

CAPacity Building towards Compliance



CAPacity Building towards Compliance

CAP Capacity Building Program has been restructured to offer NGOs services to ensure that they work towards being compliant in these areas – **LEGAL • FINANCIAL • HUMAN RESOURCES • BOARD GOVERNANCE • COMMUNICATION • STRATEGY • FUNDRAISING AND VOLUNTEER MANAGEMENT.**

Under its revamped program, CAP will conduct a series of workshops through the year that will successively broaden the scope of training in each of the aforementioned areas. This will be done in a structured manner, with each workshop following a defined syllabus.

Each workshop will be followed by a one-on-one consultancy with the NGO. NGOs that are part of this program will depute different personnel working in these core areas to attend the workshops and consultancy sessions. Each such representative will work towards fixing the compliance required within that area. For example, an HR employee will attend HR workshops to build his/her organization's HR resources and ensure that it remains compliant in this area.

At the end of the year, if they successfully fulfil their requirements and have instituted systems to ensure that they remain compliant, they will be awarded a compliance certificate by CAP.

This program will be open to only 7 NGOs a year at a nominal fee. Our first batch of NGOs will be chosen in August 2016 through an interview process.

For more details write to connect@capindia.in



To Celebrate

we are offering 7 NGOs the chance to avail of a CAP Compliance Review Certification at a subsidised nominal rate .

PHILANTHROPY

Legal news and updates for the social sector



TDS Rates for Payments to Residents

FY 2016-2017 (AY 2017-2018)

| Section | Type of Payments | Payments Exceeding | TDS Rate on Payments To | | |
|---------|---|--------------------|-------------------------|--------|--------|
| | | | Indi/HUF Slab Rates | Others | Others |
| 192 | Salaries | As per Slabs | NA | NA | NA |
| 193 | Interest on Securities (Debentures) | 10,000 | 10% | 10% | 10% |
| | | 5,000 | 10% | 10% | 10% |
| 194A | Interest Other Than on Securities (By Bank or Post Office) | 10,000 | 10% | 10% | 10% |
| | | 5,000 | 10% | 10% | 10% |
| 194C | Interest Other Than on Securities (By Others) | 30,000 | 1% | 2% | 2% |
| | | 100,000 | 1% | 2% | 2% |
| 194H | Payment to Contractor (each contract value) | 15,000 | 5% | 5% | 5% |
| 194I | Payment to Contractor (aggregate yearly value of contracts) | 180,000 | 10% | 10% | 10% |
| | | 180,000 | 2% | 2% | 2% |
| 194IA | Commission or Brokerage | 5,000,000 | 1% | 1% | 1% |
| | | 30,000 | 10% | 10% | 10% |
| 194J | Rent for Land, Building or Furniture | 30,000 | 10% | 10% | 10% |
| | | 30,000 | 10% | 10% | 10% |
| | Rent for P&M and Other Equipments | 30,000 | 10% | 10% | 10% |
| | | 30,000 | 10% | 10% | 10% |
| | Payment for Acquisition of Immovable Property | 30,000 | 10% | 10% | 10% |
| | | 30,000 | 10% | 10% | 10% |
| | Fees for Professional & Consultancy Services | 30,000 | 10% | 10% | 10% |
| | | 30,000 | 10% | 10% | 10% |
| | Royalty & Non-compete Fees | 30,000 | 10% | 10% | 10% |
| | | 30,000 | 10% | 10% | 10% |
| | Fees or Commission to Directors | 30,000 | 10% | 10% | 10% |

Note:

In case if the payee does not have PAN, then, the rate of TDS shall be 20% in all cases.

Here is an 'at a glance' table to help understand what types of payments attract TDS and under which section of Income tax and above what threshold of payment. NGOs should look at the last column (under others) for rate of TDS

PHILANTHROPY

Quarter 1- April - June, 2016



CENTRE FOR
ADVANCEMENT
OF PHILANTHROPY

ABOUT US

Since its inception in 1986, Centre for Advancement of Philanthropy (CAP) has helped philanthropic organisations comply with the complex web of legal issues governing charitable giving in India.

WHO WE SERVE

CAP's Services Extend To

- | non-profit organisations
- | social entrepreneurs
- | NGO support organisations
- | family/community/corporate foundations
- | corporate social responsibility (CSR) units
- | grant making organisations
- | chartered accountants and lawyers

OUR AREAS OF SUPPORT

Legal Advisory

CAP specializes in all legal matters for non-profits and corporate social initiatives. CAP assists with Trusts/Societies Act, Income Tax Act, FCRA, Labour Law, Service Tax, VAT, Legal Aspects of CSR and a host of allied laws and good management & compliance practices.

Capacity Building

CAP training and consultancy advice on the core challenges of compliance – legal, financial, good board governance and human resource management.

Corporate Support

CAP also assists companies with their corporate foundation advisory and helps companies stay legally CSR compliant.

Research and Publications

CAP has published resource books that have become sector references on fund-raising and good board governance. CAP also publishes a quarterly news magazine that enables its readers to be up-to-date with pertinent news and legal updates in the sector.

To know more about our work – www.capindia.in

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Editorial



Finance Act 2016 has not brought any major relief to charitable organisations. In fact it has introduced a new provision to tax 'accreted Income'. Read more on that in this issue.

Tax and other legislations regulating NPOs are far from enabling. At a time when grant support is running low and international funding agencies are moving out and away from India, Indian NGOs are struggling with the issue of sustainability more than ever before. Perhaps one way to meet the sustainability challenge is through income generating activities and building self-sufficiency. However, the Income tax authorities have put major caps on that too.

Everyone talks about the need for NGOs to become self-sustaining and reduce donor dependence. However, does the law allow nonprofits to generate income without fear of losing tax exemption?

How do other countries meet this challenge?

Charities in the U.K., for example, enjoy exemption on trading income so long as the trade is carried out as part of a primary purpose of the charity or the trade is carried out by beneficiaries of a charity. In practice all income can be sheltered from tax by using a non-charitable trading subsidiary that donates all its profits to the charity.

In the USA, non-profits may be taxed on "unrelated business income" as defined by the IRS (the US tax authorities), but they are generally allowed to earn income that is broadly related to their charitable mission, such as museum shops, sale of logo-items, and increasingly "commercial co-ventures" whose earnings are dedicated in whole or part to the NGOs charitable mission.

In the meantime MHA continues to put fear in the minds of International donors. By now, the ministry has placed as many as 18 International donors under a so called 'watch list'.

In a regulating regime that is so disabling as to instill fear and paranoia, sustainability continues to remain susceptible and at the mercy of the powers that be! ♦

Noshir Dadrawala
CEO - CAP



Theme Thoughts

Choosing a theme for the news-magazine is always challenging. But, like most of the programmes we run at CAP, the answers often come from our CAP members/affiliates. Abhishek Thakore suggested sustainability in 30 seconds and since that was the word I had heard 10 times that week – it became our theme for this issue of 'Philanthropy'

Personally I find it a little ironical why it is one of the buzzwords in the sector today. On one hand we want that charities should work towards mitigating the cause and empowering beneficiaries to take over and thus the NGO's work redundant at some point. On the other hand we want them to think long-term at least with a vision for the next 10 to 15 year and how they will continue to scale and ... yes ... ensure sustainability!!!

The way stake-holders, especially the funders, think of and about NGOs is fundamentally dualistic. On the one hand they want non-profit organisations to aim for high-end professionalism, efficiently run their programmes, ensure cost-efficiency, and increasing brand value and impact.

On the other hand they also expect NGOs to ensure socially sustainable work, free from profit motive, be culturally different, be kind to their beneficiaries and their employees and of course not expect to be sustainably paid (certainly not as well as their corporate counterparts) or even have sustainable admin/overheads for the organisation.

