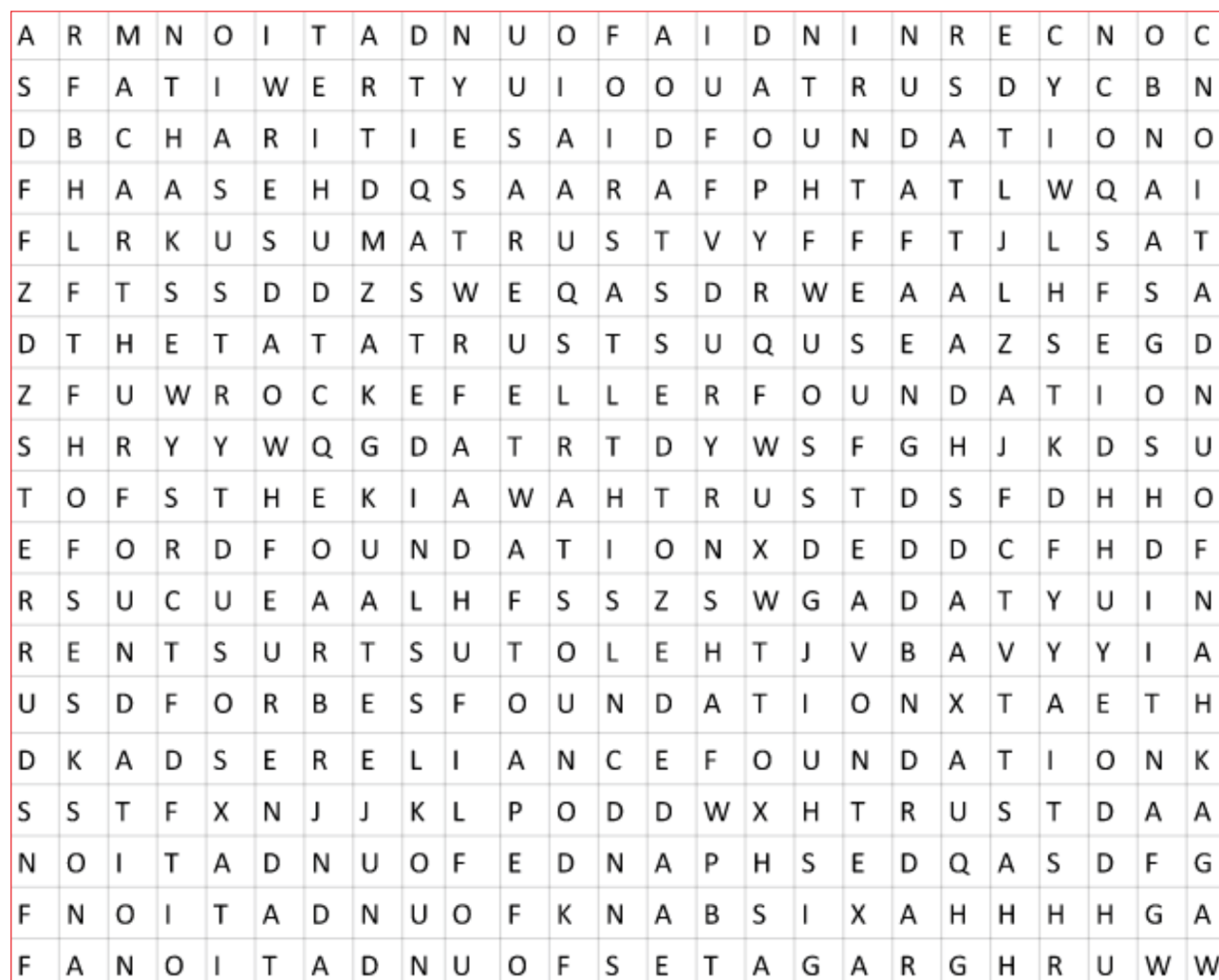


# Have You Approached Them?

The first two correct entries will **win a free seat to any CAP workshop** during this year. All you have to do is find 15 grant-funding organisations that are hidden here.  
**Scan a copy and email it to [connect@capindia.in](mailto:connect@capindia.in)**



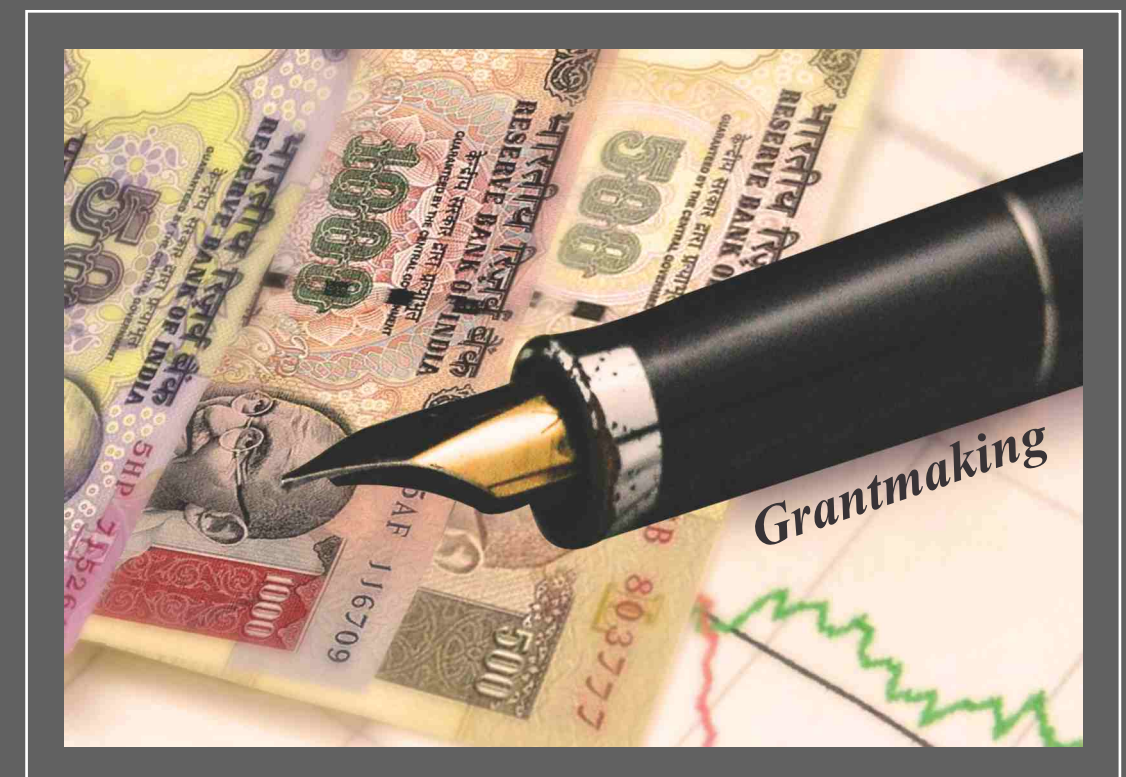
## UPCOMING WORKSHOPS

Legal Compliance/FCRA (30th June)  
Good Board Governance  
Finance Management  
*(dates will be announced shortly)*

# PHILANTHROPY

Legal news and updates for the social sector

Quarter 1 – April – June, 2015



CENTRE FOR  
ADVANCEMENT  
OF PHILANTHROPY



## ***The 7 Commandments of Grant making By Kevin Starr***

### ***I***

*Thou Shalt Fund for Impact Above All Else*

### ***II***

*Thou Shalt Not Restrict Thy Funds*

### ***III***

*Thou Shalt Feed Success with Continued Investment*

### ***IV***

*Thou Shalt Not Hassle the Doers*

### ***V***

*Thou Shalt Not Worship the False God of Overhead*

### ***VI***

*Thou Shalt Not Be a Doer-by-Proxy*

### ***VII***

*Thou Shalt Advocate for Thy Doers*

***(Kevin Starr directs the Mulago Foundation and the  
Rainer Arnhold Fellows Program.)***



# PHILANTHROPY

Newsletter Quarter 1 - April - June



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, good board governance. CAP also publishes a quarterly newsmagazine 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](http://www.capindia.in)

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**PRINTERS - Indigo Printer**

**CAP's CIN: U73200MH1986NPL041521**

To contribute to this magazine, be featured, place an advert, send any feedback OR to receive your copy, contact us at – (022) 22846534 or [connect@capindia.in](mailto:connect@capindia.in)

*This magazine is available free to readers thanks to grateful support from The Tata Trusts.*



“



This quarter witnessed quite a few disappointments. Out of the estimated Rs. 20,000/- crores corporate India seems to have spent only Rs. Rs. 5,000/- crores. Of course it is still just the first year and hopefully companies will begin to see value in being CSR compliant. Several companies have put their CSR policy on their website and some of them are sketchy – to say the least. CSR Reports too will be in the public domain soon.

On another front the Ministry of Home Affairs has brought some of the most internationally well known funding agencies under the microscope, including the Ford Foundation and the Gates Foundation. As a consequence, several NGOs have been facing a major cash crunch as many projects are dependent on foreign funding.

