policies. Very few companies have put up their policy on their website. In the meantime NGOs continue their quest to seek companies looking for eligible CSR partners.

There is need for good data, strategy and a great need for pooling resources in order to leverage effectiveness and impact. Many companies will have fairly small CSR budgets and unless companies decided to think and act strategically in this regard their CSR spending may not lead to any significant social impact.

The MCA will have a huge task on hand compiling and analysing data. Companies on the other hand will need to grow out of their thinking that this is yet another indirect "charity tax" imposed by the government and instead look at the bigger picture in terms of tangible and intangible benefits to the company – be it attracting and retaining better human resource, branding or impact on the company's market equity. And, finally, NGOs need to put their house in order because corporates will expect high degree of professionalism, transparency, accountability and impact.

Noshir Dadrawala
CEO, Centre for Advancement of Philanthropy.



News

Disclosure of Corporate Identification Number (CIN)

The new Companies Act, 2013 has now become effective from 1st April, 2014. The new Act has many changes therein, one of them being disclosure of Corporate Identification Number (CIN) in business letters, bills, letterheads of the Company and in all its notices and other official publications.

Section 12 (3) (c) of the Indian Companies Act 2013 requires every company to get its name, address of its registered office and the Corporate Identity Number(CIN) along with telephone number, fax number, if any, e-mail and website addresses, if any, printed in all its business letters, billheads, letter papers and in all its notices and other official publications.

In case of any failure to quote the CIN number, penalty of Rs 1,000 per day shall be imposed on the defaulting company and on every officer in default for every day during which the default continues. However, maximum penalty imposable shall not exceed Rs 100,000.

All NPOs registered under section 25 of the Indian Companies Act 1956 or section 8 of the new Indian Companies Act 2013 are requested to quote Corporate Identification Number in all future communication as mandated by the provisions of the new Act and ensure compliance to avoid penal action.

The new Companies Act, 2013 has now become effective from 1st April, 2014. The new Act has many changes therein, one of them being disclosure of Corporate Identification Number (CIN) in business letters, bills, letterheads of the Company and in all its notices and other official publications.

Online Filing of FCRA returns

Until very recently the Ministry of Home Affairs (MHA) insisted that organisations having FCRA Registration or Prior Permission should, apart from filing online annual returns in Form FC6, should also post signed hard copies and other supporting documents to the MHA's office in New Delhi. **MHA has now indicated that henceforth there is no need to additionally submit hard copy of FC-6 and other supporting documents to the ministry.**

Organisations required to file annual FCRA returns should now simply upload scanned copies of all the supporting documents on the MHA's website at the time of filing return in Form FC-6. The new instructions for online filing of the annual return in Form FC-6 states that final submission can be made after uploading the scanned copy of the following documents:

Chartered Accountant's Certificate & Declaration Certificate of Chief Functionary of the FCRA registered association.

To reiterate, the Annual Return submitted online will be treated as the final version and there is no need to submit paper/hard copy of the Return to the Ministry of Home Affairs.

News

Timeframe for various tax clearances

The Central Board of Direct Taxes (CBDT) has issued instructions to all Chief Commissioners and Director Generals of Income Tax that wherever applications are made for no TDS deduction or TDS deduction at a lower rate under S. 197, these must be disposed off within 30 days of receipt of such applications.

This is in accordance with the Commitment made to citizens as per Citizen's Charter.

It may be worthwhile to note some of the other relevant services covered in the Income Tax Citizen Charter and time-commitments.

Decision on application for grant of exemption or continuance thereof to institutions (University, School, Hospital etc.) under section 10(23C) of the I.T. Act	12 months
Decision on application for approval to a fund under section 10(23AAA) of the I.T. Act	3 months
Decision on application for registration of charitable or religious trust or institution under section 12 AA of the I.T. Act	4 months
Decision on application for approval of hospitals in respect of medical treatment of prescribed diseases	3 months
Decision on application for grant of approval to institution or fund under section 80G (5) (vi) of the I.T. Act	4 months
Decision on application for no deduction of tax or deduction of tax at lower rate	1 month
Redress of grievance	2 months
Decision on application for transfer of case from one charge to another	2 months

It may be worthwhile to note some of the other relevant services covered in the Income Tax Citizen Charter and time-commitments.

From The Legal Hub

Government Exempts NGOs under Provident Funds Act ... Yes or No?

This is one of the most frequently asked questions in the voluntary sector in India. A number of organisations, especially those working in the field of education and health care that we came across recently seem to have been advised by their auditors and HR consultants that the Ministry of Labour and Employment has specifically exempt charitable organisations under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The answer to this is both, 'yes' and 'no'!

Yes, it is true that the Government of India, Ministry of Labour and Employment has under a Gazette Notification dated: 14th May 2010, exempt certain establishments from the operation of the Act with effect from 1st April 2010 to 31st March 2015.

