



TO STUDY PROCESS OF PROCUREMENT OF FUNDS BY NGOS IN INDIA.

SUBMITTED BY

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INTRODUCTION

NGO-An organization

A non-governmental organization (NGO) is an organization that is not a part of government nor a conventional for-profit business. Usually set up by ordinary citizens, NGOs may be funded by governments, foundations, businesses, or private persons. Some avoid formal fundings altogether and are run primarily by volunteers. NGOs are highly diverse groups of organizations engaged in a wide range of activities, and take different forms in different parts of the world. Some may have charitable status, while others may be registered for tax exemption based on recognition of social purposes. NGOs are difficult to define, and the term 'NGO' is not used consistently. As a result, there are many different classifications in use. The most common focus is on 'orientations' and 'level of operations'. An NGO's orientation refers to the type of activity it takes on. These activities might include human rights, environmental, or development works.

Operations

These areas include:

1. Optimal utilizations and developments of renewable sources of energy, including forestry through the formation of renewable energy association at the block levels.
2. Family welfares, health and nutrition, education and relevant communities programs in the field
3. Health for all programs

4. Water management and soil conservations

5. Social welfare programs for weaker sections

6. Implementation Of minimum needs program

7. Disasters preparedness and managements (i.e. for floods, cyclones,etc)

8. Promotions of ecology and tribal development,

9. Environmentals protections and educations,and

10. Women empowerment and education.

Benefits to society

Some of the benefits of NGOs are:

- They have the ability to experiment freely with innovative approaches and, if necessary, to take risk.
- They are flexible in adapting to local situations and responding to local needs and therefore able to develop integrated projects, as well as sector projects.
- They enjoy good rapport with people and can render micro-assistance to very poor people as they can identify those who are most in need and tailor assistance to their needs.
- They have the ability to communicate at all levels, from the neighbourhood to the top levels of government. They are able to recruit both experts and highly motivated staff with fewer restrictions than the government.
- The NGO provide opportunity for the self-organization of society.
- The NGO enable citizens to work together voluntarily to promote social values and civic goals which are important to them. They promote local initiative and problem solving . Through their work in a broad array of fields – environment, health, poverty alleviation, culture & the arts, education, etc.
- The NGO preserve a unique and essential space between the for-profit sector and government.

- The Civil society organization is able to take risks that are economically unacceptable to business and politically unacceptable to government.

Benefits to economy

NGO has responded to the government's socioeconomic development agenda over the years. Thus, when the government changed emphasis from capital-oriented growth to anti-poverty programs, NGO made a distinct shift from welfare and service delivery interventions to a direct attack on poverty. Subsequently, when the state moved on to macroeconomic and structural reforms, NGO began to focus on scaling up their activities, this led to their working with the state to develop innovative methods and ensure commensurate changes in policy, they also stepped up advocacy and lobbying, increased networking, expanded their range of operations, and targeted marginalized groups.

Goals of the state and NGO has converged, particularly in the areas of empowering communities, encouraging participation, strengthening democratic institutions, and improving access to basic services like health and education. They differ in the uniform, bureaucratic processes adopted by the state, contrasted with the NGOs' more flexible response to local needs.

The government has set up several institutions to promote funding of NGOs (e.g., Khadi and village industries cooperatives, central social Welfare board, National Wasteland Development board). This has led to the beneficiaries' dependence on the state. NGO reliance on such funding has also introduced the risk that they will lose their autonomy and become mere implementers of public sector projects.

NGO approaches to government now range from strongly oppositional to closely collaborative, with the majority of NGOs keeping an uneasy, sometimes reluctant, but pragmatic and often sophisticated partnership with the state in its various forms.

Major role seen for NGO's in rural development:

As economic reform and liberalisation saw the Government vacating several areas to let private sector entrepreneurship flourish and contribute to the high growth rate of the economy in recent years, a similar paradigm shift is needed to transform NGO from their dependence on aid and grants from within and outside for transforming the rural scenario in the country.

This is sought to be achieved for the NGO through engaging them in micro-finance, micro-insurance, and micro-entrepreneurship activities for the overall development of the rural areas and to promote the welfare of the people of rural India,

Better credibility:

As NGO get finance generated through their own activities, their credibility vastly improves and their service to rural people gets reinforced. CNRI is an apex body with over 2,000 member- NGOs engaged in multifarious activities ranging from self-help group formation, income generation, marketing, agency work for insurance companies for life and non-life products and for banks and financial institutions to environment protection, watershed management, handicrafts, textiles, traditional medicinal plants and HR development.