The earthquake in Nepal has evoked a great deal of sentiment in India. Corporates and Foundations in India have shown eagerness to contribute. However, where cross-border philanthropy is concerned, the legal regime is far from friendly. Companies are welcome to send funds to Nepal but not out of their CSR funds as the Rules require CSR funds to be utilized on CSR activities in India only. Foundations require CBOT's permission before they can contribute funds outside India.

Read more on all these issues in the pages to follow.

**With this issue, we are revisiting articles from our previous newsletters.** Over these last 28 years CAP has seen many changes. However some sector related issues and challenges have remained unchanged. As we run through old issues of 'Philanthropy', we smile at times with nostalgia and at other times simply heave a long sigh!

As we scanned through our files we came across an article titled 'Proposal to ban Foreign Contributions'. **Guess the vintage? It was the January 1988 issue of 'Philanthropy'.** So if you think the MHA has turned vindictive towards NPOs only in recent years, you need to think again! Much has changed within the voluntary sector. However, the government's 'mind-set' has remained unchanged.

**Noshir Dadrawala -CEO, Centre for Advancement of Philanthropy.**

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## CAP Archives

From our CAP Newsletter Issue of January 1988

### Proposal to ban Foreign Contributions

On August 26, 1988 the Joint Consultative Committee of the Home Ministry recommended to the government to a ban on all foreign contributions. The Bharatiya Janta Party and the two communist parties for once united: the Congress (I) M.P.s agreed. Only a Janta representative, Syed Shahabuddin and Muslim League M.P. Ebrahim Suleman Sait disagreed.

According to the Home Ministry's brief, in 1984, organisations registered to receive foreign funds were 3,500. They rose to 10,000 in 1986. In 1984 the amount received from abroad was Rs. 254 crores. In 1986 434 crores. In a heated discussion at the Consultative Committee meeting of the M.P.s the legislators demanded "the government must exercise direct control over their spending as funds were mis-utilized." Mr. Chidambaram replied that the Government was tightening the Act.

Mr. L. K. Advani, President of the BJP who set the pace at the Joint Consultative Committee has followed it up with an article in Gentleman magazine (October 1987). He says, the Home Ministry is at present engaged in an exercise on how this law can be made purpose-oriented instead of being just recipient oriented. He thinks tinkering with the law will do no good and demands that foreign donations be banned altogether.

## Meet Rati Forbes and Martina Fernandes

At the request of many of our readers who wanted to know more about the people at CAP, we are starting this new column. Rati Forbes our board Chairperson & CAP's most engaged board member and Martina Fernandes CAP's youngest and creative staff member interview each other.

**M: As a child what were your dreams and what was your passion, were they fulfilled? Who has been your inspiration?**

**R:** My mother was always my role model; as a human being (for the values she embodied and lived; as well as for her care and thought for everyone) and as a professional (I always heard about her competence and skill as a doctor and how all her patients and their families respected and adored her). She was always my inspiration - from as long back as I can remember. Thus, as a child, I wanted to be a doctor (she was a very eminent pediatrician).

As a teenager I realised that science and math were not my strongest subjects - so very naturally and with no regrets, this dream vanished. After this, I didn't really have a clear career path in mind, for quite a while; but one overarching passion since my adolescence was to work somewhere, where I could be of service to others. As a teenager, I began volunteering at Samaritans - an organisation which worked with people who had mental health issues. All through college, I volunteered with the Social service league, mainly working with the blind students.

Rati Forbes



**R: Can you tell us about your childhood or growing up years, as well as a bit about your education?**

**M:** Childhood was blessed, cheerful and memorable. As the first child in the family I was very lucky, I got all attention, love, everything that I asked for. In regards to education my parents are very proud and happy as I am the first child in our entire family, who completed school education which was beyond their expectation.

**R: During those formative years, who was the person who was the greatest influence in your life and why?**

**M:** The person who was the greatest influence in my life was Mr. Sanjay Bhattacharya (artist) because He is the first person I met with a clear and big heart with zero pride. A person from whom I learn "survival of the fittest"

**R: Tell us about some special talents or skills you have, which not many people know about (or otherwise a hobby which you pursue)**

**M:** I love painting (fabric / glass etc.) and trekking

**R: What would you consider to be important learning for you - while you have been at CAP?**

**M:** I have become more mature than earlier, started recognising the nature of work and how to prioritize and the most important to value time.

**R: If there was one aspect of your life you would like to change; what would that be - and why?**

**M:** No I wouldn't like to change any aspects of my life as I am truly blessed and satisfied & content with all that I have.

**R: What do you consider your greatest accomplishment to date (either professionally or personally) and why do you think it is so?**

**M:** Professionally - My greatest accomplishment is confidence cause I was never exposed to a NGO world, never travelled for work, never communicated with larger audience. Personally - Never thought of converting my passion of mehandi & rangoli into my own small business 'Martina's Creatives'.



Martina Fernandes



## FCRA Likely To Be Made Harsher

A recent report in the Economic Times states: "Acting on instructions from the PM's Office (PMO), the home ministry is stepping up scrutiny of foreign-funded non-governmental outfits based on recommendations of Intelligence Bureau, a move that could prove controversial coming as it does after actions against Ford Foundation and Greenpeace. The ministry plans to tighten some rules of the principal law governing the sector — the Foreign Contribution Regulation Act (FCRA)."

The report adds: "The home ministry has quickened its review of FCRA rules after the PM's Principal Secretary Nripendra Misra wrote to Home Secretary L C Goyal asking him to put a mechanism in place "without any delay" to monitor foreign funding of NGOs. The Intelligence Bureau's recommendations number a dozen. Encouraging transparency and improving oversight will be the "guiding principles" of the exercise, ET learnt."

PMO is said to be keen to have the new measures in place by June 15 in the interest of India's "economic security". The FCR rules were brought in by the erstwhile UPA government after FCRA was enacted in 2010, and these rules are now being tightened further.

**As part of the proposed changes, NGOs may have to provide details of all foreign funding within 48 hours to ensure transparency.**

Reportedly, NGOs would be mandated to have a website on which they will be required to put out the details of each foreign inflow for public viewing within 48 hours of receiving the funds. This will include the source of funds, the intended activity for which the funds are expected to be used and the details of its partner NGOs in that specific project.

The 'oversight' part of the new measures would allow the government to keep close tabs on NGOs through stricter checks and inspections. A detailed oversight system, describing each step, is being worked upon by the home ministry. Each NGO would know the parameters on which it will be inspected.

The PMO communication to home ministry had stressed the "need for effective linkage between MHA, Reserve Bank of India and banks for effective monitoring" of NGOs. IB's recommendations on the 'oversight' aspect, is based on its so called "expertise in tracking NGOs misusing FCR Act and FCR rules".

One could say, a concerted campaign has been underway to belittle non-government organisations that receive foreign funds.

**Unofficially, there are several allegations against the foreign funded-NGOs. These include:**

- 1) They deliberately impede development by using the money to stall crucial mega projects.
- 2) They prop up specific political parties.
- 3) They act against national security as they serve the vested interests of their funders, who have geopolitical ambitions.
- 4) The NGOs that receive the largest amounts are Christian organisations, whose sole aim to convert Hindus.

However, if one goes by facts and figures, most of the above charges are half-truths, complete falsehoods, or exaggerated claims.

In the last 10 years, Rs 85,000 crore has flowed through the FCRA route or an average of Rs 8,500 crore a year. The total amount for the 19 years between 1993-94 and 2011-'12 is Rs 116,073 crore, or an average of Rs 6,100 crore. To put the figures in perspective, in 2015-'16, the central government's budgeted expenditure on Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy is Rs 896 crore. For the same year, the budgeted expenditure on Earth Sciences is Rs 1,620 crore.

In 2015-'16, the Centre and states together aim to spend over Rs 29,000 crore on health and family welfare, Rs 69,000 crore on education (school and higher), and Rs 100,000 crore on rural and urban development. Given these facts, it seems ridiculous to conclude that 20,000-odd NGOs with combined access to less than Rs 10,000 crore a year can influence the country's socio-political-economic future more than the central and state government, particularly when not even the government claims that all of this less than Rs 10,000-crore figure is being so misused.

Even if a few errant NGOs decide to use their monetary clout to attempt to change social structures, or stall economic activity, the might of the State can always counter them with more money and its political legitimacy. It is only in areas where the State has

contd. on page 4

## Is There A Rationale Behind MHA's Vendetta Against 'foreign Funding'?

The Foreign Contribution Regulation Act 2010 is the most common tool used to regulate foreign NGOs in India. The law governs how certain individuals or associations can accept and use foreign contributions and prohibits the use of foreign funds for any activities deemed detrimental to national interest.

Under this law no association or NGO can receive foreign contributions for any cultural, economic, educational, religious or social program without either a registration or prior approval from the Ministry of Home Affairs.

**Organizations involved in any political activity cannot receive foreign contributions, and the government often views advocacy and lobbying for social or economic rights as political activity.** Foreign agencies supporting such initiatives are either banned or have their "Permanent Registration (which albeit requires renewal every 5 years)" to donate funds reverted to "prior permission," meaning the government must review every grant from such agencies and be satisfied that the grants are not a threat to the sovereignty and integrity of the country before funding can be approved for the recipient Indian NPO/CSO.