These establishments mainly include those wholly or partly financed by grants-in-aid received from the Central and/or State governments as also "those being run by public, religious or charitable trusts or endowments (including maths, temples, gurudwaras, wakfs,

churches, synagogues, agiaries or other places of public religious worship) or societies and trusts for religious or charitable or other public purposes and notified as such by the Central Government under the Income tax Act 1961"

However, the very same notification adds the rider: "Provided that if such class of establishments run any university, any college, any school, any scientific institution, any institution in which research education, imparting knowledge or training is carried on against charges or fees from the students, or run any hospital, nursing home or clinic in which any medical treatment or procedure is carried on against charges or fees from the patients, such activity shall not be exempted from the operation of the Act".

In other words the Government of India does exempt charitable organisations from the operation of the Provident Funds Act. But, provided, the organisation is either:

- Wholly or partly financed by grants-in-aid received from the Central and /or State governments or
- Does not charge fees to students or patients.

Yes, it is true that the Government of India, Ministry of Labour and Employment has under a Gazette Notification dated: 14th May 2010, exempt certain establishments from the operation of the Act with effect from 1st April 2010 to 31st March 2015.

From The Legal Hub

All Services Relating to Education are Exempt from Service Tax

Section 66D of the Finance Act contains a negative list of services and clause (l) thereof reads as under:

Services by way of:

- i. Pre-school education and education up to higher secondary school or equivalent;
- ii. Education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force;
- iii. Education as a part of an approved vocational education course.

Further section 93(1) of the Finance Act, 1994, enables the Government to exempt generally or subject to such conditions taxable service of specified description. By virtue of the said power, Government has issued a notification No. 25/2012-ST dated 20th June, 2012, exempting certain services. Sl.no.9 thereof reads as follows:

"Services provided to an educational institution in respect of education exempted from service tax, by way of:

- a) Auxiliary educational services; or
- b) Renting of immovable property

As defined in the said notification, "auxiliary educational services" means any services relating to imparting any skill, knowledge, education or development of course content or any other knowledge-enhancement activity, whether for the students or the faculty, or any other services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any other person, including services relating to admission to such institution, conduct of examination, catering for the students under any mid-day meals scheme sponsored by Government, or transportation of

students, faculty or staff of such institution.

By virtue of the entry in the negative list and by virtue of the portion of the exemption notification, it is quite clear that all services relating to education are exempt from service tax.

There are many services provided to an educational institution. These have been described as "auxiliary educational services" and they have been defined in the exemption notification. Such services provided to an educational institution are exempt from service tax. For example, **if a school hires a bus from a transport operator in order to ferry students to and from school, the transport services provided by the transport operator to the school are exempt** by virtue of the exemption notification.

In addition to the services mentioned in the definition of "auxiliary educational services", **other examples would be hostels, housekeeping, security services, canteen, etc.**

By virtue of the entry in the negative list and by virtue of the portion of the exemption notification, it is quite clear that all services relating to education are exempt from service tax.

Judgement

Supreme Court Explains Religious / Charitable Purpose and 'Substantial Question of Law'

In the recent case of CIT Vs. Dawoodi Bohara Jamat, the Supreme Court has held that the respondent-trust is a charitable and religious trust which does not benefit any specific religious community and therefore, it cannot be held that Section 13(1)(b) of the Income Tax Act would be attracted to the respondent trust and thereby, it would be eligible to claim exemption under Section 11 of the Act.

From the phraseology in clause (b) of section 13(1), it could be inferred that the Legislature intended to include only the trusts established for charitable purposes. That however does not mean that if a trust is a composite one, that is one for both religious and charitable purposes, then it would not be covered by clause (b). What is intended to be excluded from being eligible for exemption under Section 11 is a trust for charitable purpose which is established for the benefit of any particular religious community or caste.

Such trusts with composite objects would not be expelled out of the purview of Section 13(1)(b) per se. The Section requires it to be established that such charitable purpose is not for the benefit of a particular religious community or caste. That is to say, it needs to be examined whether such religious-charitable activity carried on by the trust only benefits a certain particular religious community or class or serves across the communities and for society at large [Sole Trustee, LokaShikshana Trust v. CIT, (1975) 101 ITR 234 (SC)]. The section of community sought to be benefited must be either sufficiently defined or identifiable by a common quality of a public or impersonal nature. (CIT Vs. Andhra Chamber of Commerce, 55 ITR 722).

This Court in CIT Vs. Palghat Shadi Mahal Trust, (2002) 9 SCC 685 the Muslim residents of Kerala constituted a trust "for the purpose of constructing and establishing at Palghat-a-ShadiMahal and other institutions for the educational, social and economic advancement of the Muslims and for religious and charitable objects recognized by Muslim law ...". and later clarified that the proceeds would be utilized for the benefit for public at large and upon this basis, the trust made a claim for exemption from tax under Section 11. This Court held that the resolution clarifying the object would not validly amend the object of the trust-deed and since the object confined the benefit to only Muslim community, it would be covered by the restriction under Section 13(1)(b) of the Act even though it functioned for public benefit. Thus, therein the object sufficiently defined or expressly stated beneficiary class and restricted the activities of the trust to a specific community.