Need and purpose in current scenario

"India lives in its villages" - Mahatma Gandhi. From the social economic and political perspectives the statement is valid even today. Around 65 percent of the State's population is living in rural areas. People in rural areas should have the same quality of life as is enjoyed by people living in sub urban and urban areas. Further there are cascading effects of poverty, unemployment, poor and inadequate infrastructure in rural areas on urban centers causing slums and consequential social and economic tensions manifesting in economic deprivation and urban poverty. Hence Rural Development which is concerned with economic growth and social justice, improvement in the living standard of the rural people by providing adequate and quality social services and minimum basic needs becomes essential. The present strategy of rural development mainly focuses on poverty alleviation better livelihood opportunities, provision of basic amenities and infrastructure facilities through innovative programmes of wage and self-employment. The above goals will be achieved by various programme support being implemented creating partnership with communities, non-governmental organizations, community based organizations, institutions. Other aspects that will ultimately lead to transformation of rural life are also being emphasized simultaneously.

The Government's policy and programmes have laid emphasis on poverty alleviation, generation of employment and income opportunities and provision of infrastructure and basic facilities to meet the needs of rural poor. For realising these objectives, self-employment and wage employment programmes continued to pervade in one form or other. As a measure to strengthen the grass root level democracy, the Government is constantly endeavouring to empower Panchayat Raj Institutions in terms of functions, powers and finance. Grama sabha, NGOs, Self-Help Groups have been accorded adequate role to make participatory democracy meaningful and effective.

Some other points for need and purpose of ngo in current scenario are:

1. Agricultural related programs:

Numerous activities can be undertaken under agriculture sector. The jobs/projects like distributing planting materials, cattle, poultry, minor irrigation, free medical care for cattle's, safe drinking water for animalsetc.

2. Health programmes for human and non-human beings: The works like pit drainage, housing, creation of smokeless environment, good drinking water for animals and human beings, regular health checkup camps etc. will improve the health conditions of the human and non-human beings.

3. Community development programs:

The community development programs like adoption of villages for development, moral support during flood and famine period, supply of food and drinking water during flood, common well, training programs for the rural youths, housing projects, repair and renovation of houses etc will satisfy the basic necessities. The important program like training programs for the rural poor will hold the youths from rural exodus. Even this type of training programs may also be extended for the rural women, so that we can expect self sustenance among this community.

4. Human Resource Development programs:

The personality development programs, skill development programs, educational programs, integrated development projects etc will enable the rural poor to earn bread and butter.

5. Trade and industrial promotion:

The important problem in the present context is availability of the market for the products of rural enterprises. Therefore, an NGO has a direct link with the government for marketing of the goods. Apart from this, NGO can also go for training the rural youths in fabrication works, wood works, beedi rolling, agarbathi manufacturing, printing press etc.

6. Government support:

The government (central, state or local) support at all level is inevitable for rural development. NGOs alone cannot do miracles over night. Therefore, the government should watch and ward the working of NGOs at phase wise manner. Thus, the fund or whatever may be directly should move to beneficiaries. The NGOs should be accountable for the funds.

Executive summary

NGO fundraising through donations, selling their own manufacturing products and creating proposals for a social welfare project, from individuals, corporate, Institutions, Funding agencies, and through Government Grants.

As stated in the page Indian NGO - NGO Organisations of this nonprofit ngo portal,

each and every NGO is a legal entity created by natural or lawful person which operates independently from all government which has no government status. NGO organizations operate with their own funds and with the funds raised through its volunteers or through donation for a social cause. Some times the Government use to fund the NGO organization totally or partially in project based or in Object and social activity based.

In the above concept Non governmental organization use to raise fund to do good for the society and for a needed social cause. NGOs use to raise funds from the public, corporate, Institutions and from the Government by exposing their Objects and reasons.

NGO fundraising is of different types. They are Micro fund raising, Macro fund raising, Online fundraising, Corporate fundraising, Institutional fundraising, and foreign fundraising.

Before fundraising for a cause, NGOs use to create a Proposal and budget towards their aims and vision. And that proposal will be sent to the relevant resources to raise the funds and when NGO reaches the Goal of their fundraising for that specific project, that project will be implemented, which will become a beneficial activity for the public community through their Organisation.

Towards NGO fundraising, Organisation use the tools like keeping donation boxes, using volunteers for fundraising, Making fundraising advertisements, running camps for fundraising, Online proposal submissions, Direct meeting of the Donors and Individuals to raise the funds, Creating the perfect project and submitting it to the funding agencies all over the world, and selling their own products which was manufactured by the Organisation. Access the other pages in this NGO fundraising menus.

RESEARCH METHODOLOGY

As the purpose of study is to study the Formation of NGO and its management with special focus on suburbs this report focused on sub urban areas of Operation under the aegis of A.M. Education Society.

Data Collection

Data collection is the process through which data is collected, it is basically done through 2 main sources i.e. primary source and secondary source. From these sources

data s compiled i.e. primary data and sec0ndary data. In this project both primary data and secondary datas are used.

Primary Data

Primary data is collected through questionnaires and also discussions with the experts, volunteers, people of the area etc.

Secondary Data

Sec0ndary data is collected through internet, magazines, newspapers, j0urnals, etc.

Sample Size

In this pr0ject questionnaire was prepared and question pattern was open ended and the pattern of questi0ns was given to 50 respondents which were basically experts (office bearers and stake h0lders). The type of methodology used was expl0ratory and descriptive research.