Most start-ups who drop by our CAP office for registering their non-profit think social entrepreneurship is the sustainable way to start. I particularly liked Khushroo Poacha stating, "I want people to be Soul Entrepreneurs not Social entrepreneurs.". I hope that donors will also take note of Sameer Zuhad's point, "Donors do not want to donate towards corpus funding because they think NGOs are not their responsibilities, only projects are." and the funding scenario changes to sustainable funding of NGOs rather than just their programmes. Last but not the least, don't forget to read how Bollywood secretly inspired the United Nations. ♦

Meher Gandevia - Billimoria
COO-CAP



The Lokpal and Lokayukta Act, 2013

By Noshir H. Dadrawala

The Lokpal & Lokayukta Act, 2013 (LLA) is an Act intended to Regulate and Control Corruption in 'Public Institutions'. It came into effect in the year 2014 under the UPA government. The Act is to provide a constitutional body (which has not been established as yet) to probe into corruption within government and government executives (including the Prime Minister and all Ministers) and other public servants.

Unfortunately, individuals who serve in a fiduciary capacity (e.g. trustees) or officers of NGOs and charitable institutions which are voluntary organizations for public purposes and public good have also been included within the purview of this Act as 'public servants'

Creating awareness

CAP has already analysed and commented on this legislation on its blog and we recommend our reader's to visit <http://capnewsviews.blogspot.in>

CAP also inspired Business Standard to write about it and one may read the article on

http://www.businessstandard.com/article/economy-policy/public-servant-tag-worriesngosector-workers-116070700023_1.html

Scroll.in too has covered the issue

<http://scroll.in/article/811436/indian-government-is-targetting-ngos-yet-again-claim-non-profit-workers> and several voices from within the sector have raised their anguish and concern.

No one is opposed to transparency

Recently VANI and FMSF also organised a meeting in New Delhi where 250 representatives and key members of the civil society attended and discussed this vexed issue.

CAP, VANI, FMSF and most, if not all stakeholders in the voluntary / social sector are collectively of the view that while we are not against the principle of total transparency, full accountability and even public disclosure of information, it should happen at the organisational level and not at individual level (board members, other officers and their families). In fact, enough organisational level disclosure is anyway happening with NGOs and charitable institutions receiving even just a few thousand rupees from foreign source up-loading quarterly information about such funds either on their own website or MHA's website.

Who should feel concerned and why?

Section 14 (g) & (h) of LLA are of key importance and two types of organisations should feel concerned regarding this legislation:



- i) Organisations receiving more than Rs. 1 Cr from the Central Government and
- ii) Organisation receiving more than Rs. 10 Lakhs from foreign source/s' under

The law is drafted such that even if the 'public servant' (trustee or officer) resigns he/she would continue to be treated as 'public servant' and can be investigated for a previous FCRA offence. Further, the returns u/s 44 should be filed by the 'public servant' till all the foreign donations received by the NGO are used up.

Also, this Act applies to 'public servants' whether residing in India or outside, thus including Board members who may be NRI, PIO and OCI.

Once a Board Member or officer becomes a 'public servant' he/she must file a declaration along with a return of his/her assets and liabilities. This must be done within one month. Additionally an annual return of assets and liabilities must be filed by 31-July each year.

Impact of this Law

If you are a Board Member or officer of an organisation to which this law applies you become a 'public servant' and you could become liable for inquiry, if a complaint is made to the Lokpal against you. Any member of the public can file such a complaint. If the Lokpal finds evidence of corruption against you as a public servant, a case could be filed and the Lokpal could also order confiscation of assets acquired through corrupt means.

If, as a 'public servant' you do not file the annual declaration or do not declare all the assets properly, then it would be presumed that the assets were acquired through corrupt means.

There appears to be no specific penalty or punitive action for late filing or not filing the return. ♦

Substantial Drop In Foreign Contributions

In a press report based on a RTI application filed by NewsLaundry.com, a media portal, it is now confirmed that FCRA funds for the fiscal year 2014-15 were only Rs 8,756 crores compared to Rs 13,115 crores during FY 2013-14 -- a reduction of over 33% in funding.

State-wise too funding for most states has come down. The National Capital, Delhi has witnessed a huge drop of more than fifty per cent. Tamil Nadu and Andhra Pradesh are the other two states where FCRA funds have dropped extensively.

Reportedly, the impact has been felt mostly by advocacy and human rights associations.

Tax Treatment Of Business Income Of Charitable Institutions

Charitable institutions falling under the category: "advancement of any other object of general public utility" operate in perpetual fear that if their income from sources or activities which could be treated as "commerce, trade or business" cross the boundary line of 20% of total income (earlier this was a sum of Rs 25 lakhs) the Income tax officer would only be too happy to serve a show-cause notice why registration u/s 12AA (tax exemption) should not be cancelled.

The Central Board of Direct Taxes (CBDT) has recently issued instructions to all Income Tax Officers vide a circular No. 21/2016 on 27th May, 2016 that in case a charitable institute crosses this limit, then while its income for that year would not be treated as tax exempt and would be subjected to taxation, however its registration (u/s 12AA) for that year should not be cancelled. In case, in the following year, the income remains within the permissible limit, the entity will be treated as charitable for that year.

In other words, merely on the basis of excess receipt from commercial activity beyond the cut-off (20% of total receipts during the financial year), exemption u/s 12AA should not be cancelled.

The circular also states that this is important so that such one-time taxation of a charitable institution should not result in unintended taxation on accreted income under the new section 115TD, which could result in additional tax liabilities. ♦

To keep in touch with the latest news related to legal compliance, stay connected to CAP through our blog on our website or through the Facebook page.

United Nations High Commissioner's Report On the Enabling Environment for Civil Society



India should welcome the report of the UN High Commissioner on Human Rights on "Practical recommendations for the creation and maintenance of a safe and enabling environment for civil society, based on good practices and lessons learned" (A/H/32/20).

The report highlights elements necessary for robust civil society space and sustainability of the sector.

Among other recommendations, the report calls on States to:

1. Ensure that civil society actors can seek, receive and use funding and other resources, whether domestic or foreign, without prior authorization or other undue impediments.
2. Ensure that all counter-terrorism measures that have an impact on civil society comply with all relevant international human rights law and standards.
3. Demonstrate high-level political support for the independence and diversity of civic activity through public statements and public information campaigns.
4. Recognize the right to participation in public decision-making processes in legislation, adopt new technologies and social media to solicit wider input, and increase capacity of officials to implement meaningful consultations.
5. Develop or update a national policy framework and action plan to guide implementation of the recommendations formulated in the present report and of all international human rights law and standards relevant to civil society space.

The report also calls on regional and international entities, including the UN Committee on Non-Governmental Organizations of the Economic and Social Council, to expand transparency and provide for the effective participation of civil society. ♦

Finance Act 2016 & Tax on Accreted Income

The Finance Bill 2016 was presented in the Indian Parliament on 28th February 2016 and was approved by the Lok Sabha and the Rajya Sabha and assented by the President of India on 14th May 2016 and enacted as Finance Act, 2016.

In Budget 2016, the Finance Minister had proposed a new chapter in the Income Tax Act with a view to tax conversion of 'Non Profit Organizations' into 'for profit organization'.

It was proposed that the accretion in income (accreted income) of a trust or institution shall be taxable on conversion of the trust or institution into a form not eligible for registration u/s 12AA or on merger into an entity not having similar objects and registered under section 12AA or on non-distribution of assets on dissolution to any charitable institution registered u/s 12AA or approved under section 10(23C) within a period twelve months from dissolution.



Accreted income means aggregate of total assets (at fair market value) reduced by liabilities on specified date.

With the Bill now having passed into Act or the law, a new provision in Section 115TD has been inserted to provide that value of the following assets shall not be taken into consideration while computing the 'accreted income'

- a. Asset acquired by trust/institution out of its agricultural income
- b. Asset acquired by trust before getting registered u/s 12AA provided that no exemption u/s 11 or 12 is provided to trust or institution during that period.

It is also provided that the time limit of 14 days for payment of tax shall be computed from the:

- a. date on which period for filing appeal before ITAT against the order cancelling registration (or order rejecting the



application) expires, if no appeal has been filed by trust/institution; or

b. date on which order in any appeal, confirming cancellation of registration (or application), is received by trust/institution.

It has further been clarified that registration u/s 12AA shall include registration obtained u/s 12A.