Further, in State of Kerala Vs. M.P. Shanti Verma Jain, (1998) 5 SCC 63 this Court has held that propagation of religion and restriction of benefits of activities of trust in its objects to the said community would render the trust as ineligible for claiming exemption under similar provisions of Kerala Agricultural Income Tax Act, 1950. The Court observed as follows:

"...The Deed of Trust and the rules run into more than thirty pages out of which six pages of the Trust Deed narrate the philosophy of Jain Dharma. The objects of the Trust clearly show that the Trust is meant for propagation of Jain religion and rendering help to the followers of Jain religion. Even medical aid and similar facilities are to be rendered to persons devoted to Jain religion and to non-Jains if suffering from ailments but the medical aid could be given to them only if any member of the families managing the Trust, shows sympathy and is interested in their treatment. The Tribunal, in our opinion, was right in its conclusion that the dominant purpose of the Trust in the present

Note to Non-Profits

Understanding how Permanent Account Number (PAN) is structured

Quoting your Permanent Account Number (PAN) is now mandatory for virtually every financial transaction. The moment you register your NGO, either as a Trust, Society or non-profit Company, you cannot proceed to apply for tax exemption (u/s 12AA) or tax deduction (under 80G) without first obtaining PAN. No Bank will allow you to open a savings or any other bank account without furnishing PAN.

PAN is a unique, 10-character alpha-numeric identifier, issued to all juristic entities identifiable under the Indian Income Tax Act 1961. It is issued by the Indian Income Tax Department under the supervision of the Central Board for Direct Taxes (CBDT) and it also serves as an important proof of identification, though not as proof of nationality as PAN is also issued to foreign nationals resident in India on a valid visa.

The primary purpose of PAN is to bring a universal identification to all financial transactions and to prevent tax evasion by keeping track of all monetary transactions.

The PAN is unique and valid for the life-time of the PAN-holder throughout India. It is not affected by change of address.

However, you may have often wondered how the PAN is structured alphanumerically?

If, for example, the PAN is: AGDPT3670K:

- 1) The first three characters represent the alphabetic series running from AAA to ZZZ. In the case above AGD becomes the series.
- 2) The Fourth character would generally indicate the tax status of the organisation. For example, 'P' stands for 'Individual'; 'F' stand for firm (or an unincorporated entity,

normally a partnership); 'C' stands for company (incorporated entity); 'H' stands for HUF (Hindu Undivided Family); 'A' stands for AOP (association of persons); 'T' stands for Trusts (basically it includes all charitable organisations whether a Trust or a society).

- 3) The Fifth Character represents name (in case of 'individual' it is first character of the last name, while in case of an organisation it is first letter in the name).
- 4) The next four characters are sequential number from 0001 to 9999, giving it unique identity. Thus in one series there would be a maximum of 9999 numbers. In the given example AGD is the series in which 3670 is the sequential number.
- 5) The last character is an alphabetic check digit.

PAN is a unique, 10-character alpha-numeric identifier, issued to all juristic entities identifiable under the Indian Income Tax Act 1961.

Overseas Outlook

The Overhead Myth: Does This 990 Make Me Look Fat?

It is believed that there are 3.3 million NGOs registered in India. This figure is probably flawed. But, take away even two third the numbers and we would have at least a million NGOs. Think for a moment the human resource needs for all these NGOs and the “overheads” or “admin costs”. It's a topic most choose not to discuss and choose instead to sweep under the carpet. However, this is an issue even developed countries like the USA struggle with.

A recent survey in the USA indicates that 62% of Americans think nonprofits spend too much money on overhead. The nonprofit sector is a \$ 2.1 trillion dollar segment of the US economy, employs 1 in 10 Americans. Disagreeing with 62% of Americans and a whole lot of funders to defend what sounds like an administrative “beer belly” is not an easy task!

In the nonprofit tax return "Form 990," the US government requires 501(c)3s to fill out a 'Statement of Functional Expenses' that breaks out costs into four columns: **a)** Total expenses, **b)** Program service expenses, **c)** Management and general expenses, and **d)** Fundraising. Any costs in column C and D – read: overhead – are considered an unflattering sign of waste and inefficiency. Yes, people understand there are going to be some overhead costs, but to the NPO sector the 990 has become the equivalent of asking, "Does this form make my NPO look fat?"

The Bridgespan Group believes this unhealthy bias against overhead has led to what they

described in a Stanford Social Innovation Review article as the Nonprofit Starvation Cycle.

A vicious cycle is leaving nonprofits so hungry for decent infrastructure that they can barely function as organisations—let alone serve their beneficiaries. The cycle starts with funders' unrealistic expectations about how much running nonprofit costs, and results in nonprofits' misrepresenting their costs while skimping on vital systems.

Successful organisations require financial systems, information technology, volunteer management and sustainable revenue streams. Part of the myth of the nonprofit world is that somehow righteousness will ultimately triumph over limited planning, sloppy systems and a general scarcity of resources. But that is not the way the world works.

Even a three-year-old knows that if you cut corners and build your house out of straw...you'll be sorry. The same is true here for nonprofits: spend the money, build a solid infrastructure and go with the bricks.