Recently the Ministry of Home Affairs has brought some of the most internationally well known funding agencies under the microscope, including the Ford Foundation and the Gates Foundation. As a consequence, several NGOs have been facing a major cash crunch as many projects are dependent on foreign funding. Putting funders like the Ford Foundation on "prior permission" mode means inordinate delays, as all funding needs to be approved by the government. Some NGOs have downsized operations, and some have turned to Indian companies and individuals (with minimal success) for interim support to fund ongoing activities.

Every NGO in India has the right to exist and carry out its welfare or developmental activities. The laws exist to regulate not control NGOs. Hence, advocacy is not specifically disallowed, but the government is suspicious as to why a funder from another country would be interested in donating to an Indian NGO to advocate against, say, India's nuclear program or

industrialization policy? The government feels such NGOs should be able to raise funds for these activities in India from Indian companies or Indian foundations. However, the fact is, Indian companies and Indian foundations consider it safer to donate to education, health care or environmental causes.

No civil society organization or NGO can be banned out of existence unless it can be proven that their activities are a threat to the sovereignty and integrity of the country.

contd. from page 4

completely failed, where the state of the poor is dismal, where such NGOs can succeed. But if they do achieve some measure of success, it is up to the State to deliver on-the-ground results and tackle on-the-ground realities.

The fact remains that some of these NGOs oppose government policies, provide alternative socio-economic viewpoints, and excite local communities to pursue different paths of growth and development. Does this imply that they should be banned? If this is the case, then all the critics, even those who receive no foreign or Indian funds, should be muzzled. The ruling regime has to realize that this is not the manner in which a democracy works.

**Clearly the government is making a pincer move using two tools:**

- 1) Issue administrative orders and use media leaks to starve and isolate (and thus tie down) the larger, more prominent NGOs and their programs - this will have a 'salutary' impact on the other NGOs.
- 2) Reform and reinterpret the FCRA rules to meet government's economic and social policy agenda needs.

**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.**



## Oh No ...we missed the 30th April 2015 Deadline! Really!!!

By: Noshir Dadrawala

30th April 2015 has come and gone and a number of NGOs running so-called, "ongoing multi-year projects" still think that they have missed the deadline for applying for renewal of their FCRA registration with the Ministry of Home Affairs (MHA). In the meantime, even after the end of May 2015 the Ministry of Home Affairs has not made Form FC 5 online.

**Let's get some facts right regarding this so called deadline:**

- "Ongoing Multi-year Project" is nowhere defined under FCRA 2010 or the FCR Rules 2011.
- "Ongoing Multi-year Projects" in our view would mean projects or programs having a tenure of say three to five years and which receive funding in yearly installments over the period of the project.
- Section 16 of the FCRA 2010 requires all organisations (registered under the old FCRA 1976)



to apply for renewal within six months from the expiry of the period of the certificate. In other words before 31st October 2015. **Clearly the Act does not make any distinction between a regular organization and one having ongoing multi-year projects.**

- It is only under FC Rule 12(3) that the provision is made for organisations implementing an ongoing multi-year project to apply for renewal twelve months before the date of expiry of the certificate of registration (i.e. before 30th April 2015).
- In law, whenever there is a conflict between what is provided under the Act and the Rules, the provision of the Act always prevails over the Rules.

In other words, if organisations implementing ongoing multi-year projects apply for renewal even after this so called deadline of 30th April 2015 it would neither be considered a lapse nor a contravention of the law as per Section 16 of FCRA 2010.

**As far as renewal of FCRA registration is concerned NGOs are requested to note the following:**

- Under the new FCRA 2010 'Registration' is granted for a period of five years. Thus, all registrations granted under FCRA, 1976 shall remain **valid for a period of 5 years** from the date FCRA 2010 came into force, i.e., 1st May, 2011 up to the 30th April, 2016.
- NGOs requiring renewal should apply in Form FC-5 (preferably online) six months before the date of expiry of the certificate of registration.
- If your association has been granted FCRA registration prior to 1st May 2011 and carries no date of expiry, i.e. registration was granted to your Associations under the repealed FCRA, 1976 it will be valid up to 30th April, 2016, such Associations should apply for renewal of their registration anytime before 30th September, 2015.
- An Association granted registration under FCRA, 2010, i.e., after 1st May, 2011, will have to apply for renewal of registration six months before the date of expiry of the validity of its certificate of registration.
- Associations implementing an ongoing Multi-year project may, if they so wish to, apply for renewal twelve months before the date of expiry of the certificate of registration.
- The application made for renewal of the certificate of registration should be accompanied by a fee of INR 500/- (Five Hundred only). The fee for renewal of the certificate of registration can be remitted by demand draft or banker's cheque in favour of the "Pay and Accounts Officer, Ministry of Home Affairs", payable at New Delhi.
- In case no application for renewal of registration is filed or such application is not accompanied by the requisite fee, the validity of the certificate of registration shall be deemed to have ceased from the date of completion of the period of five years from the date of the grant of registration.

**Form FC-5 is fairly simple and requires just a few simple details:**

- Details of the names and addresses of the members of the executive committee/governing council. (Please reflect the current position)
- The nature of activity. (Simply state Social or Religious or Economic as the case may be)
- Details of the existing registration and PAN.
- Details of the foreign contribution received during all the years since its registration with yearly break up. (Take figures from your annual FC Returns)
- Details of utilization of funds. (Take figures from your annual FC Returns)

contd. on page 7

## Is FCRA 2010 Applicable To Private Limited Companies?

By: Noshir Dadrawala

The scope of FCRA 2010 is broader than the earlier Act of 1976. The preamble to the Act of 2010 states:

**"An Act to consolidate the law to regulate the acceptance and utilisation of foreign contribution or foreign hospitality by certain individuals or associations or companies ....."**



**Therefore the Act of 2010 applies to certain individuals or associations or companies. Under section 2(1)(m) the term "person" includes:**

- an individual
- HUF (Hindu Undivided Family)
- an association
- a company registered under section 25 of the Companies Act 1956

In other words, FCRA 2010 applies to all "persons" as defined u/s 2(1)(m) and **it specifically includes a section 25 company but not other types of companies.**

This leads us to the question whether other types of companies would come under the definition of association which is wide enough to cover all kinds of organisations?

This argument would indeed have been sustainable under FCRA 1976 which made no mention of Section 25 companies. However, by specifically mentioning section 25 companies u/s 2(1)(m) the Act has clearly left out all other companies and indicating that business-oriented companies are not under the purview of FCRA.

However, having said that the Ministry of Home Affairs on its own website ([http://mha1.nic.in/pdfs/ForeignD-FCRA\\_FAQs.pdf](http://mha1.nic.in/pdfs/ForeignD-FCRA_FAQs.pdf)) answers this specific query quite differently in Question No. 36.

**Q.36 Can a private limited company or a partnership firm get registration or prior permission under FCRA, 2010?**

**Answer.** As per the definition of the "person" in the FC(R) Act, 2010 which includes an "association" which in turn is defined as an association of individuals, whether incorporated or not, having an office in India and includes a society, whether registered under the Societies Registration Act, 1860, or not, and any other organisation, by whatever name called, a private limited company too may seek prior permission/registration for receiving foreign funds in case they wish to do some charitable work at some point of time.

While the language used under the Act is "association" the MHA under their FAQ has very cleverly inserted the term "organization" under its FAQ and stating that a private limited company too may seek prior permission/registration for receiving foreign funds in case they wish to do some charitable work at some point of time. Please note use of the term 'may' as opposed to 'shall' or 'must'.

In any case when it comes to the issue of interpreting the law, the Act of 2010 should prevail over any liberties taken under the MHA's so called 'guidelines' or 'FAQ'.

contd. from page 6

- Declaration that all the provisions of FCRA 2010 were complied. (Please state: Yes)
- Reasons for seeking renewal. (To further our charitable objects)
- Details of information, if any, regarding the organization if it had been blacklisted/debarred from receiving any aid and/or assistance by any other Ministry/Department of Central and/or State Government or any Statutory Authority. (Please state No unless your NGO has been blacklisted)
- Any other information (Please provide details of your FCRA Bank account)
- A copy of the registration certificate.

**Noshir Dadrawala, is one of India's leading legal expert 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](mailto:connect@capindia.in)**



## A Grantmaker's Perspective of Good Governance

By: CAP's Board Chairperson Rati Forbes

**"The definition of good governance is itself nebulous,"** says

**Rati F. Forbes of Forbes Marshall Foundation**

My interest in governance was aroused by a series of personal experiences, as well as my own family background. My father was the first Commerce Minister of India in the Interim Cabinet of 1946, where ministers were jointly selected by Pandit Nehru and Lord Mountbatten for their competence, skills and ethics. He often spoke of "those times" – where working for the government was seen as the best way to serve the new country. This was a job that carried much respect and dignity. Unfortunately, that has since changed.