The rationale behind introducing the new Section 115TD is quite simple. Section 2(24) of the Income Tax Act defines "Income" and it includes any voluntary contribution received by a charitable trust or institution or a fund. Section 11 and 12 of the Act provide for exemption to trusts or institutions in respect of income derived from property held under trust and voluntary contributions subject to conditions laid down therein. However, the existing provisions do not deal with situations wherein the income of the trust may have to be taxed when the charitable trust voluntarily winds up its activities and dissolves or may also merge with any other charitable/non-charitable institution, or it may be converted into a non-charitable organization.

According to tax authorities, gaps in the provisions of the Act allowed until now, charitable trusts to build up corpus/wealth through exemptions only to later get converted into non-charitable organization without paying tax. Such institutions used to take benefit of the absence of clarity of tax provisions and transfer assets to non-charitable institutions. The amendment was brought in to fill this gap in law and to ensure that the benefit conferred over the years by way of exemption is not misused. ♦

Noshir Dadrawala, is one of India's leading legal experts on advisory for charity organisations in areas of Trust Law, Income-tax, FCRA, Labour Law, service Tax & VAT.

To know more about our service offerings contact - connect@capindia.in

Companies May Have To Spend 30% Of CSR Funds For Clean India

Keen to accelerate Swachh Bharat Abhiyan, the Central Government is considering a proposal to ask private companies and PSUs to spend around 30% of CSR funds on cleanliness programs.

The proposal is under consideration of a panel of Union ministers which is deliberating on ways to fast-track Prime Minister Narendra Modi's top priority schemes - Make in India, Jan Dhan Yojana, Swachh Bharat, Digital India and Skill India. The proposal is in line with the recommendation of Niti Aayog's panel of chief ministers headed by Andhra Pradesh CM Chandrababu Naidu.

The panel in its report has said, "A certain part of the CSR contributions by PSUs/Companies may be spent in the states where they are located." Niti Aayog's report had recommended several steps, stating "it is very comprehensive in its coverage and requires huge amounts of funds to cover all aspects of the mission."

As per the Niti Aayog report, the mission, launched on October 2, 2014, envisages an investment of nearly Rs 2.23 lakh crore over a five-year period for constructing household toilets, community and public toilets and scientific waste management. The government is also considering long-term, tax-free Swachh Bharat bonds to raise funds.

At CAP, we are of the view that CSR is meant to be voluntary. It cannot and should not be enforced or else it becomes a form of indirect taxation. Even, right now, the law only Mandates CSR Reporting, not its implementation. Companies should be encouraged to undertake CSR activities according to their own policy and in alignment with their business interest.

The government may succeed to some extent in persuading PSUs. However, it is doubtful whether they will be able to arm-twist private and public Ltd. companies.

Let's wait and watch. ♦



Can Donor Be A Beneficiary?



Section 13 of the Income Tax Act 1961 deals with conditions under which a charitable trust could lose its tax exemption u/s 11 or 12 (the sections dealing with tax exemptions).

According to Section 13(1)(c)(ii) Nothing contained in section 11 [or section 12] shall operate so as to exclude from the total income of the previous year of the person in receipt thereof - if any part of such income or any property of the trust or the institution (whenever created or established) is during the previous year used or applied, directly or indirectly for the benefit of any person referred to in sub-section(3).

Now when we look at subsection (3) of Section 13 it lists under sub-clause (b) "any person who has made a substantial contribution to the trust or institution, [that is to say, any person whose contribution up to the end of the relevant previous year exceeds fifty thousand rupees]".

The Income Tax Act adds the provision:

"Provided that in the case of a trust or institution created or established before the commencement of this Act, the provisions of sub-clause (ii) shall not apply to any use or application, whether directly or indirectly, of any part of such income or any property of the trust or institution for the benefit of any person referred to in sub-section (3), if such use or application is by way of compliance with a mandatory term of the trust or a mandatory rule governing the institution.

Thus, a charitable institution may lose its tax exemption if any income or property of the institution during a financial year is applied, directly or indirectly for the benefit of any person whose contribution exceeds fifty thousand rupees during that financial year. ♦

CSR Can Contribute To Sustainability

Given the CSR requirements within the 2013 Companies Act, corporate India will be playing a more active role in addressing India's social concerns in the coming years. While it is still too early to evaluate the utility of such a progressive law, it is clear that companies have the potential to be a major force for good. There are several important reasons for this.

First, of course, is the reality that 2 percent of after-tax income will now go towards certified CSR activities. According to finance minister Arun Jaitley in a March 2016 *Economic Times* article, companies spent Rs 8,347.47 crore in the last year. Those reading this newsletter and thus are probably in the social sector will know that a fair amount of these funds are being spent inefficiently—or even questionably. But it is clear that the bottom line is massive and will trickle through to increase the impact of many social delivery programs throughout India.

Second, companies do have a vested interest in contributing to clean, stable environments where they can find and keep well-educated and productive employees. While there are examples of short-sighted companies that act contrary to this idea, many are interested in long-term health and sustainability and recognize the need to invest in a conducive operating environment. We look to the extraordinary example set by Tata Sons, which lists its purpose as being "committed to improving the quality of life of the communities we serve."

The third reason and the one that our Centre is particularly excited about is the role that companies can play to build capacity in the social delivery space. Social delivery organizations may be non-profits, but they need to think more like businesses. To maximize their impact, they should be concerned with transparent accounting, financial forecasting, strategic planning, organizational management and development and a whole host of other skills that have traditionally been labeled as business skills. These skills are in ample supply within the private sector. What we need to do is establish systems that allow technology transfer from companies to social delivery organizations which will help to build capacity. While illustrative examples of this type of partnership are in short supply, there are some that point the way forward. Here are two examples, one in India and one in Malaysia.

Dilasa Sanstha has been working with farming communities in Vidarbha from the mid-1990s with the goal of helping farmers to be more productive and earn stable livelihoods. Several years ago, Dilasa entered into a strategic partnership with the Axis Bank Foundation (ABF). ABF helped Dilasa set up funding mechanisms that expanded their ability to provide rural credit. They also worked with them to strengthen its internal

By Dr Ruth Shapiro

budgeting and accounting system, and supported the creation of a monitoring and evaluation system—for the first time, Dilasa could collect critical impact data on beneficiary income, household assets, migration level, education levels, diet, investment plans, and insurance policies. The partnership with ABF enabled Dilasa to operate at a much larger scale and help a great many more farmers and rural communities.

Another example of this kind comes from Malaysia. Mercy Malaysia was created by a small group of doctors in Malaysia who wanted to help when natural disasters occurred such as the tsunami in Southeast Asia in 2005. Mercy struggled with creating the systems necessary to be nimble and effective when responding to disasters in real time. They partnered with Khazanah Berhad, Malaysia's sovereign wealth fund. Khazanah helped Mercy develop management systems that help Mercy manage people and resources and deploy them efficiently to a disaster zone. The partnership has helped Mercy become a serious and internationally acclaimed provider of disaster assistance around the world.

In both of these cases, the companies provided financial resources AND technical resources. They committed to the social delivery organizations for the longer term, developing the trust and the relationships necessary to make the partnerships really work.

I hope that over time, we see more examples of this type of partnership emanating from India. This will require leaders from the business and social sectors to think more deeply about how companies can contribute to social good in India, beyond the financial commitment required by the Companies Act. ♦

Dr. Ruth A Shapiro is the Chief Executive and Founder of the Centre for Asian Philanthropy and Society (CAPS). CAPS is committed to increasing the quality and quantity of philanthropy and social investment in Asia.

SUSTAINABILITY'S GOAL IS TO
CREATE POSSIBILITIES,
NOT TO
LIMIT OPTIONS.

Who is "Foreign" & who is not? Mysteries of FCRA 2010



nominal value of share capital of a company being more than one-half of such value at the time of making the contribution, such company shall not be a foreign source;".

"Foreign source" is defined in Section 2(1) (j) of FCRA, 2010. It has ten sub-clauses and the recent amendment is only with regard to one sub-clause (i.e.: sub-clause (vi))

Please read the amendment carefully and note that the amendment is specific only sub-clause (vi) of Section 2(1)(j).

There is no amendment to sub-clause (iii) or sub-clause (v) of Section 2(1)(j).