Changing attitudes and expectations is a shared problem and fortunately this one has leadership. Earlier this year Guide Star, Charity Navigator and BBB Wise Giving Alliance penned an open letter denouncing the "overhead ratio" as a valid measure of a nonprofit's performance.

They have also created a campaign-style website on 'The Overhead Myth' to educate donors, organize support and invite further discussion on better ways to evaluate a nonprofit's performance and impact.

A recent survey in the USA indicates that 62% of Americans think nonprofits spend too much money on overhead.

Trends

Charity by any name ... Unusual Ways of Giving!

It was a chance meeting when I was introduced to a British tea planter from the Nilgiris who was on holiday in Bangalore. We discussed various rather inane matters that new acquaintances talk about, including what I do, and we parted perhaps never to meet again. About four years later I had call from a lawyer who said he “represented the estate of the late Mr. Jeremy Fitzgerald (all names changed) who passed away seven months ago”. With difficulty I recalled that this was the gentleman whom I had met some years ago and had exchanged pleasantries in a ten minute conversation.

The lawyer told me that the gentleman had left our organisation “some money” in his Will and that this would be sent to us, in lots, as his assets were sold. Ultimately we received several lakhs from this act of kindness. Since then we have had several other offers of being left money, and even property, after the death of the donor, and all these offers have been made in 'the last will and testament'!

Giving presents at birthdays, weddings, anniversaries etc. is common and has been done for decades. Someone I know invited over two hundred relations and friends to their golden wedding anniversary and mentioned in the invitation that “presents will be accepted only as cheques to the hospice, our favourite charity”. Over Rs.2.00 lakhs was collected by way of greetings in kind. Recently the husband of a lady who died in our hospice requested in the obituary announcement: “No flowers please. Instead, cheques to Bangalore Hospice Trust - Karunashraya” Giving of their expertise and experience is a rather unusual way of giving but donating services of this kind are welcome because otherwise the organisation would have to spend from valuable money-donations to pay for the

service. When our hospice construction was being planned an eminent Bangalore architect did the drawings and supervision of the construction entirely free and her normal charges became the donation to our cause. An advertising agency planned our logo, letterheads, brochures etc., free of charge and our first website was designed and donated by the relative of a grateful patient. A software start-up created the software we needed in order to make our donated PCs useful. Even pictures for our desk calendars come as donations from a top commercial executive who is a crack amateur photographer.



John Bunyan had said 'You have not lived until you have done something for someone who can never repay you'. This probably prompts a group of selfless people who give of themselves. These volunteers are one of our biggest sources of support. Their contribution is particularly valuable because they donate their time and talents to our organisation. From manning the front desk to entertaining the patients and staff to helping in the kitchen all these are silent and valuable contributors. Perhaps the most valuable activity entirely run by volunteers is the Charity Shop which sells donated items which cannot be used in the

hospice. From receiving the goods to sorting them out to selling them makes a very valuable income for the benefit of the patients and this is also an activity which gets us a large sum to meet other running expenses. There are so many other jobs that this enthusiastic team of volunteers donates to us. A saying attributed to someone simply called 'Ambrose of Milan' says “If you have two shirts in your closet, one belongs to you and the other to the man with no shirt.” And this is so true of the activity of the Charity Shop volunteers because the used clothes they sell are bought by poor construction labourers, house maids etc. and this class of the poor also benefit.

A hospice that gives free food to all their patients is ever in need of provisions, fruits, vegetables, milk, rice, cooking oil etc. There is another class of donors who specialise only in this sort of 'donation in kind'. They believe the biggest blessing they can earn is by feeding the poor and the suffering. They even donate items like Horlicks, energy supplements, sweets at festivals etc. Some donors donate ice cream for patients and staff to celebrate a child's birthday.

Aamir Khan was shooting in Bangalore for his film 'Three Idiots'. With some trepidation we approached him to visit the hospice. He came late one evening, spent over two hours with the patients including a seventeen year old boy who was only hours away from the end. The patient was so overwhelmed that he spent the next couple of hours talking about Aamir to anybody who would listen. He passed away the next morning, peacefully, but in those hours he seemed to be in a pleasant trance. Aamir Khan might not have saved a life but he made a young man less troubled in his last hours. He also followed the visit with a cheque. Soon after his retirement Rahul Dravid agreed to become our 'First Ambassador'. He has happily appeared during some of our fund raising functions, given away signed copies of his biography, auctioned some of his memorabilia and his appearance



**“Us? No, we're not in disguise.
We're pro bono volunteers.”**

succeeded in getting us tremendous mileage. When Viswanathan Anand was overseas playing some of his gruelling chess he happily agreed for us to quote him as a well-wisher of the hospice for the Bangalore Marathon. But, what had Aamir Khan, Rahul Dravid and Viswanathan Anand actually given us? They gave their names for a cause and because of this we benefited by reputation and gate money. All three figure on our website – an investment for the future! Mike McIntyre in The Kindness of Strangers says “Sometimes those who give the most are the ones with the least to spare” and this adage has been proved any number of times in our work. A poor landless labourer who offered to donate part of the money he had borrowed for his bus fare to come to Karunashraya, the free caring centre for advanced cancer patients, is among the most generous. This is even more admirable when you realise that he is so poor. In the first week of every month we receive a money-order from a certain individual from a small town near Kolar. This comes like clockwork, never later than the seventh of each month. It started with Rs.75.00 and has

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Opinions

Working For Corporate Sector Vs. Working For Social Sector



P.M. Rajasekharan
Chief Operating Officer
Impact India Foundation



Aparna Joshi Khandwala
Head of Operations
JobsForGood

My search for a suitable platform to productively share my experiences and learning acquired over nearly four decades in the private sector lead me to an NGO. My experience, exposure and learning in different commercial disciplines during 38 years stint in a Multi-National Corporation has held me in good stead in executing my responsibilities as a Chief Operating Officer of an eminent NGO in my second career.