**Today, governance is much more a part of our vocabulary – largely because we believe that those in government jobs are delivering much less than our expectations.** Why is there so much official apathy and lack of accountability? Why do citizens continue to live in such abysmal conditions, without the most basic amenities? Why do our public systems not function the way they should? These are questions we all ask ourselves from time to time. As a response, the social and private sectors have stepped in along with civil society; and a growing number of funders and development agencies have begun to understand the importance of nurturing and supporting them.

Personally, the culture of giving back has been a consistent thread in my life; professionally, our company Forbes Marshall has a strong ethos of supporting social programs in neighbouring communities, particularly initiatives in the education and healthcare space. When we set up our Foundation a few years ago; we decided to work across Maharashtra and reach out to a much larger audience; being mindful of outputs, outcomes, timelines and sustainable impact.

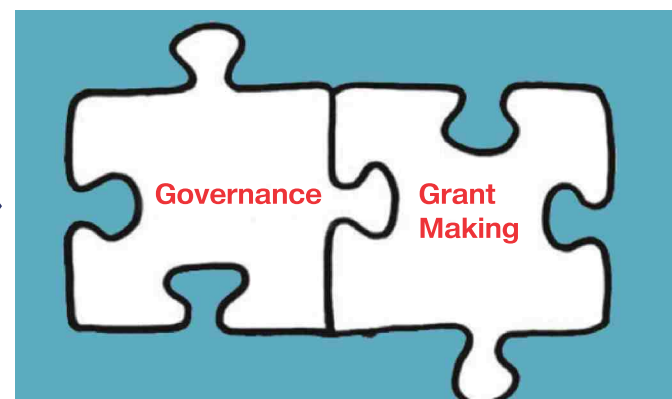
**Working now on a larger canvas; more often than not, challenges in the area of local governance seemed to slow down the best-intentioned efforts.** A stark example of this was the issues we ran into, while partnering with a local NGO; bringing better sanitation practices to an urban slum community.

While we had effectively galvanized community support to make part contributions for the infrastructure, and worked with local women to help spread the message of eradicating open defecation; it was depressing to find large parts of the "basti"

(settlement) had a failing drainage system, corroded sewer pipes, very inadequate water supply and a well-established "water tanker lobby" operating. Working with various local political agencies was the only way to get the project moving; but hugely challenging, frustrating and time consuming, to say the least.

Given these on-the-ground experiences as well as our growing understanding of the complexity of India's problems, we realized that working on social verticals in isolation is incorrect. **Rather, the government, business and civil society must work in tandem, to create developmental change.**

Entering the governance space with some trepidation about two years ago, my colleagues and I quickly saw the positives when supporting organisations and individuals. We realised that when elected officials are central to any change effort; longer-term solutions arise, benefitting large sections of the target



population. We saw this while supporting Swaniti, an organization that encourages bright young people to get involved in governance, by working on projects along with MPs and MLAs in their constituency. Our support, in monetary terms, hasn't been huge but the impact and change at the constituency level, as a result of the one-year Fellowship has been tremendous.

Among the other lessons we learned along the way is the virtue of patience, and the need to look beyond short-term solutions. We learned that well thought through approaches are worth investing in, leading to sustained outcomes.

**On a more cautious note, we have realised that grantmaking in this area comes with its fair share of challenges.** The definition of good governance is itself nebulous – should we prioritise

contd. on page 11

## Corporate India Has Applied Only A Quarter Of The Estimated CSR Budget

By: Noshir Dadrawala

**A full fiscal year has passed since the new Indian Companies Act 2013 came into force, mandating CSR for companies meeting certain criteria of turnover, net worth and net profit. One still observes a lot of excitement and hope, but the impact of mandating CSR in India is as yet unknown.**

In the meantime the Ministry of Corporate Affairs (MCA) has constituted a High Level Committee to suggest measures for improved monitoring of the implementation of CSR policies by eligible companies coming under Section 135 of the Act.

MCA has also come out with a short list of what it likes to call 'sanitized' NGOs – 'free of any terrorist links or unwanted funds' – that companies may choose to partner with for implementing their CSR policy.

MCA is listing the 'sanitized' NGOs through the Indian Institute of Corporate Affairs (IICA). NGOs for CSR purposes (CSR implementing agencies) will be registered with the 'Implementation Agencies Hub for CSR'. It is hoped that this will synergize partnership between corporations and NGOs and meet the requirement of companies looking for NGO partners. The process for NGOs requires online registration and submission of a number of notarized documents and payment of Rs 10,000/-. Only NGOs whose average turnover over the last three years is at least one crore rupees will be eligible.

**Companies are likely to give greater weight to IICA listing than to NGO evaluation by sector-focused initiatives like GiveIndia, GuideStar India, HelpYourNGO and Samhita.**

While CSR has been made mandatory under law, NGOs that were expecting a bumper crop of funds have not been able to harvest even a trickle. The estimated Rs 20,000 crores has been scaled down to just Rs 5,000 crores. **Why is that? Below are some possible reasons.**

- The old private sector companies like Tata, Godrej, Mahindra and Birla have anyway been involved in CSR for decades through their trusts and foundations.
- Out of the 16,000 companies hit by the mandatory CSR clause (Section 135 of the Indian Companies Act 2013), the vast majority have funds between Rs 10 lakhs and Rs 50 lakhs only. Unless pooled effectively, these funds get frittered away in a manner that is neither appropriate nor impactful.
- The bulk of funds lie with public sector undertakings



(PSUs) and they generally have semi-governmental systems, processes and paperwork that many NGOs are not quite comfortable with.

- Several NGOs, especially the smaller ones, are still looking for 'donations'. They are unable to grasp the fact that companies are mandated under law to implement CSR in programmes or project mode only, with clear 'needs statements', 'goals', 'objectives', 'outputs' and 'outcomes'.
- A few companies are adopting the easier route of making corpus grants to their own foundations or giving it to the Prime Minister's National Relief Fund. One thing that could make partnering with an NGO more attractive for companies is the income tax situation. CSR expenditure is not allowed as expenditure under Section 37 of the Income Tax Act 1961 – although any CSR expenditure that is allowed as a deduction under other sections is permissible. Hence, if a company were to undertake CSR activities on its own, there would be no tax deduction. However, by partnering with an NGO that has a tax deduction certificate, the company could claim a deduction.

Over the next couple of months we will know how exactly 'corporate India' has performed in the CSR space. **In the meantime, companies in India have not yet understood the real value or benefit that accrues from being CSR compliant, with or without the law mandating it.** Also, unfortunately, neither Section 135 nor the CSR Rules have accounted for 'employee engagement'. In the West, employee engagement is a major component of a company's CSR policy.

**CAP is currently offering services to corporates and their foundation in setting up their CSR initiatives, making them legally compliant and programmatically effective. For any further queries, write in to us – connect@capindia.in**



## Give with your heart but don't forget to use your head!



Indians like to pride themselves as philanthropic. However, the laws regulating giving – especially cross-border giving are far from friendly. Flow of funds into India is highly regulated under FCRA. Flow of funds out of India is virtually discouraged. Let's examine this first from the perspective of the Income tax law.

**An important condition for exempting the income of a non-profit organization in India from tax is that the income must be applied or accumulated only in India.** If a part of the income of the organization is applied for a charitable purpose outside India, that income would be liable to tax. However, the rest of the income applied in India would be exempt from tax, if all other conditions are fulfilled.

It may also be noted that the income of a trust created before 1-4-1952, for charitable or religious purposes spent outside India, is exempt if so authorized by a general or special order of the Central Board of Direct Taxes (CBDT).

In the case of trusts created on or after 1-4-1952, the further qualification is that expenditure outside India should be for a charitable purpose which tends to promote international welfare in which India is interested.

The CBDT has been empowered to decide the matter either generally or in individual cases, as they arise by special order.

A number of charitable trusts and foundations in India are keen to provide relief to the victims of the earthquake in Nepal. In response CBDT has agreed to

'fast track' the procedure for granting approvals to charitable trusts and institutions in India to extend financial and other aid to Nepal.

### **CBDT committed to fast track applications**

CBDT has agreed to grant approval of applications made u/s 11(1)(c) within just two working days. Normally the process is quite a long one and takes anywhere between three to four months.

All those NGOs interested may contact CBDT website for the procedure to be followed:

<http://www.incometaxindia.gov.in/News/permission-under-section-11-1-c-28-04-2015.pdf>

The applications seeking approval u/s 11(1)(c) may be submitted in the office of Member(IT), Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi.

### **Document required to be furnished while seeking exemption u/s 11(1)(c) of the Income-tax Act, 1961:**

1. Certified Copies of Trust Deed, Articles of Association, Memorandum of Association (as applicable) and PAN Card.
2. Copy of order granting registration u/s 12AA of the Income Tax Act.
3. Amount in INR and year in which it is proposed to be remitted/incurred.
4. In case money is to be remitted, a note on the purpose for remitting the money giving the details of recipient individual or institution and the manner in which the sum remitted is generally proposed to be utilized.
5. Copies of the latest IT Return along with Account Statements.

6. Copy of the latest Assessment orders, if any in last five years.
7. Details of pending prosecution launched by Income Tax Department, if any.
8. Details of any proceeding initiated/pending for violation of FCRA regulations, if any.