"Foreign source", as defined in Section 2(1) (j) of FCRA, 2010 includes:-

- i. the Government of any foreign country or territory and any agency of such Government;
- ii. any international agency, not being the United Nations or any of its specialized agencies, the World Bank, International Monetary Fund or such other agency as the Central Government may, by notification, specify in this behalf;
- iii. a foreign company;
- iv. a corporation, not being a foreign company, incorporated in a foreign country or territory;
- v. a multi-national corporation referred to in Section 2(g) sub-clause (iv) of FCRA, 2010;
- vi. a company within the meaning of the Companies Act, 1956, and more than one-half of the nominal value of its share capital is held, either singly or in the aggregate, by one or more of the following, namely:-
 - a. the Government of a foreign country or territory;
 - b. the citizens of a foreign country or territory;
 - c. corporations incorporated in a foreign country or territory; d. trusts, societies or other associations of individuals (whether incorporated or not), formed or registered in a foreign country or territory;
- vii. a trade union in any foreign country or territory, whether or not registered in such foreign country or territory;
- viii. a foreign trust or a foreign foundation, by whatever name called, or such trust or foundation mainly financed by a foreign country or territory;
- ix. a society, club or other association or individuals formed or registered outside India;
- x. a citizen of a foreign country.

The recent amendment under Finance Act 2016 is only concerning: sub-clause (vi) or a company within the meaning of the Companies Act, 1956, and more than one-half of the nominal value of its share capital is held, either singly or in the

Until recently if you received a donation or a grant from a company like HDFC Ltd., which is an Indian company and sanctioning that donation or grant in India, in Indian rupees, it was to be treated as a foreign contribution. Not only that, if you received a donation or grant from the H.T. Parekh Fountain (the company's foundation) which is registered in India and making the contribution in India, in Indian Rupees, that too would be a foreign contribution under FCRA 2010.

What was the reason for this? The problem had its roots in the definition of what is "foreign source" under FCRA 2010. Section 2(1)(j)(vi) of FCRA 2010 treated any Company even if registered under the Indian Companies Act a "foreign source" if more than fifty per cent of the company's share capital was held by foreigners (e.g. FDI or FIIs).

However, Section 2(1)(j)(vi) has now been amended vide Finance Act, 2016 which was passed by the Parliament, received the assent of the President of India on 14th May, 2016 and has been duly published in the Gazette of India. (The Amendment to FCRA 2010 can be found on page 91 under Part XIII.)

The relevant extract is as follows:

PART XIII - AMENDMENT TO THE FOREIGN CONTRIBUTION (REGULATION) ACT, 2010
236. In the Foreign Contribution (Regulation) Act, 2010, in section 2, in sub-section (1), in clause (j), in sub-clause (vi), the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 26th September, 2010, namely:—

"Provided that where the nominal value of share capital is within the limits specified for foreign investment under the Foreign Exchange Management Act, 1999, or the rules or regulations made there under, then, notwithstanding the

aggregate, by one or more of the following, namely:-

- a) the Government of a foreign country or territory;
- b) the citizens of a foreign country or territory;
- c) corporations incorporated in a foreign country or territory;
- d) trusts, societies or other associations of individuals (whether incorporated or not), formed or registered in a foreign country or territory;

Thus Indian companies such as HDFC Ltd., which have more than 50% FDIs or FIIs will not be treated as 'foreign source' with retrospective effect from 26th September 2010, thanks to this amendment.

However a 'Foreign company' or 'Multi National Company' will continue to be treated as 'foreign source'.

Section 2(42) of the Indian Companies Act 2013 defines "foreign company" to mean any company or body corporate incorporated outside India which:

- (a) has a place of business in India whether by itself or through an agent, physically or through electronic mode; and
- (b) conducts any business activity in India in any other manner.

Under Section 2(g) of FCRA 2010, 'foreign company' means any company or association or body of individuals incorporated outside India and includes:

- (i) a foreign company within the meaning of section 591 of the Companies Act, 1956;
- (ii) a company which is a subsidiary of a foreign company;
- (iii) the registered office or principal place of business of a foreign company referred to in sub-clause (i) or company referred to in sub-clause (ii);
- (iv) a multi-national corporation.

In Explanation to sub-clause (iv) [regarding multi-national corporation] FCRA 2010 states:

"For the purpose of this sub-clause, a corporation incorporated in a foreign country or territory shall be deemed to be a multi-national corporation if such corporation:

- (a) has a subsidiary or a branch or a place of business in two or more countries or territories; or
- (b) carries on business, or otherwise operates in two or more countries or territories. ♦

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The Sustainability Plan – What's Your Plan?

There is no universally agreed definition on what sustainability means. There are many different views on what it is and how it can be achieved. It is often said a sustainable NGO is a non-governmental organisation that has the ability to survive over a long period of time and at the same time has the ability to effectively fulfill its mission. We asked a few NGOs their thoughts on sustainability.

Getting Started

The first thing to do is a self survey. Ask yourselves some crucial questions.

What is the main purpose of our organization? What is our mission? What is our vision? - A consistent communication and path is primary.

What are the community's needs and how are they evolving? How well does our mission align with those needs? - To continue making impact and remain sustainable be aware of the community's dynamic needs and are you evolving as an organisation to meet their needs.

What are we trying to accomplish by maintaining our programs or services? - Ensure you are making the most effective use of available resources by asking how else your goals might be accomplished. This may help you in taking an outcome-oriented approach to providing services; having concrete results to show to prospective donors.

Do we fill a gap in services? - NGOs don't sell products to clients but instead their programmes to funders.

How many and what kinds of people, with what skills, do we need to run our programs and services? - Make a fair assessment of the need for staff, volunteers and making sure they are not stretched.

Collaborate - It's almost impossible to meet all of your beneficiaries needs. Working with project partners who offer complementary services enables you to enhance your outreach efforts through the referral process.

Build Your Case For Support

Building a case for support is like advertising. You must communicate your cause in a way that attracts the donor's interest. Your "case" is the communication that you use to "sell" your organisation to them. To make sure your case is effective you need to have a thorough understanding of your organization's purpose and contributions to the community. No matter how effective your organisation is in fulfilling its

mission, you will fail to find adequate donor support unless you develop and communicate an effective message.

An effective Case for Support should include -

- ▶ effective identification and articulation of the problem
- ▶ your organisation's purpose and solution to that problem
- ▶ your vision for that solution & how you plan to achieve it
- ▶ support and resources you will need

Remember to present it in a way that the donor is moved to support it. Tell them how important their support is to you and those you serve and that by supporting the organization, they are making a difference to the community. Don't make the problem so large that they feel that their assistance won't really help. Most importantly remember to mention how you plan to track and evaluate your progress and communicate back to them how their money is effectively spent.

Ensuring Sustainability

Many NGOs have the expectation that current sources of revenue will remain consistent. One of the best ways to sustain your organisation is to expand your potential revenue sources through developing a vast number of resources. Support your sustainability plan by going beyond the financial support received.

Financial resources are any NGO's target, but in-kind contributions can help to offset expenses or improve organisational effectiveness.

Target donors for other services that fit into the overheads and which require specialised expertise which NGOs often can't afford such as marketing assistance, venues to hold events, printing of stationery etc.

Build an effective volunteer team to support staff and cut down on your recruitment costs.

Cultivate relationships with donors, volunteers, all stakeholders such that they bond with the organisation and the cause enough to spread the word and bring in more resources and goodwill through their networks.

Develop earned income strategies to ensure a reliable source of income such as fees for services, renting out space. ♦



Developing A Sustainability Strategy



Determine what your current budget of expenditure is, i.e. start with what you have.

Further determine what are:

- (a) core operational expenses
- (b) programme/project expenses
- (c) capital expenses



Further break down your core operational (or overhead) expenses into what is the highest (and most important) expense and the lowest (and least important) expense.



Develop a minimum budget (what you need to cover to survive) and a maximum budget that will allow you to deliver on all your programme objectives.



Make a list of your current external donors and how much they are currently funding and over which period. Don't forget to take into account pledges of future funding from donors.



Make a list of your own income activities and how much income is generated per annum. Ascertain which income activities are financially viable and which are a drain on your financial resources.



Determine the percentage of own income in relation to external funding. Set yourself an objective of increasing own income by a certain percentage that is achievable e.g. from 10% of your total core operational budget (excluding programmes) to maybe 30% over 3 years.