I realise that the leadership skills and organizational competencies required in both the sectors do not differ. While Corporations deal with Goods and Services, Social Sector organizations engage themselves as Human Change Agents. The Non-Governmental Organizations, as the nomenclature suggests, attempt to accomplish the public services expected of the Government, with the help of the private sector. Sensitivity to human needs, passion to serve, acquaintance with the First and Second Sectors and inter-personal skills are, therefore, desirable attributes of a successful Third Sector professional.

While I confess that my foray into the Social Sector was purely accidental, I found the engagement highly fulfilling and beneficial. I am proud to be a part of an organization engaged in selfless service to the downtrodden and underserved population of the country. The smile on the face of the beneficiary is highly rewarding and I go home satisfied that I have been able to give back to the Society in my own humble way. After seven years in the Third Sector, I am happy to say that I am fortunate to have landed in this assignment.

I have been spearheading operations for JobsForGood, a recruitment service provider which specializes in the NGO space since 2011. Overall, I possess over 15 years of experience in strategic HR operations. Large part of my career involved leading the Human Resources function for one of the most successful HR service provider in India which eventually merged with world's 2nd largest HR service provider Randstad.

I have to admit that my move to the NGO sector was not a planned one and happened by accident. I was freelancing and a volunteering opportunity to design organization structure came by from iVolunteer. I enjoyed that stint and eventually joined them to head HR and later lead JobsForGood. **Both corporations and NGOs have a huge sense of purpose and clarity of what they want to achieve. The difference however is that corporations are more equipped with resources on how to achieve.** Decision making is a relatively faster and leaner process because of factors such as - role clarity, robust structures and effective control mechanisms. While causes or issues serviced by NGOs make it a place where people see an opportunity to 'give back' or 'make a difference' in the society, there are entry barriers when it comes to attracting talent. A few key things contributing to this barrier are: lack of succession planning and focus on people development, contractual nature of employment, financial resource constraints, multi skilled nature of roles and founders syndrome.

Personally I have derived immense job satisfaction from the NGO sector. Having said this my way of thinking comes largely due to my corporate exposure. Also both sectors are actually interwoven if you consider society as a larger context. So it's not a sector or a role which is better. It's an organization.

On the ground social development does not need social workers nor is it fair to leave it only to the government. It needs good citizens. It needs good Samaritans. People simply need to translate awareness into action and react to unacceptable actions of others. After all charity begins at home.

“



Jehangir Afshari
Director
Little Angels School

I am a Director at Little Angels School which is a non-profit organization. Prior to working in the non-profit sector, I worked as a flight purser as well as helped my dad with his restaurant business. My move from the Corporate Sector to the Social Sector was completely accidental.

Working in an NGO is better than working in the corporate world because in an NGO, you are typically doing various roles which allow you to upgrade your knowledge and skills. You are also exposed to different kinds of people when working in an NGO and it gives you a greater perspective on life.

My advice to the readers is – never say never, because you never know what life makes you do.

”

“



Umesh Nayak
Project Manager
Omkar Realtors & Developers

In my career so far; I have had the good fortune of working for both Corporate and Social Sector. After working in the Corporate Sector for several years, I moved to the Social Sector where I worked for close to 7 years before moving back to the Corporate Sector. I feel that Corporate Organizations are more streamlined and efficient compared to NGOs. Working for an NGO can create uncertainty about one's career path. In order for your career to grow, you need depth in the work you are doing. **Most NGOs are not able to provide this depth and because they are small organizations, people soon outgrow their organizations.**

Another important factor is the pay! In today's world where material possessions are important, working in the Corporate Sector gives you a better opportunity to achieve these possessions. I can't say whether working for a Corporate is better or working for an NGO. Both have its pro's and con's. However, I feel that a Corporate who is working for profit as well as doing good for society, is a good place to work at.

”

“



Siddharth Rao
Senior Associate
Wadia Gandhi & Co.

I am currently working with a law firm engaged in transaction and corporate legal advisory - being the same field that I started my career in, in 2006. I engaged (on a full-time professional basis) with the social space for about four years between 2009 and 2012.

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While I did enjoy my work in the social space, I felt progressively more frustrated by not having a sense of output on a regular basis. For all its other faults, a corporate job offered a defined structure in terms of output, delivery, and, accordingly, a sense of having accomplished a defined set of tasks on a somewhat regular basis.