The applicant may give his/her email id, phone number, fax number and complete address for correspondence.

**For any clarification, the applicants may contact** Shri Shailendra Kumar, DCIT-OSD (ITA-I), CBDT at (011) 23095479, 23093070, email: shailendra.kumar82@nic.in

Now let's examine this from the perspective of FCRA 2010. While there is no specific mention in FCRA, 2010 about utilizing Foreign Contributions (FC) abroad, it can be construed from various sections of the Act that FC is to be utilized for a definite, cultural, economic, educational, religious or social programme for the benefit of the society within the country.

In its website MHA has also given a detailed list of permissible activities under each of the aforesaid programs. Therefore, organisations desirous of utilizing the FC received by them for helping the earthquake victims of Nepal, either with relief materials



procured with FC or by providing monetary help with the FC, should take permission from MHA (FCRA Wing). They should seek exemption under Section 50 of FCRA, 2010 for utilizing a part of their FC at Nepal for the distressed people of that country.

Section 50 of FCRA 2010 states: "If the Central Government is of opinion that it is necessary or expedient in the interests of the general public so to do, it may, by order and subject to such conditions as may be specified in the order, exempt any person or association or organization (not being a political party), or any individual (not being a candidate for election) from the operation of all or any of the provisions of this Act and may, as often as may be necessary, revoke or modify such order."

*A Grantmaker's Perspective of Good Governance contd. from page 8*

decision making, implementation, transparency and accountability, dissemination of accurate information, or some combination of these?

**Often, benefits are slow, intangible and hard to quantify; understanding impact and measuring results, as most grantmakers like to do, is therefore difficult.** Additionally, with several worthwhile organisations working in this vast space, on very diverse themes; who should be supported, why and how?

**Finally and rather sadly; potential grantmakers seem reluctant to support this sector, lest they appear biased or are perceived to be "anti-government". I once had similar concerns, but they gradually faded away as I met the many fine organisations working in this space and understood their approaches and thoughts.** I was inspired, listening to charismatic young people who have given up lucrative careers to work in this system; fleshing out new ideas on how, among other things, they could use technology and social media, to drive social change.

By its very nature, governance is cross-sectoral, which means that when it works well, it is a confluence of best practices from health, education, gender, and

other major sectors. Collaboration across themes, particularly in this "sector", is key to success. Some of the finest examples of impactful giving I have come across are where skills and competence have been shared, where individuals have helped build the capacity of NGOs and government officials. This has produced amazing changes in work output, leadership skills, attitude to citizenry and overall outcomes – with little or no money spent.

**Over the last few decades, Indian donors have been drawn towards safer, more traditional social initiatives such as education and healthcare. While these sectors no doubt deserve support, it is vital for us to now direct our attention to governance and plunge into uncharted territories.**

We continue to believe and expect our social initiatives to succeed in spite of the government, not because of it. In a country like India, with our depth and complexity of human development challenges, we cannot ignore or work around the public sector – the sector that is arguably the best funded, scaled to design and implement social reform. Indeed, it's a lost opportunity if we do not put our focus, drive, and not just financial but human resources behind strengthening governance issues and rebuilding our public sector.



## Is Grantmaking Getting Smarter?

By Meher Gandevia-Billimoria

Grantmaking is the process of allocating a set amount into a coordinated investment dedicated primarily to social improvement. **We spoke to different grant makers to understand how grant making has changed over the years.**

### Donations vs Grants

Donations and grants are a form of giving resources that differ in many aspects and cannot be used similarly. Donations are usually solicited by simple informal appeals and often come with no strings attached.

Grants are funds given by a specific party, particularly the government, corporations, foundations, educational institutions, businesses, or an individual. To be able to receive a grant, "grant writing," usually referred to as either an application or proposal is required. Grants are contractual in nature with clear and specific terms, conditions and deliverables.



**We asked NGOs if they were in favour of donations or grants?**

**Meljhol**, is an organisation working on education, child rights and responsibilities. Their **CEO Pramod Nigudkar**, says, "Having unrestricted financial resources always provide opportunities for their dynamic utilization for attainment of the goals. Donations often give an organization that breathing space. However, as an NGO we also see some advantages of grants. The idea behind the grant is predetermined and hence well thought of. It brings more accountability in terms of time and outcome. The benefit grants sometimes bring along is the expertise of the grant making organization. Donations do not take precedence over grants."

**Arundhati Ghosh, Executive Director of India Foundation for the Arts (IFA)** adds, "We don't have a preference because both are manifestations of the desire of the giver to make a difference in our society and their faith in us to do so. In both cases, we must be accountable to that desire and faith they show in us.

So we do detailed reporting (albeit different in format in each case) for both for 2 reasons - one of course is so that they know how we are spending their funds and secondly because we believe this makes for more sustainable longer relationships with people who support us".

### The Changing Proposal

Today grantmakers offer varied grants and support as compared to traditional grants.

**General Operating Support** - allow the grantee to decide how funds will be used.

**Capacity Building Grants** - Fund core organizational skills and capabilities such as leadership, fundraising, etc.

**Project Support Grants** - Fund a particular program or project with expected outcomes.

**Seed Grants** - Provide start-up funds for a new organization or program.

**Program Related Investments (PRIs)** - Provide low-interest loans, loan guarantees, etc. to nonprofits.

**Capital Campaigns** - Funds the purchase (or construction) of a building, land, or major equipment.

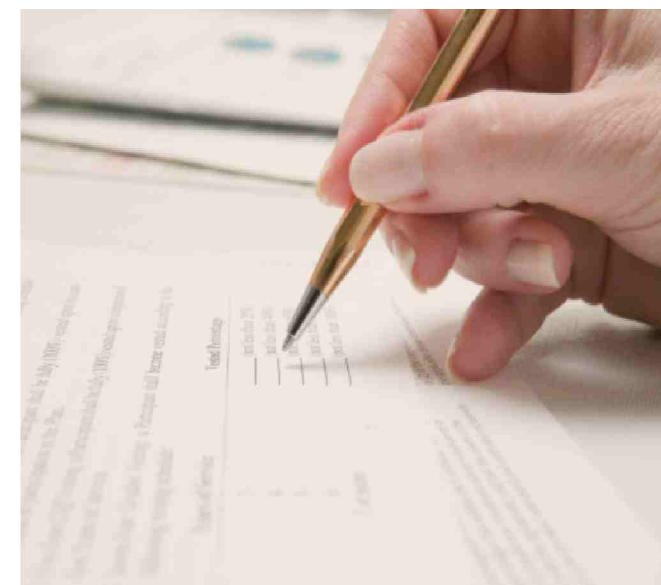
**Endowment Funds** - help a grantee to achieve financial stability.

**Innovation Grants** - Funds projects which experiment with new solutions to social problem.

Modern grantmakers, are passionate about the societal issues they want to solve. Some are willing to take risks, if it means results. And yet others want to do more than make grants - make an impact! **Many of today's grantmakers are more than cheque writers; they are change agents - people who learn by doing - bringing themselves and their grantees to new levels.**

**Anurag Mishra the Head of CSR at Cipla Ltd** who has also worked for USAid, Pragya Foundation and Seva feels this has given him a good insight of NGO needs and the issues they grapple with on a day-to-day basis. "We work directly through NGOs and we worked with some of our partners. We do a baseline study first to determine the needs and issues in the locality we are situated in. In Sikkim we found that drug addiction is a serious problem as well as maternal health, whereas in Raigad District building skills in the youth and awareness of youth related issues is a problem. Once we identify the issue we want to work on, we then identify the non-profits who work on that issue. It is critical that they should demonstrate a local footprint. CIPLA also found that in various areas infrastructure was an issue and we realized that since we managed to put up world-class facilities we could assist by using our own staff or vendors to help us in

the local community. In Sikkim therefore we used our engineers and other people to help build school buildings and toilets".



Non-financial support also translates into grantmakers looking for **Return on Investment (RoI)** when making a social investment. For an overseas perspective we spoke to **Mark Sidel, Doyle-Bascom Professor of Law and Public Affairs at University of Wisconsin-Madison**, and who earlier was also program officer at Ford Foundation in India "This differs significantly by donor. It's a very important conversation to have with a potential donor, since this is an area in which donors may have very different understandings from each other." We also asked if grantmaking how he would differentiate grant-making in the USA to grant-making in India? "What I see is wide diversity in grantmaking in the U.S. and wide diversity in grantmaking in India. And we should celebrate that diversity. While we want donors to make reporting clear and straightforward, at the same time we should also want them to express their values and philanthropic preferences in their grantmaking, celebrating that diversity among them."

### Grantmaking Strategy and Flexibility

Today we also see more a definite strategy to any grantmaking. **Is it just a fad, a buzz-word or real? If grant-making is truly strategic, why do we still see the persistence of social injustices in newer and different, often more virulent forms?**

**Mark** explains, "Grantmaking strategy is not a fad -- it's at the core of what makes good donors good. That we continue to see so much injustice and inequality despite more strategic grantmaking is in large part, in my view, due to massive and systematic economic, political and social gaps and inequalities that even strategic giving finds very hard to combat on a sustained basis."