Create a plan how this will be achieved over those 3 years e.g. increasing fees for services, utilizing investments to maximize interest, trying to develop more income generating activities such as renting out space or creating products, without becoming distracted from your core focus, etc.



Ensure that in all your budgets for programme expenses the donors make a sizeable contribution to administration costs, at least 10%-20% and reflect salaries as far as possible as a programme/project implementation/coordination.



Evolve how to minimize the cost of running your organization, e.g. staff containment, multi-skilled staff members, use of volunteers, getting key service providers to offer pro bono or subsidised services – auditors, website providers etc.



Categorize the potential donors in order of high potential and low potential. Focus your energy on the high potential donors. Remember to send in your proposals in a timely manner.



Develop a fundraising strategy to cultivate unknown donors. This is a continuous process and cannot be started when current donors contracts come to an end.



Develop a risk management strategy - how will you respond should promised funding be delayed due to unforeseen circumstances. Will you cut or withhold salaries, borrow funds from other programmes/projects or maybe use your corpus reserves?

Funds for NGOs – How Easy – How Difficult?

Samer Zuhad is the Founder and CEO of Fundsfo NGOs. Sameer's experiences working with grassroots-oriented community organizations in India, Kenya, USA and Nepal as well as international agencies, including the United Nations, drives his desire to work for sustainable civil society development. He has trained, educated, and digitally empowered thousands of NGOs at all levels using innovative online technologies in over 150 countries. Here he shares his thoughts with Meher Billimoria of CAP.



CAP: You have experience over different countries & continents. What are the trends you see within NGO & Sustainability here in India and overseas?

Sameer: The situation of NGOs in India and other developing countries is quite similar. The sector seems to be unorganized and there is lack of support from the government in addition to the poor sustainability practices undertaken by NGOs. However, in developed societies, NGOs play an essential role; they are known and respected by the public and the government gives them full responsibilities to manage and lead welfare services and help develop policies. For example in the Netherlands, the Dutch NGO Coalition for Children's Rights is actively consulted by its government for addressing issues related to child rights. Developed country NGOs also have well planned, fund-raising strategies that help them ensure sustainability in the long-term. Fund-raising is mostly a separate department amongst such organizations and their fund-raising staff is regularly trained in creating strategies, mapping donors, developing prospects, identifying opportunities and more.

CAP: In your opinion, what are the 3 quick fixes that any NGO should focus on for sustainability and what do they tend to overlook?

Sameer: The first and foremost point for all NGOs to understand is that there is a severe crisis and limitation in the availability of institutional funding resources. They cannot be available permanently nor they can be distributed widely. Therefore, the high dependency on donor agency funding has to be reduced. Although for most NGOs, it may be difficult in the short-term to mobilize non-institutional grants, they can start by reducing costs.

Innovation is the key to sustainability. NGOs need to innovate if they wish to survive in the long-term and gather new skills for

creatively addressing issues. Even donor agencies easily fund innovative concepts rather than conventional methods. Ideally, the innovation should be tested at small-scale using low costs but should be able to scale up for larger impact. Donors love this type of a concept and are willing to invest in such projects.

Most NGOs tend to outsource their fund-raising efforts. It may be easier to hire consultants to do the complicated work but it is not a healthy sign for long-term sustainability. NGOs should seek to acquire fund-raising skills and try to work on their own to raise funds. Hiring external fundraisers is not only costly but also risky as chances of grant success are low and the trend is not good for the sustainability of the organization.

The potentiality of Internet technology is one of the main areas that NGOs overlook. It can be used not only for raising funds but also the enormous free content available can be used for building their own capacity. Other areas NGOs tend to ignore are: Networking to lobby for a strong position with the government and working towards building a positive public image.

CAP: When should NGOs start thinking about sustainability & how should they build it into their plan? Who should be responsible - board or management?

Sameer: I strongly believe that sustainability should be the first thing NGOs should think about. We know very well that most projects and organizations have failed because there has been no sustainability. The board is primarily responsible for building the strategic vision of the organization and sustainability should be part of that vision. The management can develop the sustainability plans through brainstorming, research, networking and exchange.

CAP: Many donors want NGOs to focus on sustainability but don't want to donate towards corpus. Hence they spend a lot of time fundraising each year rather than the programme. Your thoughts on this.

Sameer: Donors do not want to donate towards corpus funding because they think NGOs are not their responsibilities, only projects are. Also donors do not want to spend resources directly on institutions – there are political, economic and social consequences because of which they want to avoid it.

In an NGO where resources and staff are limited, it may be difficult to separate fund-raising and programme management. But for every funding programme, there is usually 5-10% admin budget that is given to organizations by donors to cover overheads. A portion of this budget can be used to build the corpus in the long-term. Nevertheless, fund-raising is a continuous process and NGOs need to remain alert and active throughout the year to respond to market opportunities.

CAP: Does a grant-maker's perspective of sustainability differ from that of the recipient NGO? If yes, why and in what manner? If we can crack this question it could help bridge the gap to an extent.

Sameer: As mentioned before, the grant-maker is mostly interested in seeing his project succeed rather than worrying

about NGO sustainability. Even NGOs tend to think little about long-term sustainability when they receive a huge grant. It is important for the NGO to negotiate with the donor agency to ensure that the project funding 'also' contributes towards the sustainability of the implementing NGO.

Both the donor agency and the NGO should look beyond the project period and the latter should convince the former that if the NGO is sustainable it could do more with the same budget after the project ends. It can scale up its operations, replicate successes and help the donor get some footing outside of the project period. However, this type of negotiation requires tremendous strategic and budgetary work. NGOs need to undertake proper homework before building a case for this.

CAP: Everyone's idea & perception of sustainability is different. The donor, the recipient and beneficiary. Would you consider it desirable to standardize it?

Sameer: Yes. Standardization is the need of the hour – not only in terms of sustainability but also in other areas such as NGO governance, management, implementation etc. ♦



Mumbai Mobile Creches runs comprehensive day care centers, and has been supporting the health, safety and education of children living on construction sites for more than 43 years.

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- ▶ Strong relationship management and professional presentation and interpersonal skills
- ▶ Should enjoy meeting people and giving presentations

Send in your CV to: administration@mmcm.org.in

Funding for Corpus, Core staff and Overheads is Essential for Organizational Sustainability!



Shreeja Kanoria
Director Communications,
Ballygunj Society for
Children in Pain (CHIP)

CHIP is an NGO working in the field of children, education and health.

People in general really appreciate the work NGOs and people dedicated to causes do, but when it comes to parting with funds there's a general mistrust in the air. We've all heard proclamations like "I'd rather give 2 sacks of rice than give money" or "I don't know how much of my money will actually reach the beneficiary." However, these arguments are misplaced.

For instance, let's take the "sack of rice" argument, which is analogous to "program cost". One might believe that such a donation has a high chance of complete disbursement to the beneficiary, that there will be no "loss in translation". But that misses the big picture – "how will the sack of rice effectively reach the beneficiary in the right form?"

The answer to this question is "overheads".

There are several other costs in the equation – cooking costs, including cook, gas, oil, spices, etc.; infrastructure costs including kitchen, cooking equipment, etc.; distribution costs; and delivery costs such as cutlery among others.

Therefore, while "program costs" are core, one cannot undermine the importance of "overheads" without which effective delivery would be impossible. So let's give it the respect it deserves!

Grant making bodies are driven to optimally utilize their resources to maximize their returns. It is the same rigour they bring to the development space - to ensure that every rupee spent is making a difference and maximizing impact. While analysing projects and the costs associated with it, grant makers pay close attention to how effectively the NGO is run. They check that overheads, core staff salaries and other expenses are within acceptable limits and try to put standardized systems and processes in place. But grant makers also need to be attuned to specific needs and complexities of the work done by the organisations they fund. NGOs often work across a number of sectors each operating in a unique manner and demanding a variety of human resources which cannot always be standardised. At their end, they can at times be too close to the problem, focussed on just the issue they are tackling or bound by the location they operate in. The organisations may need to broaden their vision, trust the grant makers intent and take advantage of feedback to improve their systems and processes to ensure that the beneficiaries receive the maximum benefit.