Corporates have typically a more defined work-role, with a clear career path and there are more challenges on a daily level (which isn't necessarily a good thing). The pay is also better when you work for a Corporate Organization. This wasn't an issue at the time I made the switch back to the corporate sector, but I'd imagine it may have started playing on my mind at some point.

Social sector is more fun, in the ordinary sense of the word, and especially in the initial days. A more chilled out office environment, some amount of variation in what needs to get done on a daily basis, and no stress of client deliverables.

I would like to tell the readers - never underestimate the power of first hand learning, or personal experience. If you do want to try something out, no amount of reading or hearing about other peoples' experiences is going to answer any of the questions you have for yourself - just go ahead and give it a shot.

Interaction

Cancer – Hope around the corner

What is the first thing that comes to mind when you think of Cancer? For me, it is 'fear', followed by 'uncertainty'. According to the World Health Organisation (WHO) website, "Cancer is a leading cause of death worldwide, accounting for 8.2 million deaths in 2012."



Even though science is constantly advancing and there are a number of organisations carrying out research in this field, the mortality rate is still high. According to Dr. Brijesh Arora, an oncologist at Tata Memorial Hospital, the mortality rate for adults that are diagnosed with Cancer is 50%.

In today's day and age, there are very few people fortunate enough to say that they know of no one in their immediate network that has suffered through Cancer.

This is why the feeling of fear is attached to it and why 'Cancer' is quite possibly the most dreaded word in the English vocabulary.

But is Cancer really so dreadful?

When someone near or dear to us is diagnosed with Cancer, we are filled with emotion. Some of the emotions that people experience are – shock, numbness, confusion, fear, sadness and uncertainty of not knowing what will happen next. However, Shalini Jatia, a Social Worker with the Tata Memorial Hospital – Pediatric Oncology Department, mentions that it is important to remember and remind the patient that in this day and age more than 50% of all Cancers can be cured if they are diagnosed and treated correctly.

Mrs. Rashida Kazi from Cancer Aid and Research Foundation (CARF) also stresses the importance of knowing and informing the

patients and their families that Cancer is a curable disease.

Shalini mentions that if someone in your family or close to you has been diagnosed with Cancer; it is most important not to lose your sense of direction. According to Shalini, Cancer has many strategic challenges but if we follow basic steps (mentioned below) it not only improves experience of care but also the clinical effectiveness.

What to do when someone close to you has been diagnosed with Cancer?

1. Do not waste time. See a specialist immediately.
2. It is important to go to a good super specialty hospital having specialized oncologists for different types of Cancer.
3. Follow your instincts and trust the doctor that you like.
4. Get the facts about the Cancer diagnosis and do your ground work well.
5. It is important to take a second opinion, but not more than that.
6. It is more important to take decisions quickly rather than shop around and take multiple opinions.
7. Try and take treatment at your own city.
8. Maintain honest, two way communication with your loved ones, doctors and others after Cancer diagnosis.
9. Let friends and family help you.

A holistic approach to easing the burden..

In India, the involvement of NGOs has helped in easing the financial, emotional and social burden of caring for a person with Cancer.

Organisations such as Tata Memorial Hospital and CARF are only 2 of the many organisations that help ease the burden of Cancer.

Tata Memorial Hospital provides free of charge treatment to kids that have been diagnosed with Cancer, whereas CARF provides financial and medical help to poor and needy Cancer

patients. During the span of 12 years, CARF has helped 6508 poor Cancer patients.

However, financial burden of Cancer is just one aspect for the patients and their families. Cancer is one of the most emotive diseases whereby the person suffering from Cancer as well as the family members need a multi prompt support system.

This is why along with providing financial and medical aid, CARF also councils the family members of the patients. According to Savita Nathani – General Manager at CARF, one of the main aims of CARF is to spread Cancer awareness among the masses and hence CARF arranges CARF Drives, A Cancer awareness Program at various places in the city. CARF also provides rent free accommodation to the patients and return railway fare to poor and needy outstation patients.

On the other hand, Tata Memorial Hospital has set up a Social Support Group in order to give the patients and their families emotional as well as social support. Similarly to CARF, Tata



Memorial Hospital also recognised that when children and families were coming to Mumbai for treatment, they had no place to stay and in many instances, they were staying on the streets. For Cancer treatment to work, the patients need to be in a clean and healthy environment. This is why Tata Memorial Hospital has tied up with NGO partners who provide free accommodation to outpatients and their families, hot nutritious meals as well as emergency funds for initial investigation. The social workers at Tata Memorial Hospital

work with the families and patients to inform them about Cancer and to make them understand that Cancer is curable if correct treatment is undertaken.

The volunteers speak out...

Though NGOs are easing the burden of Cancer, we all know that they are heavily reliant on volunteers. Organisations dealing with Cancer patients are a tough environment to work in as you are seeing mortality on a daily basis. So what motivates volunteers to work in a Cancer organisation?