**Why are some grantmakers not willing to fund causes such as music, arts, sports within their strategy for granting?**

**IFA** supports practice, research and education in the arts in India. We queried **Arundhati** if there are enough grantmakers willing to support the Arts or is it difficult? How is the gap filled at the moment? "It is very difficult to find support for the arts. Given the diverse areas of inequality and injustice in this country one could say that 'roti, kapda, makaan' becomes the first three things that get support. Then then is health, environment, education etc. So the arts hardly finds a mention even in the support agendas of those who give. So we struggle...and keep struggling. We thank the few foundations, trusts, corporates whose CSR has recognised the arts as a sector for support, and individuals who give to the arts. They are few certainly, but their passion is strong."



Grantmakers can provide great benefits to the communities they fund by implementing flexibility within the grants but many are often bound by the criteria. While most NGOs feel that corporates can be rigid, **Anurag Mishra** differs. "For our corporate foundation while we do have a structure for reporting it allows for a certain degree of customisation. We also look at how efficiently they respond back but we give leeway to organizations especially when they are small or have not been working for many years since we realize that they may not have sufficient administrative resources initially to manage this aspect. We want to ensure our money reaches the last milepost being the direct beneficiaries. We have a Board who believe that since we run a 5 star company we should also have a 5 star CSR programme."

### Grantmaking Sustainability & Accountability

In grantmaking, is there such a thing as a reasonable time-frame of the cycle or easy exits? Regardless of why the grant cycle ends, there are reasons to invest in managing transitions carefully. Firstly, you want to leave the grantee in a better position than where it was prior to your support. Facilitating a smooth transition can ensure that your previous grants were not in vain. A well-executed and clearly communicated transition can reflect your commitment to sustainable results.



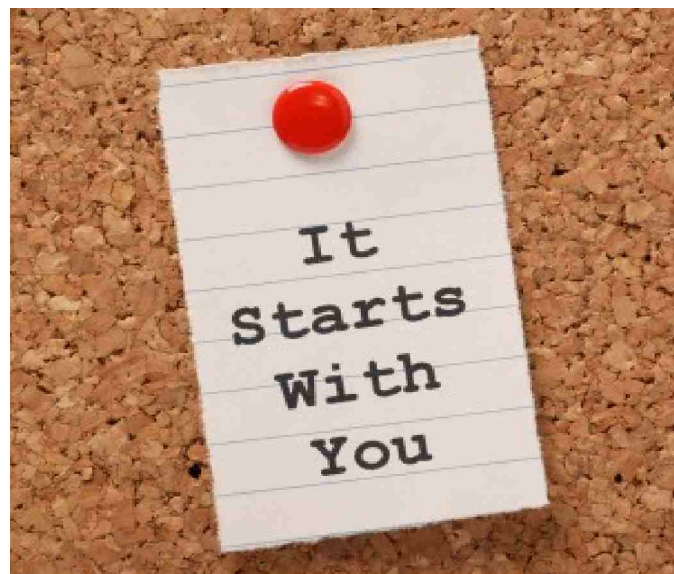
**Transparency and accountability is always expected out of the donee. What about grant-maker's accountability and transparency?**

**Pramod's** experience says, "This is very important consideration that often gets lost in the dynamics of power sharing between Donee and Donor. The donee

and donors should be partners in what they have jointly decided to accomplish. In this spirit the donor should be transparent in terms of their commitment to the cause. Hence as the getting in to the partnership is well thought of process, getting out of the partnership also should be well decided and communicated. For some transparency related issues the donors could be governed by the law of the land."

From a corporate point of view **Anurag** discloses, "CIPLA Prior to the CSR legislation coming into place as per SEBI guidelines the top 100 listed companies had to publish a Business responsibility report and our first one was for the year 2013. These are available on our website and for 2014-15 we will be putting up a full CSR report as per the legislation requirements. Our policy is also available on our website"

**Arundhati** concludes, "This is a very important area that few talk about. I think a grantmaker should have clear, written policies of what they support and why in the public domain. The relationship between a grant maker and a donee should be based on mutual trust, faith and respect for each other as equals in the process of making a difference. Only then can there is true partnership and collaboration."



Getting To Know You contd. from page 3

have liked to have pursued my Masters degree a bit earlier in life (I graduated only last year from Cambridge university UK with a Masters in Sustainability Leadership). Perhaps I would also have liked to have a formal degree in finance management.

**M: In your opinion is a professional degree essential or is practical knowledge sufficient?**

**R:** I think the right professional degree from a credible good institution provides a solid foundation to any career. The final paper degree certificate itself is not as important or as useful as the process one goes through to attain it - the study, the reading, writing, the thinking and discipline - these are all key parts of the learning and really help in all spheres of life. A combination of both theoretical and practical knowledge is very powerful.

**M: Is Change necessary in work for sustainability of the organisation?**

**R:** As the old cliché goes, change is the only constant - and it is the same for every organisation. Change is necessary for the growth, development and naturally organisation sustainability too.

**M: What do you do in your non-work time?**

**R:** There are quite a few ways I relax - the times I enjoy the most are spending quality time with my husband and children; and singing once a week with my choir.



**R: Can you give us a description of your role at CAP; and what are the areas of work you enjoy the most?**

**M:** I would like to describe it as - that smallest screw in a huge machine that is as important as the rest of the big pieces OR that link between the train carriages that helps pull the entire train along.

## International Development Exchange (IDEX) Creating Partnerships with Changemakers and Innovators

IDEX is a US-based nonprofit grantmaking organization that works through long-term flexible funding partnerships with local leaders and organizations focusing on food security, climate justice, and economic development in Asia, Africa, and Latin America.

For the past 30 years, IDEX has grown and evolved a grantmaking model in which they see themselves not as drivers, but as enablers of sustainable social change. **Meher Gandevia from CAP interviewed Trishala Deb, Asia Regional Director of International Development Exchange (IDEX).** Trishala is the Regional Director of the Asia Program at IDEX. Originally from Mumbai, she is humbled to work with partners from Nepal and India in this position.



**What is philanthropy's role in the current century?**

In order to address the very complex and intractable problems of food insecurity, climate change, and economic inequality in the 21st century, foundations need to focus on social change rather than transactional funding.

So much funding goes to searching for new solutions when, in reality, those of us making grants are often not in the best position to understand local problems. One of IDEX's goals is to shift the cultural paradigm international aid efforts, which historically ignore local wisdom.

**Do you think grant-making is as effective as working with directly with the beneficiaries?**

Our partners are organizations that are made up of small-scale farmers, indigenous peoples, ethnic and sexual minorities, women and children. Everything that we do builds on the expertise of our partners. Changing the power balance in philanthropy has a lot

to do with building connections and alliances and adding value to them, rather than fragmenting existing efforts or starting interventions from scratch.

**Are there areas that you would like to collaborate with other grantmakers on?**

We do alliance building work between our partners in the Global South and the United States, connecting folks working in similar areas within their communities and providing them a space to learn from each other's methodology, strategies, struggles, and successes.

This is why I am personally excited about **The IDEX Academy**, which is an opportunity for philanthropy's leaders to learn from those leading grassroots movements and organizations in the Global South. We invite every reader of this article to consider joining us for a future academy!

**How does your organisation define success?**

Today, IDEX has supported over 500 grassroots, community-led projects in Africa, Asia, and Latin America, serving approximately 1.2 million people annually.

**We use these metrics to understand our impact:**

- 82% of IDEX partners find IDEX's model to be very or mostly effective.
- 75% met all or almost half of their goals to address local needs with IDEX's support
- 88% report that they have been able to develop local, community-based solutions, either totally or to a great extent, since receiving a grant from IDEX.
- 75% identify and significant and substantive positive change in community members leadership.

**An important definition of success for IDEX internally is the extent to which we have lived our values as a learning organization.** When we engage deeply with our partners and continually experiment, then we become an organization that adapts.





## Excessive Professionalism Has Taken The Heart Out Of Grant-Making



**Audrey Ferreira**  
Project Consultant  
India Sponsorship Committee

Excessive professionalism is by definition unprofessional! Grant-seekers are as interested as grant-makers in achieving impact. In addition, appropriate professionalism will only improve the 'good work' that NGOs are doing.

**Grant-makers on their part should continue to demand accountability and promote a result-based development NGO program. However, the grant-maker's approach and relationship with the NGO must flow from a genuine understanding of the special character of non-profit organisations in general and the partner NGOs in particular.** Hence the 'professional demands' must be suitably adapted to the exigencies of the voluntary sector and the target groups/communities/issues the NGO is working with.