Ultimately, it is critical for grant makers and NGOs to function as partners. Sustainability and growth both cannot be achieved unless these two bodies work together harmoniously. Scalability cannot be accomplished unless there is sustainability. The two are interdependent on each other and hence the focus should be on strengthening the resources of the organisation for long term growth. This should be arrived at in a transparent manner and as a two way dialogue between the partners.



Amrita Nerkar
Corporate Social Responsibility,
Cipla Foundation

In their ongoing commitment to social investment, Cipla Medpro has launched the Cipla Foundation which is a registered NPO and operates as the umbrella for various fundraising projects and initiatives.



Alka Pathak
Trustee, The Resource Alliance

Any significant dialogue on sustainability needs to address itself to two key aspects, which are as follows:

- ▶ Sustainability for whom
- ▶ What does this sustainability actually mean

In the development sector and space, sustainability is often defined as sustainability of processes, results and outcomes, mostly in favour of communities, where the development work takes place

Donors demand sustainability of processes and their outcomes, but not necessarily of the institutions that facilitate these results and outcomes. And here is where the debate starts to heat up- Development organisations need to sustain themselves within finite time frames to allow them to do the work they are committed to. Often this dichotomy of perceptions and focus lead to issues where sustainability remains a pipe dream for all.

Perhaps defining finite time frames where NGOs, CSOs wear themselves off donor funds, whilst at the same time ensuring sustainability of processes, outcomes, benefits- in terms of community led sustainable outcomes would be one way to solve the impasse and ensure that true sustainability is attained within realistic and measurable time frames.

Sustainability of community led development processes would then best be achieved through their own capacity building and ownership, with support from NGOs, CSOs. During this time donors have to be convinced that such processes are vital to ensure sustainable outcomes at the community level.

The Resource Alliance inspires sharing and collaboration to create powerful change in the social impact sector.



Dr. Viney Kirpal
Former Professor and
HOD/HSS/IIT Bombay
Executive President,
GREAT foundation, Pune.

Donors think objectively and broadly about 'Sustainable Societies & Scalable projects' whereas NGOs mostly think parochially about 'Organizational Sustainability'. Donors like to see long term impact but NGOs are often so cash strapped that they habitually react on short term impulse! Both, donors and implementers have a common purpose (to bring about positive social change) but the paths they consider treading are often different.

The dictionary meaning of 'to sustain' means to last in strength. For donors this means that the objective for which funds were given to an NGO has been fulfilled and the impact will endure. For an NGO it means this, plus that the NGO lasts. However, NGOs are kept waiting anxiously for months before corporates decide to fund projects. Funds may even be refused. So, how shall NGOs sustain themselves?

Despite the mandatory requirement that companies spend 2% of their profit on social causes, it is not easy for NGOs to get funds. NGOs need well-trained people to implement projects. Corporates prefer to fund capital but not operational costs. Some have started forming their own foundations and giving directly to beneficiaries. There is a trust deficit.

Can the two come together in real time sustainability? Yes, if donors 'adopt' NGOs, i.e. keep their employees on their payroll, pay their administrative costs at source, leaving NGOs free to focus on long term programs. Donor funds will be properly utilized and accounted for while the NGO works like another "department" of the company with targets, deadlines, evaluations, and yet independent.

GREAT Foundation, Pune provides equal opportunity to economic equality through quality education for less privileged children. It has/is working in 78 schools for over 37,500 students in three States.

danamojo

experience the magic of giving



With an experience of 10 years within the NGO sector Dhaval Udani has interacted with hundreds of NGOs and practically all the major intermediaries/aggregators. He hopes his relations with them will help this enterprise to grow; his deep understanding of products, technology and payments will help build the platform that will provide a delightful experience to the donors and NGOs; and having been the CEO of an organization for four years will help bring an understanding of strategy and management to the organization.

He forms this productive partnership with Rahul Moosad who plans to utilise his experience and in client relations and client servicing for 10,000 NGOs that DanaMojo has put forth as their goal but while doing so provide them with the best possible experience.

How productive will this partnership prove? Read on to find out

The inspiration to start DanaMojo

Dhaval - "We believe that the NGOs working directly with the underprivileged sections of society have the most inspiring stories of human achievement and social transformation. These stories are key to inspire retail individual donors, engage them and retain them to increase their giving over time. Retail donors, indeed, are key to an organization's success, not only in fundraising but in achieving social change by impacting the hearts and minds of hundreds, thousands, millions and billions!

The most efficient and convenient way for retail donors to give is online through a payment gateway. Yet we have observed that NGOs face tremendous obstacles in getting a payment gateway from payment aggregators and banks. Even if they get a payment gateway they have to pay a premium to other merchants as they are classified as "high-risk". In addition, they struggle technologically to integrate (which is an additional cost as well) and manage the same in full compliance with the law. We strongly believe that non-profits must have access to the same set of payment options to collect donations as a for-

profit has to maximise revenues. We found it unfair that this was not the case. Indeed it is imperative to provide this superlative experience to today's customer to build a loyal supporter base over time.

What are some things that you feel all start ups should consider before launching?

Dhaval "So we did a few things that could be useful for others before starting out:

Knowledge of the Market - Having been associated in this sector for more than 10 years helped us since we had a basic understanding of the needs of the market, the difficulties it faced and what solution could possibly be of value. However this was our belief and at best anecdotal. Thus the market survey was important to validate the same.

Market Research - We did primary market research by meeting about 50 NGOs across key urban cities of Mumbai, Delhi and Bangalore and a secondary research through a survey where we got responses from 600+ NGOs. We spoke with people who headed intermediary organizations and thus were in contact with hundreds of NGOs. This helped us identify not only the need of the product but also helped us further refine



the products that it should have.

Business Model - We built a business model to determine the viability of the plan and to understand the scale of investments required, payback period and return that can be expected.

Finding your initial employees/co-founders - I think this is critical. Because no matter how small one's venture is and how one estimates the quantum of work, very soon one realizes that the work required is much more. Also it's a great way to brainstorm ideas. So I think the best decision anyone can make is bringing a person on-board right at the beginning. I am happy that I found someone like Rahul to come on board as we started out. It is imperative for a Founder to build a team such that everything that he or she is going can be done by someone else. That way you will be able to focus on the more important things that need to be done.

Scalable - I think in a country as large as India, it is important to build something that is scalable if you want to make a big impact. Thus it is important you think of scale as you start out and build it into everything you do - the product, the people and the processes. For example we want to build a platform that will eventually have 10,000 NGOs. While this may seem very large given that the biggest platforms in India today will be barely 200 NGOs, its yet only 1% of the NGO ecosystem. So while we have a long way to go, we also will yet be very small in the larger scheme of things."

How will you ensure that is your payment gateway is something an NGO should opt for?

Rahul "We are ensuring that if NGOs didn't opt for a payment gateway as the process was complicated, that is no longer the reason that stops them.

Registration - Registration forms are extremely user-friendly providing suggestions for each answer, tool tips for each entry to help NGOs fill the correct data, validations which prevent them from filling the wrong data and created best practice presentations.

Integration - We are assisting NGOs with the integration and in fact even doing it for them when they can't do it themselves.

Fundraising - NGOs will be encouraged to get funds, by sending mailers to their supporters about their work and thus receive donations. We will in time provide more tools and training on this front."

How have you planned to make it sustainable?

Dhaval "We retain 4.9% (+ service tax) on every donation that is made through our platform. However we charge no setup fees, integration fees or annual maintenance fees. And this is due to one of our core beliefs that we should be truly adding value in the system and all our incentives should be linked to the same. So when we link our revenue to the donations flowing



through the system and nothing else (from the NGO), we are clearly focused on ensuring that we work in all possible ways to increase the amount of donations by enabling NGOs with the right tools and processes."

Do you think NGOs in India are sustainable? If yes, what do you think are the factors? if no, why do you think so & what are your suggestions/solutions?