Mr. Niranjan Parikh, who has been a voluntary social worker with Tata Memorial Hospital for 19 years, believes that the sense of social work is in-built but manifests itself under circumstances. Seeing a family member or close friend die of Cancer or being a Cancer survivor yourself, gives you the motivation to become a volunteer. For Cancer survivors, it is like pay-back. It gives them the satisfaction of helping someone. Mr. Parikh feels that even though he is the one who is easing someone's burden, he is the ultimate beneficiary.

Shalini on the other hand believes that to work in such an environment, one must be crazy in love with their work. You have to be able to see the good that you are able to do.

Final words...

So as this article comes to an end, I just want to remind the readers that though Cancer can take away a lot of things, it cannot take away hope. So as the CARF moto goes, "Let us join hands to fight against Cancer" and let us spread hope.

Mahafrin Dubash
Programme Manager,
Centre for Advancement of Philanthropy

This article is written to create awareness about Cancer. CAP does not endorse any particular NGO.

Did You Know

What Is & What Isn't CSR

The New Indian Companies Act 2013 is still nascent and despite some clarity in the Rules confusion prevails, especially around what's popularly called the "CSR clause" or to be more precise Section 135 and the Rules thereon. It's important for companies to understand what CSR is from a legal and business point of view. What's even more important is to understand what CSR isn't!

Let's look at a few fundamentals:

What is CSR?

- 1) CSR is represented by the contributions made and activities undertaken by companies for society through its business activities and its social investment.
- 2) It is a framework that focuses on tangible benefits that can be garnered from Sustainability and how company's work within the sphere of the community.
- 3) CSR is an approach to community engagement that utilizes company assets — people, resources, skills — to enhance community while driving business growth.
- 4) According to the Rules, "CSR will mean and include but not limited to projects or programs relating to activities specified in Schedule VII to the Act or Projects or programs relating to activities undertaken by the board of directors of a company in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act".
- 5) There is an element of contradiction in the Rules. On one hand it states that CSR activities are not limited to activities specified under Schedule VII and yet in the same breathe the Rules state: "subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act".

What is Not CSR?

- 1) CSR projects or programs or activities undertaken outside India
- 2) CSR projects or programs or activities that benefit only the employees of the company and their families.
- 3) Contribution of any amount directly or indirectly to any political party.
- 4) Although internationally 'employee engagement' and volunteering for community work is perceived as an important facet of CSR and volunteering time is actually measured in terms of money, neither Section 135, nor Schedule VII nor do the rules refer to 'employee engagement'.
- 5) Companies may continue to encourage their employees to contribute their time, skills and other resources for community development. And while this is healthy for both the company and the employees, under Indian law this does not encompass CSR.

CAP is currently offering services to corporates and their foundation in setting up their CSR initiatives, making them legally compliant and programmatically effective.

How I Got Here

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My name is Neelambari Rao and I am founder – teacher at Sujaya Foundation

My earliest memory of being involved with social good/giving goes back.....not so long ago. I worked with an orphanage when I had some free time after the birth of my son.

I founded Sujaya Foundation because... when we returned to live in India, I got the opportunity to teach at a municipal school. I was astounded to see how eager the students were to learn; how pathetic their learning conditions were... that was the way the Foundation began.

Sujaya Foundation is focused on bridging the linguistic and digital divide in Modern India through the medium of education. We teach English at the school level; we have a vocational program for learning English and Computers; we also offer a means to livelihood for mentally and physically disadvantaged youth.

'Sujaya' stands for...One of the interpretations of the word 'sujaya' is sweet success. According to me this is what a lot Indian youth is thinking about – how can success be 'sweet'; when is success 'sweet'?

Challenges along the way have been... Challenges have been many but so have the opportunities... challenges with government dealings; infrastructure issues; feelings of hopelessness at the enormity of the task.

Some of the things that make up my working day... discussion around projects; thinking of innovative ways to put across content; presently I am working on a module on 'negotiating with oneself and the world around' It's a module for college youngsters just about to enter the working world.

What I love about working at Sujaya Foundation... are the myriad relationships that I have formed; the inspiring journeys of so many around me.

Someone else who I think has an interesting job....is a brand consultant.

The social sector in India today is.... at a very interesting juncture – lots of talent, lots of money, lots of youth.

My advice to those who want to work in the social sector.....give yourself personal targets so that you can push yourself despite seemingly 'impossible to overcome' obstacles and moments of despair – which are – pretty common.

If there is one thing you would want to change about the social sector... nothing. Its getting more professional..way to go!

At the end of a tiring day, I unwind by.... listening to 'Sahela re' by Kishori Amonkar!!

ASK THE EXPERTS

1. We have a Canadian citizen who is keen to support a school project in India. Can he claim tax deductions in Canada? – CAP member

A Canadian citizen cannot claim tax deductions on gifts/donations made in India. An 80G or 35AC certificate given to a donor who is not a tax payer in India is useless. What the Canadian donor can do is give the donation to a charity in Canada, claim tax deduction and instruct the charity in Canada to transfer the funds to India with or without deducting management / admin fees.