A socially-oriented Corporate approach. One of the problems that grant-seekers face is that in most situations the interface with the grant-maker is with their CSR field staff, who often themselves are from a social work background and are able to understand the ground reality, but fail to present the situation convincingly to their Corporate superiors. On the other hand, when senior corporate staff (even at the level of Chairperson/CEO) are personally involved and can make the time even if once a year, for appropriate interaction with the NGO Management, the partnership is not just inspirational but could even contribute to the Paradigm Shift that is so necessary in the Voluntary Sector today. This I can say from personal experience. A related and relevant issue here is the fact that most CSR programs are managed by the HR Department which sometimes operate from within a constricted organizational framework. One result of this is that their CSR field -staff are pressurized to show immediate and tangible results which could conflict with long term objectives of the NGO partner. The need then is for grant-makers and grant-seekers to have a joint commitment to mutually agreed outcomes which can overtime contribute significantly to the impact that both seek.

**India Sponsorship Committee works with children & education - Help Us Create a Better World for Children.**

Grant making has been going on for decades and report submissions was always a requirement. However, over the last decade or so with changing times, CSR being made mandatory under law reporting expectations have changed. 'Good work', 'welfare activities', 'charitable initiatives' – cannot be answers given by grant seekers. In my opinion, it is important and essential for grant seekers to provide reports, to ensure transparency and accountability in utilization of funds and services being tendered. Ultimately, grant makers also have an accountability to donors, government, etc. **However, having said that-**

- Reporting should not be expected in complex formats
- Grant makers often expect to see impact in 6 months, measured impact is not always easy and takes time, and not all initiatives can often be measured.
- Programs should be monitored and evaluated at a level of detail appropriate to the resources employed.
- Grant makers should respect the work and expertise of the grant seeker and although the process is important, grant makers should be driven by outcomes.
- Focus should be on quality of work and not numbers.
- Evaluation is necessary for large and small grants to enable sustainability and growth.
- Grant makes can offer training on reporting systems as per appropriate needs and capacities of the organization, this would be an added value.

**“Measurable Outcomes” – “Management with measurement”, have become the new mantra and the voluntary sector will need to keep pace with these changing requirements**

**Bharatiya Samaj Seva Kendra (BSSK) is a not for profit organization based in Pune since 1979 which provides professional social welfare services to children, women and families in need.**



**Roxana Kalyanvala**  
Executive Director  
Bharatiya Samaj Seva Kendra

As a grant maker, I believe that we need professionalism into the system, to ensure that the right kind of NGOs receive support. Often NGOs which are started with a vision and mission of the founder, start losing steam, the original vision and mission of the organization after the second line, takes up leadership. As grantmakers, we need to ensure consistency on the flow of the activities, variations in the pattern of activities from the existence of the NGO.

We have not done away with the 'good work' philosophy of the NGO and still like to get a feel from the communities. We look for basics within the development process, such as the working manner of the NGO works, how economically and efficiently it is able to spend funds for the communities they work for and how best the funds are allocated and utilized by them. This in turn also measures the impact the programme is able to have on the communities they serve.

It is true we would like to see the impact of the programme, and would like to support the more open and transparent organisations. The role of the grant maker should not only be to support NGOs financially, but also help them to build on their strengths and work on the weakness of the NGO for the betterment. Thus as grantmakers we take that extra step to understand the organization their lacunae, so that we are able to guide them appropriately. **The professionalism in grant making is good for all, since it helps the grant makers to look at impact and accountability of the NGO, on the other hand it helps the Grantee, to introspect their systems and work on their shortcomings, and overcome them, to be better organizations.**

It is also needed with a motive of progressing the NGO and its beneficiaries. It helps the grant makers to collectively fund a project and work collaboratively, which works out better in the long run for the NGOs.

**Volkart Foundation, is a Funding organization working across India in the areas of health, education and women empowerment.**



**Shivani Dahanukar**  
Director - CSR committee  
Tilaknagar Industries Ltd.

Let's begin with this.....

**karmany evadhikasras te ma phaleshu kadacana  
ma karma-phala-hetur bhur ma te sango 'stv akarmani  
II 47 II - Bhagwat Gita Chapter II**

We've heard this over and over again and if we follow it literally as grant makers then essentially grant makers wanting strict accountability and being sticky about the outcome becomes a vetoed demand. As a grant maker, don't we have the strength to make the world a better place? Isn't it this that we are contributing for? There are numerous grant seekers and I believe that most if not all, must be out there to do something 'good'. As a grant maker if I may delve into the reasons that grant seekers are working for and most essentially see an archive of the impact they've made, it puts me in an immediate comfort zone to accord them the grant. Of course a report is mandatory to see the use of the grant but at the same time over emphasizing and demanding too much paper work from the grantee may take out the fragrance of the service we seek to do. Sometimes I feel we are too attached to the number of outcome of beneficiaries. But did each one of the beneficiaries get the soft skill interactions that were required to fulfill his or her needs? As a grant maker it is essential to be professional about how I go about parking funds for the organization, but if I am also particular about the result being my way only, then instead of piling on too much responsibility of paper jargons to the grantee, I'd rather have a good check mechanism in place. **As hard as we try, no machine can replace the soft empathetic approach humans have.** I'd say it is a win-win solution to be professional in our approach as grant seekers and as grant makers, especially when we both share the same vision. We then get attached through our vision rather than only looking at the fruit.

**Our company's practical approach to CSR focusses on giving back to the community in which we operate while adding value to the society around us.**





# How I Got Here

By: Tina Vajpeyi

**Dr Sarika Kulkarni is the head of CSR at India Infoline and the company is in the process of setting up its own foundation. She also founded Raah Foundation and is very passionate about her work with women and youth in tribal villages of Maharashtra providing entrepreneurial training to them to produce and market products such as bags, soaps, food items etc. Prior to this she was a successful entrepreneur having built her own BPO business Suyash Software Pvt Ltd which was sold to CBay systems in 2011.**

**I feel there are challenges within the CSR legislation...**there should be more flexibility in the CSR act itself as the scope for CSR is huge but the act tries to define it in just a few points. There have also been changes in the guidelines which lead to confusion. Initially for example the concept of funding social business ventures was not given in the guidelines but then it was changed to include funding of technology incubators on education campuses. I feel there are still many grey areas which need clarification and the act will probably keep evolving as more and more companies start reporting on their work and projects.

**When we assess or evaluate a project...**We look at broad areas such as what the organization has done in the past but more importantly what we expect them to do in future. We try to determine if they have the bandwidth in terms of skills and manpower to expand their work in their geographical area and do they have a bigger picture in mind. We need to know their motivation level and whether they are looking at challenges holistically.

**It is important for us to work with organizations that...** can build capacity or whom we can help to build since in the longer run it will not be feasible for us to work with hundreds of small NGOs or rather I should say we can work with a few small ones that we are hoping can grow large. We want to be present in as many locations as we have offices but predominantly 80% of our work will be in large cities

where we have large branches such as Mumbai, Delhi, Bangalore and Jaipur.

**One trend we have observed is ...** many NGOs are very weak at writing grant proposals often because grants that come through a funding agency have different requirements, the expectation for reporting is not the same as CSR funding where more involvement is required. There may often be a misunderstanding as to what constitutes involvement as opposed to interference, and founders of non profits need to be sensitized to working more openly with corporates on particular projects. The DNA of an NGO is different to a corporate and an NGO is driven by passion not profit whereas CSR has to be a professionally run social development activity with reporting requirements set under the Companies act.

**Our most successful work to date...**has been in women's empowerment in the tribal belt where we have taught over 500 women to make various products and the nuances of micro business. We realized it has to be an end-to-end training from designing products, manufacturing, quality control and marketing and sales. We therefore initially do surveys of the village to determine what products are required and accordingly we find that manufacturing soap or growing mogra or goat and poultry farming are useful. In some places close to highways it has been more useful to train women to make idlis, dosa and other food products that can be sold on a highway stall. The women we have worked with have typically been totally illiterate and we get them trained and also help them set up bank accounts. Next year we hope to set up 55 watershed development programmes as this is the biggest problem in villages and collecting water takes up a disproportionate amount of time that can be better used.

**We are very happy...** to say that we are seeing a lot of engagement by our employees as volunteers and we now have a category of CSR champions in the firm. We account for their time spent which normally takes place on two Saturdays of each month that are non working days.

## BOOK REVIEW

### Half a Billion Rising – The Emergence of the Indian Woman

By: Tina Vajpeyi

**Tina Vajpeyi assisted Anirudha Dutta the author with some research on his first book on the changes that are arising due to the changing mindsets of the female population in India. Here's a review.**

Anirudha is from a financial research background having worked till recently at CLSA Asia Pacific Markets. **What prompted him to write the book 'Half a Billion Rising' were his observations during the travels that he undertook to different parts of the country.** He saw certain changes and wanted to delve deeper to ascertain whether the changes were happening at a scale that will have larger socio-economic implications for the country and whether India could eventually become a country for girls and women.

Well one of the stand out changes as he travelled around the country and thought about his experiences over the last two decades were how at one time women of any age in villages or small towns would shy away from being photographed. Now with the advent of the mobile and changing norms including availability of media young women have no such inhibitions, they are keen to take selfies and ask strangers a myriad of questions openly about their life and careers. Why was there such a huge change in the confidence of these women and what will it lead to?