Rahul "I believe NGOs in India are sustainable, however their reach is limited due to shortage of funds. The NGOs are able to do amazing work currently purely due to the determination of their founders who have the passion and will, to make a difference to lives of the underprivileged. However to improve their reach and help many more, I believe they need to work towards increasing their funding and also use technology to their advantage, this will help them reduce costs and improve their efficiency"

Dhaval "I fundamentally believe that all NGOs are systemically sustainable but internally unsustainable. Let me explain these 2 terms - If you see the value that an NGO adds to society by providing education, skilling a youth or providing eyesight through the increase value that such beneficiaries add to society through increased wages, increased output, you will certainly find the work that an NGO does to be sustainable for the value that it adds to society. However if you only look at this from the internal books of the NGO it can never be sustainable - for example how do you find sustainability in educating the poorest of the poor tribal children in Bastar, or providing quality healthcare in rural Jharkhand or water to parched lands of poor farmers in Maharashtra. However if you think about lifetime earning of such a child, ability to work of people after receiving good treatment and benefit to families of farmers and the nation on account of better agriculture production, you will certainly find sustainability.

However there is a category of NGOs that can be sustainable and should strive to do so - these are the various intermediaries which provide services to NGOs. I think the value and import of their services can only be judged if NGOs are willing to pay for them. If they are not, then they must truly question what it is they provide and if it has benefit to society if the people for whom the benefit is meant are not interested. There are many ways to do this, but for that a mindset shift from short-term grants to long-term revenue-based sustainability is important. Everything else is easy." ♦



HOW I GOT HERE

Khushroo Poacha

Today with a boom in technology and numerous collaborations setting up a portal is relative easy and common. It is difficult to imagine how Khushroo Poacha managed to set up a portal for blood donations for donors and recipients in the days when technology was basic in the days of the dial up modem (which got disconnected ever so often). While most NGOs believe mega funding and scale is the way to sustainability, he differs. I have admired him for the way he persevered and does not get up with following the trend...instead sets his own. Meher Billimoria from CAP in conversation with Khushroo Poacha.

I founded Indianblooddonors.com because... I saw a patient dying for want of blood in a government hospital and the relatives of the patients hammering the resident doctor not realising that she died for shortage of blood in the blood bank and lack of donors.

Early days of the project were... tiring as first I was running about for sponsorships for Rs 2000/- per month to sustain the helpline, writing to people to help create awareness about it. Then a CEO told me to do unethical practices. When I said NO he said I could not do good work without money. PARSU ko challenge kiya Galti Kiya. I told him I would do good without MONEY. That was in 2002 it is 2016 now. No bank A/C, No NGO, Nothing.

How we have evolved over the years... Indianblooddonors.com is a 35 Dollar Helpline which is paid by someone to the Domain Registrar. www.Awaaz.de has sponsored us an IVRS helpline for free. Web Hosting by Net4india.com. Apps are made, maintained by Volunteers and so is the Website. Has served over 1,50,000 requests for blood and lives have been saved.

Recently I founded ... www.SevaKitchen.org The philosophy behind this is...Cook and Serve food to needy relatives of patients in Hospitals, Don't Judge. Seva Kitchen does not accept money. Started with 24 meals in 2014 serves 1500 meals every week now in 6 cities.

My one learning with both organisations has been... you don't need money to do good work Just PASSION

Challenges along the way... negative People....

Our work has come a long way because... I stood by what I believed in. I walked in a different direction.

Social Impact according to me is... if you have made a difference to one life also. I see organisation going after number and scaling up. I don't. I am happy if people replicate my idea.

My thoughts on scaling up... I am happy in sharing the idea and people copying. I don't want people to follow me but walk with me and be leaders themselves.

Organisation sustainability to me means... work should go on....

Funding sustainability for any organisation is... a typical Government reply in a Government File to this question would be "This does not pertain to my department" and so is mine.

If I could change one thing about the social sector, it would be... I want people to be Soul Entrepreneurs not Social Entrepreneurs. We have Social Entrepreneurs doing business and telling the world 'Hum Logo ka Bhala Kar Rahe Hai'.

Leadership in any organisation... very Important. He has to be motivated and will go to any extent to reach his or her goals.

The two persons who have inspired me... my Late Mother Katie Adi Poacha who taught me to reach out when I was a kid, Prof Anil Gupta of IIM Ahmedabad because he motivated me to do the things I wanted to do, my way and not listen to people. He taught me to live my life.

In my free time... I play with Tunisha my daughter who is a blessing after 19 years. ♦

This idea was sown by Khushroo in the backdrop of a personal experience of spending time in hospital with a patient - his mother. This first-hand experience of seeing people struggle to provide for the treatment of loved ones and compromising on their own health, often with rationed resources, was the motivation to set up Seva Kitchen.

Indianblooddonors.com is an IVRS and Mobile App helpline which connects needy patients with blood donors in India. So if you need blood, it's a good place to turn to. It's simple. It's effective. It's Free. You can also Sign up as a blood donor and help build a Community that cares.

Making a Difference through Corporate Sustainability

The 21st Century is quickly redefining the meaning of "responsible". In the age of climate change, limited natural resources, risk of global food shortages and increasing socio-economic inequality, society is calling for a "better" world.

All stakeholders have a role to play. In recent years, we're increasingly seeing companies take action by bringing sustainability to the heart of their business purpose. But with many players involved, how can companies use their unique abilities to ensure they are contributing to this "better" world?

Business-Aligned Sustainability

It's common to see companies invest in ad-hoc sustainability activities that have a limited connect to their technical expertise. There is no doubt these investments deliver genuine impact; however, a company may be better served to tie responsible practices to their key skills.

By doing so, companies not only address global challenges and create positive impact, but also generate business benefits - through brand loyalty, risk mitigation, operational cost savings, increased worker productivity and even new revenue streams. When sustainability drives business, everyone wins in the long-run.

Focus On Innovation

The corporate sector is best positioned to take risks. Companies often have larger resource pools, easier decision-making processes, more flexible mandates and some of the world's best minds in-house.

By pushing the envelope and finding out-of-the box ways to address key sustainability issues, business can help reinvent entire systems with sustainability at the core. And if a company's ultimate goal is to be at the leading edge in its industry, innovations in sustainability are a great way to get there.

Collaborate With Experts

Every stakeholder in the sustainability eco-system has a critical role to play. NGOs have a deep understanding of issues and can easily build trust in communities. Governments have the money, mandate and ability to scale. Multi-laterals push new agendas and can bring an international lens to the table.

By working together with multiple players we are able to complement each other, find the best solutions, and multiple impact exponentially. The world is inter-connected, and so too are the solutions to its most pressing problems.



Communicate Commitments

We often hear that companies are afraid to communicate their efforts in case they miss their targets, or worse, are accused of "green-washing". However, the benefits of communicating corporate sustainability far outweigh these risks.

By talking about sustainability successes, and failures, companies are making their commitments public, demonstrating accountability and transparency in the process. Communications creates a leading voice among peers, and the public, galvanising a new, sustainable way that business can be conducted. ♦

Payal Rajpal is a partner at Do One Thing, a Delhi-based corporate responsibility consultancy committed to driving the next generation of conscious business.



Can your organisation can be Compliance Complete with CAP ?
Read on the outside back cover of this magazine.

5 Bollywood Songs That Secretly Inspired The United Nations

CAP member Abhishek Thakore, co-founder of The Blue Ribbon Movement and a regular contributor to the magazine makes us think about something we probably haven't.

Long before Sustainability was the rage, Bollywood was already singing about it!

Don't believe it?

Featuring Sustainability Sangeet, i.e., songs that (may) have inspired the Sustainable Development Goals (SDGs)!



Song : Thoda Hai, Thodey Ki, Zaroorat Hai

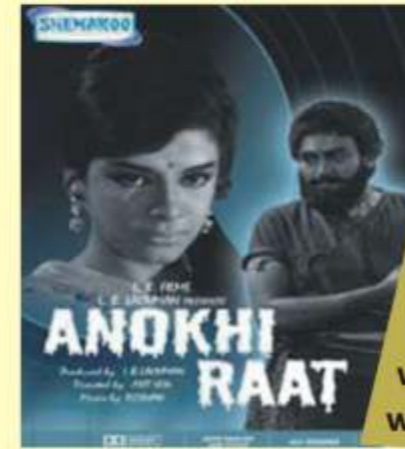
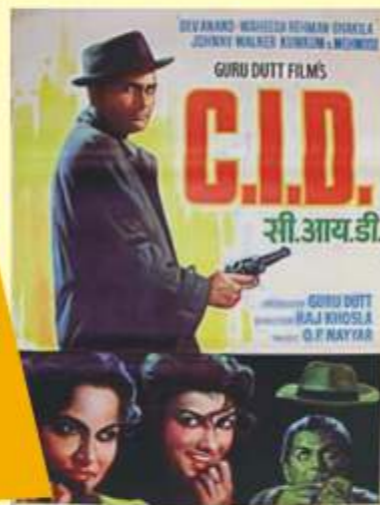
Film : Khatta Meetha

The BIG idea : This song seems to have inspired UN's Sustainable Development Goal No. 12 (responsible consumption). The song reminds us to live simply. This idea is supported by research that concludes that beyond a point, happiness does not increase in proportion to income. Very Gandhian!