Legal Query answered by
Noshir Dadrawala, CEO - CAP

2. Should NGOs get volunteers to fill in recruitment forms? What details should NGOs require from volunteers when recruiting them? – CAP member

Most definitely NGOs should get volunteers to fill in a basic form while registering as it helps to track information. Ideally the form could have 3 sections each covering - personal co-ordinates, experience and other volunteering experience & candidates interests and expectations. Once the information is received, the organisation could use it to match their volunteer needs and assign a suitable role to the volunteer.

Volunteer Query answered by
Meher Gandevia, COO - CAP

3. This is the first time we are writing an annual report for our organisation and are stuck on the financials part. What are the essential components of the finance section that need to be part of an annual report? – CAP member

The essential components of the finance section are the abridged balance sheet and profit and loss account. It is not required to disclose all the notes to the accounts however some NGO's do this through their website or by registration on Guidestar India. It is advisable however to show sufficient information to give a snapshot of the state of the financial well being of the organisation at the time of reporting and an organisation that discloses more information voluntarily is likely to be considered as being more transparent. Acknowledgement of donors should also be considered but you may want to check with some donors if they want amounts to be disclosed. A number of NGO's are now registered with Credibility Alliance which lays down minimum and desirable norms for disclosure.

Finance Query answered by
Tina Vajpeyi, CAP Consultant-Finance

4. In the 5-years of running our NGO, we have never once done an employee appraisal. What are the benefits of an appraisal? – CAP member

An appraisal is a formal and periodic system of evaluation, which helps keep track of the performance of employees. Besides ensuring fair and just raises to all employees, the benefits of an effective appraisal include -

- Identification of training needs to help employees perform better
- Evaluate if an employee has performed according to the predetermined key result areas (KRA's)
- Identify potential for future development

Appraisals should ideally be conducted at regular intervals, at least annually or six monthly.

HR Query answered by
Enma Popli, CAP Consultant-HR

continued from page 7

case was propagation of Jain religion and to serve its followers and any part of agricultural income of the Trust spent in the State of Kerala also could not be treated as allowable item of the expenses.”

In the present case, the objects of the respondent - trust are based on religious tenets under Quran according to religious faith of Islam. We have already noticed that the perusal of the objects and purposes of the respondent-trust would clearly demonstrate that the activities of the trust though both charitable and religious are not exclusively meant for a particular religious community. The objects, as explained in the preceding paragraphs, do not channel the benefits to any community if not the Dawoodi Bohra Community and thus, would not fall under the provisions of Section 13 (1) (b) of the Act.

In that view of the matter, we are of the considered opinion that the respondent-trust is a charitable and religious trust which does not benefit any specific religious community and therefore, it cannot be held that Section 13 (1) (b) of the Act would be attracted to the respondent-trust and thereby, it would be eligible to claim exemption under Section 11 of the Act.

[Source: CIT vs. Dawoodi Bohara Jamat (Supreme Court), CIVIL APPEAL NO. 2492 OF 2014, Dated- FEBRUARY 20, 2014]

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progressively increased to Rs.125. I remember with gratitude the offer of a poor, abandoned house painter, with lung cancer. He had apparently nothing to give but he thought of a way of repaying us for the free care, food, medicines and service he was receiving. He offered to repaint our wards if we bought the paint, brushes etc. How much pain these poor people must be going through to make those small donations but each one of these is most valuable to us because of the charitable thought that goes into such giving.

No one has ever become poor by giving
(Anne Frank from 'The Diary of Anne Frank')

Kishore S. Rao
Chairman, Karunashraya – Bangalore Hospice Trust
kishore.rao@karunashraya.org

After almost thirty years in the corporate world Kishore Rao moved to the voluntary sector in 1992. Since then he has represented various overseas funders and Charities in India. He was also a Director of CAP. His main activity for the last fifteen years has been as Chairman of Indian Cancer Society (Karnataka branch) and Karunashraya - Bangalore Hospice Trust, the caring centre to look after very advanced stage cancer patients.

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A Software Engineer did digital branding and Website revamping for Swanirvar.

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Coffee 
Consultancy Morning

LABOUR LAW & SERVICE TAX

Our **LEGAL ADVISORY PANEL** under the guidance of CAP board member Bahram Vakil (AZB Partners) would be happy to assist you with all your Labour Law or Service Tax queries.

Nohid Nooreydzan - Senior Partner at one of India's leading law firm AZB & Partners with around 19 years of experience. Nohid's expertise spans over employment law and joint ventures and she will guide CAP around those queries.

Padmini Khare Kaicker - With over 20 years of experience, Padmini is the Managing Partner of B. K. Khare & Co. She will assist with queries around her principal areas of expertise - audit, taxation, risk management.

All queries would have to be sent in advance and would be routed through Noshir Dadrawala.

If you are interested you are requested to book a **one hour consultancy slot**.
To confirm your slot please call Martina on (022) 22846534 or email us at connect@capindia.in
time - any one hour slot between 10.30 a.m. - 2.30 p.m on -
Thursday 10th July 2014 at - the CAP office (Mulla House, Flora Fountain)
FREE for all CAP members

CAP Coffee Consultancy mornings are an initiative under **Centre for Advancement of Philanthropy's - Capacity Building programme**. A special consultancy service for NGOs who can have their queries addressed one-on-one by our experts.