**I like the book as whilst it is factual, it flows through the many narratives of the women and young girls through their own voices.** It reads like a good story one where you want to keep turning the pages to get further insights. In many of these stories what comes through strongly is that the current generation wants to live very differently to their mothers and other female relatives. What also comes through is that the male population are not in tune with the changing scenarios.

The main contention is that we cannot stop the rise of women power and 17% of the world's female population is in India so whilst India doesn't have a high percentage of women in the work force and they face discrimination, gender imbalance and violence this has to change but more importantly it will change. It's a very alternative and positive viewpoint compared to the one that says women will continue to be

suppressed. Society needs to start adapting to accommodate them more.

Whilst we see a backlash from men in the form of gender violence, the fact is that even though men outnumber women, females are not in total a small number and their voices are becoming louder, stronger and clearer. Much as men may try to stop them, women are in fact doing better on educational indicators and due to the huge demand for educated talent in India the growing business requirements will naturally lead to adapting work scenarios for them.

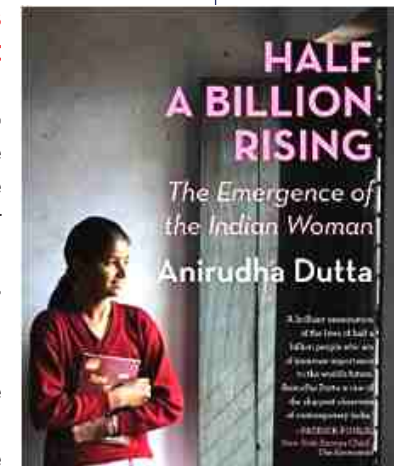
**Dutta in his introduction writes, "I want the book to be read by a large audience because I hope it can help in the change process and also encourage more research and a better understanding of the opportunities and challenges.** I hope this is the starting point of a dialogue between various stakeholders like NGOs, social entrepreneurs, government officials, academic institutions, politicians, researchers,

corporates and media on how to help drive the change and how to handle its implications, both good and bad."

The book is relevant for piecing together the big picture impact and implications of the changes that are happening around us. And from this big picture emerges the action points for the not for profit sector as well. If at one end it is necessary to encourage, support and make sustainable the small not for profit organization or a single social entrepreneur working in one locality or with one community, it is equally important at all levels to coordinate and work with policy makers to start a drive towards socio-attitudinal changes in this country. For example, as Dutta argues, it is not enough to build toilets (although it is very essential), but to drive a socio-attitudinal change that will encourage people to use toilets and also to maintain them.

**An India that we should all look forward to, and one where boys need to be raised very differently to deal with the changes that are going to happen because of women power.**

Should you like to review a book or suggest one - connect@capindia.in





By: Noshir Dadrawala

### Q. What is ESIA?

**A.** ESIA is the acronym for Employees' State Insurance Act, 1948.

It is essentially an integrated need based social insurance scheme to protect the interest of workers in contingencies such as sickness, maternity, temporary or permanent physical disablement and death due to employment injury resulting in loss of wages or earning capacity. The Act also guarantees reasonably good medical care to workers and their immediate dependents.

Following the promulgation of the ESI Act, the Central Government has also set up the ESI Corporation to administer the Scheme.

### Q. Who does ESIA apply to?

**A.** Under Section 2(12) the Act is applicable to non-seasonal factories employing 10 or more persons.

Under Section 1(5) of the Act, the Scheme has been extended to shops, hotels and restaurants, cinemas including preview theatres, road-motor transport undertakings and newspaper establishments employing 20 or more persons.

Further under section 1(5) of the Act, the Scheme has been extended to Private Medical and Educational institutions employing 20 or more persons in certain States and Union Territories.

About 14 State Governments and Union Territories have reduced the threshold limit for coverage of shops and other establishments from 20 to 10 or more persons. Remaining State Governments/UTs are in the process of reducing the same.

The existing wage limit for coverage under the Act is Rs. 15,000/- per month (w.e.f. 01/05/2010).

### Q. Does ESIA apply to NGOs - whether registered as trust, society or section 8 company?

**A.** If your NGO is an "Educational Institution" employing more than 20 persons this Act would apply to you otherwise not.

Legal Queries answered by  
Noshir Dadrawala, CEO – CAP

## NOTE TO ALL CAP MEMBERS & AFFILIATES

As we start this new financial year 2015-16, we continue to grow as a team and our services expand. To assist you more efficiently and to ensure you receive speedy responses, kindly direct your mails to the following.

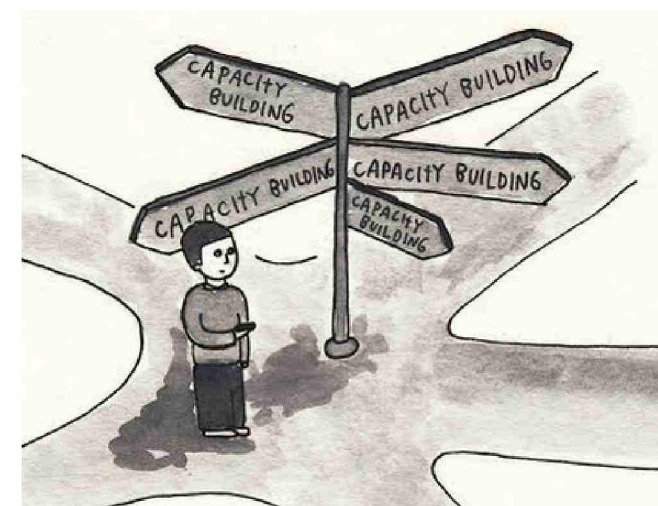
advisory@capindia.in – **Noshir Dadrawala** – For all legal/CSR queries

tina@capindia.in – **Tina Vajpeyi** – For any queries related to Finance/Fundraising

meher@capindia.in – **Meher** – for any capacity building workshop/consultancy operations queries

admin@capindia.in – **Martina Fernandes** for appointments/fees/payments

connect@capindia.in – for general queries, non-members, membership detail etc.



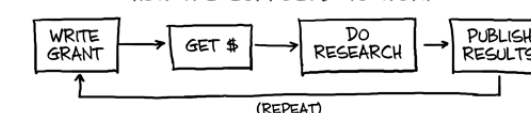
"My project is simply this. I want to find out once and for all whether there's any truth in the belief that money can't buy happiness."

BEFORE I SERVE WINE AND DINNER TONIGHT I'M GOING TO READ ALOUD MY FUNDRAISING GRANT PROPOSAL AND SHOW SLIDES OF MY ARTWORK OR FOR FIFTY DOLLARS PER PERSON WE'LL JUST START EATING.

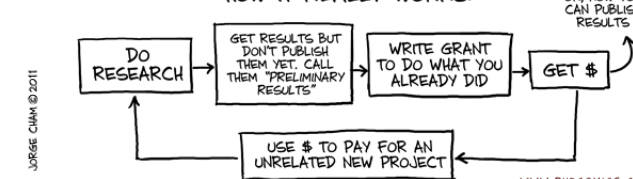


## THE GRANT CYCLE

HOW IT'S SUPPOSED TO WORK:



HOW IT REALLY WORKS:



Written by M. Rogers and illustrated by Arto R. Fetzl, Widyut S. Art W.S. Creative team for Search for Common Ground in Indonesia

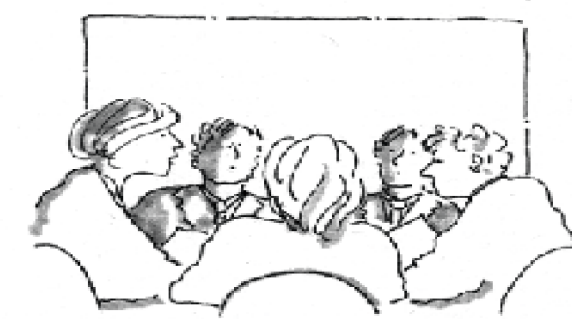
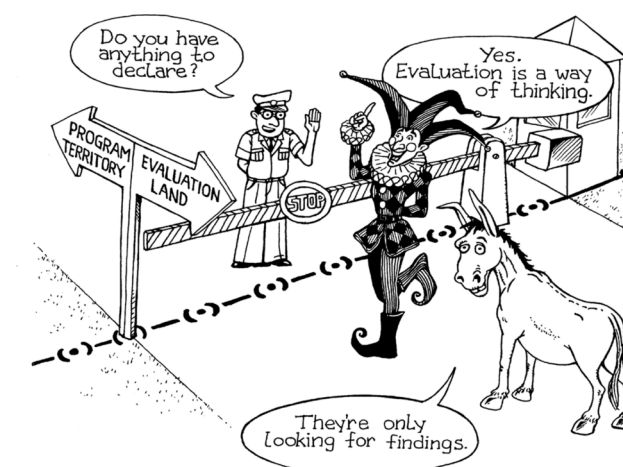


"Dear Mr. Gandhi, We regret we cannot fund your proposal because the link between spinning cloth and the fall of the British Empire was not clear to us."



"How much of Robin Hood's money went to fund-raising expenses and campaign contributions and how much actually went to the poor?"

Reprinted from Funny Times / PO Box 18530 / Cleveland Hts. OH 44118  
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"Agreed. We fund only those proposals we can understand."