Song : Aye Dil Hai Mushkil, Jeena Yahan

Film: CID

The BIG idea : This song is a deep reflection on urban issues like transportation, community connections, etc. As a result of these issues, living in cities has become a challenge. Even if we live in gated communities, we can't avoid stepping into the broken-down city where life is tough. SDG No. 11 (Sustainable cities and communities) has drawn inspiration from this song.



Song : Ohrey Taal Miley Nadi Ke Jal Mein

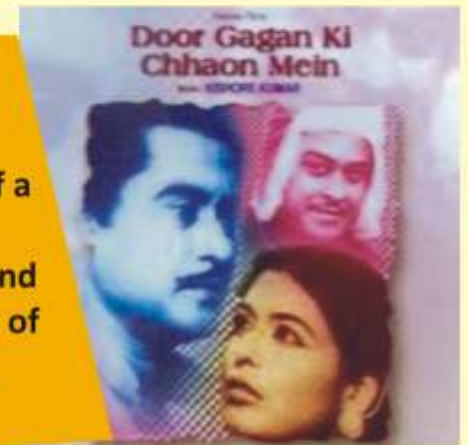
Film : Anokhi Raat

The BIG idea : Nature has mysterious cycles, which we may never fully understand. Perhaps, it is better to leave it alone and let it regenerate, rather than meddle too much with it. It is an idea that Fukoka talks about in One Straw Revolution as well. One can't miss its reference to SDG No. 14 (Life below water).

Song : Aa Chal Ke Tujhe, Main Le Ke Chalu

Film : Door Gagan Ki Chhaon Mein

The BIG idea: This beautiful song takes us on the journey of a world that works for everyone, the ultimate goal of Sustainability. The imagery feeds into SDG No. 16 (Peace and Justice) As we think of future generations, we see the role of our generation - to creatively meet the challenges we are facing today.



Song : Yeh Duniya, Yeh Mehfil, Mere Kaam Ki Nahin :(

Film : Heer Ranja

The BIG Idea : A completely demoralized social worker is singing this song in deep depression - many indicators (including rate of global warming and carbon emissions) point to irreparable damage to the planet, hence evoking this song. It is perhaps in response to the pain in this song that SDG No. 17 (creating a 'Partnership for the Goals') was proposed.



Clearly, Bollywood has been playing its role in inspiring people to live sustainably long before any international body thought about it!

What is corpus? What makes a donation or grant a 'corpus' receipt?

Corpus is essentially a capital receipt. Corpus can be built with sums of money which are received by way of donation / grant with a specific written direction from the donor that the same may be taken to the corpus. However, unless the NGO makes a specific request for corpus donation the donor may not provide such a direction. It would therefore be good to tell your donors why building a corpus fund is important for the sustainability of the organization and its programs.

Can corpus ever be utilized? We have been advised that our corpus should be left untouched.

Ideally the corpus fund should be kept intact and only the interest and dividend should be utilized for sustaining the activities of the organization or for running administrative expenses. However, in case of a contingency or a major resource crunch one may dig into the corpus fund to keep afloat. But, it should be noted that all ear-marked endowment funds for specific charitable purposes, as directed by donors, should be left intact.

We are keen as a company to implement our CSR program in a strategic and sustainable way. Could you suggest how we could link CSR to sustainable development?

Please do not confuse Sustainable Development with CSR because CSR in essence comes from Sustainable Development and not the other way round. In truth, CSR is a platform for contributing to the Sustainable Development process. Sustainable Development is the big picture and CSR is merely a component of Sustainable Development, especially from the Social Sustainability perspective. A good CSR initiative should be based on a very good understanding of the requirements for i) Social, ii) Economic and iii) Environmental Sustainability, as well as the inter-relationships between the three components.

Can a company give a corpus grant to an NGO under CSR? We are told that a company can give only for projects or programs?

Contribution to Corpus of a trust, society or section 8 companies would qualify as CSR expenditure as long as the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

How should corpus be invested?

Corpus funds should be invested only in approved securities listed under section 11(5) of the Income Tax Act such as Bank Fixed Deposits, Government of India Bonds, Unit Trust of India, Mutual Funds etc. If registered in Maharashtra state please note that modes of investment are also governed by Section 35 of the Bombay Public Trusts Act 1950 and the charity commissioner allows investments only in certain approved (usually debt based) mutual funds.

Are there other ways in which we can build corpus for our sustainability? For example can we issue donation receipts marked towards corpus or can we keep a donation box with a plaque stating 'Donations for Corpus'?

In the absence of any written direction of the donor, no contribution however large or small can be transferred to the corpus fund. Issuing 'corpus donation receipts' and donations collected through cash boxes / donation boxes cannot be treated as corpus donations even if the collection boxes are marked as "Donation for Corpus", because as stated earlier it requires a specific written direction from the donor and not the recipient organization.

How could companies be persuaded to give towards corpus for sustainability?

Discerning Donors do not see much value in giving a corpus grant. They are more interested in the immediate visible effectiveness of the program rather than the organization's sustainability. However, what could possibly work is a request that the donor allows (by way of a written direction or grant agreement) that 10% or may be even 20% of the donation can be taken to the corpus of the organization. This often is found acceptable by companies and their foundations.

Are there ways in which corpus can be built other than through donors?

As an organization one could compute income and expenditure wisely to build corpus for sustainability, year after year. Under the Income tax Act, NGOs / NPOs are required to apply at least 85% of their income during the financial year. The balance 15% can be set apart or accumulated to build corpus or a reserve or a contingency fund.

Also, many NGOs / NPOs are membership organizations. Such organizations should note that that all Entrance Fees as also Life Membership Fees should be taken as a Capital receipt.



CAP recently hosted a one-day conference in Mumbai to take stock of the sector's compliance requirements. Held in Mumbai at Sunville Pavilion, Worli on April 16, the event was an enriching and empowering experience for 70 participants, facilitators and panelists alike. Over the course of six thought-provoking and lively sessions, almost every issue and challenge related to the compliance requirements of NGOs, charities, trusts and corporate-NGO partnerships was discussed and debated in a healthy and candid atmosphere.



CAP Chairperson Rati Forbes welcomes the guests



Noshir Dadrawala delivering the Keynote Address on Compliance



Swati Apte conducted a session Fear Not Finance that demonstrated that financial planning, reporting, documentation, etc. are not rocket science

The HR Panel who conducted the activity



For the session on HR, participants had to simulate fast forward a year in a non-profit organisation, react to and strategize for the challenges thrown up by the given HR scenario.

The session on Fundraising was light-hearted, yet comprehensive on the weighty subject of resource mobilisation that aimed to dispel the many fears that NGOs have about fundraising, communication and reporting.



Participants were presented with real-life scenarios that NGOs face while fundraising. Through role play and group discussions they discussed how to overcome them.



Our governance panel, discussed that compliance in governance is not merely doing what is legal, but also doing what is right.



The corporate panel shared experiences on how to conceptualize, create and sustain meaningful NGO- corporate partnerships



The session on CAP's core area of work, Legal Compliance, had four panelists engage in a spirited, healthy debate on key aspects of compliance in the corporate and social sector



The choir performance by children of the Happy Home and School received a standing ovation, which was well deserved.



The Audience



Noshir Dadrawala, Meher Gandevia
Rati Fobes -The team that
organised the conference

To view all the photographs of the conference, complete videos of all the sessions,
log on to the CAP Facebook Group.