Type of approach: This pr0ject is based on partially exploratory and descriptives Research design.

Fundraisings explained

How to d0 fundraising for NGO? Here we are not going to look about Annual fundraising where Organizations use to raise from individuals and other sources, f0r their annual budgeting and needs. We are going to look over only ab0ut project funding.

Generally, organizati0ns will be always in need of running their projects and social w0rks to save the human society for a specific cause. As there is lot of funding s0urces, every organization will try to utilize such sources. When the number Of NGO causes increases it took a formation called Camping with its 0wn title and with its own style of approach through their own prop0sals, presentations, and recognition. It is the truth that raising fund fr0m individuals for a macro project instead of institutional Organization or government oriented grants, it has so many demerits. S0 better we shall look-over about raising funds from Institutional Organizations, corporate fundraising and foundati0nal fundraising.

When an Organization plans to raise funds

from government resources, institutional resources or outer sources, it should follow the important factors which are follows:

01. A real worthy project which will solve the need of the social beneficiaries.
02. All infrastructures to run out the proposed NGO project.
03. All legal eligibility to run the proposed NGO project.
04. Raising the funds in your own to your NGO project by learning without any mediation help.
05. Knowledge about preparing the NGO proposals & NGO project paper works.
06. Presenting the project information to the perfect place.
07. Explaining your NGO project to the funding institution or Government resources in a detailed elaborate manner.
08. Check yourself for the fitness to raise the funds for your specific project with legal qualifications & certifications.
09. Elimination of improper proposal presentations.
10. Get the recognition from funding resource and run out the project.
11. Be perfect in transparency of NGO accountability.
12. Achieve your organizational goal and say thanks to all.

What are the Categories of NGO fundraising?

We can classify in 5 methods of fundraising in practical. The types spelled here are not academic. But to make easy recognition it is classified in below style. They are:

- | | | |
|--------|------------|--------------|
| 1. NGO | Micr0 | fundraising. |
| 2. NGO | Macr0 | fundraising |
| 3. NGO | Online | fundraising |
| 4. NGO | Offline | fundraising |
| 5. NGO | GOvernment | fundraising |
| 6. NGO | COrporate | fundraising |
| 7. NGO | FOreign | fundraising |

What are the tools required for ngo fundraising?

1. Knowledge about fundraising in budgeting, proposal writing, planning to sustain.
2. Perfect infrastructure to maintain the fundraising project.
3. Fundraisings Management System.
4. Volunteers for micr0 fundraising and macro fundraising.
5. Advertisement for your proposed project through local media.
6. Successive Organizational mission brochures submission to funding resources.

7. Online tools like a Website portal for your organization which explained about your fundraising need Organizational facts, vision, mission and other information.
8. Workshop which broadcasts your project.
9. Exhibition tools like camping, On road programs.

Self fundraising

Self Fundraising methods and fund raising ideas are explained, how a nonprofit ngo Organization shall raise funds from donors who donate for social cause and social welfare.

Local Fundraising is explained here, that, how a nonprofit ngo Organization shall raise funds for their organization towards social issues and causes within their local network. Some simple local fundraising methods and fundraising ideas may help the nonprofit ngo organization to resolve the need of the funds.

Be sure before fundraising:

1. Your Organization has valid certification to provide donation receipts and tax relief certificates to the donors.
2. You are ready to provide feedback to the donors about the results of social welfare activity, for which the donor had contributed as a donation.
3. You are prepared to provide brochures, presentations, and bit notices towards the cause for fundraising and how the social public are benefited.
4. Display the list of beneficiaries who enjoyed through their donations.
5. Be in touch with the donors to donate more or to refer new donors from their family, and friendship network.
6. Be sure that your Organization has the good name and reputation within the public community.
7. You are able to generate a volunteer network with training and workshop.

Fundraising for Corpus fund or General fund:

First be sure, that, your organization has a corpus fund or general fund. Several ngo has no corpus fund or general fund due lack of providing feedback to the donors.

Fundraising for a cause:

If your cause of fundraising is simple like conducting local medical camps, feeding local poor, or any other simple cause which don't need bulk funds, then it shall be raised through local funds. If the cause of fundraising and the cost of cause is high, then you have to look over for national or international fundraising.

Fundraising from individual donors:

When you receive donation from the donors, be prompt to provide valid receipt along with thanks card to them. Be informative and please provide feedback to your donors about the utilization of such funds through the local and public donations. Creating a local donor group or fundraising network with Volunteer: There are several good minded people, who are generous and having ideas, inspiration, and dedication to do for social cause. They are individuals who need an organizational leadership or roof to do such philanthropy activities. Collect information of such people and often meet them in direct through your organizational volunteers or arrange a meeting hall to sit with them to expose your vision towards fundraising for the organization. Volunteer who supports your organization shall play a major role in creating the donor group and fundraising network. So you can provide special training and workshop to get the best support of your volunteers.

Place donation box for fundraising in public:

The donation boxes which you place shall broadcast your achievement of past and your fundraising need of the present cause. You can place small donation box in the local public crowded places like hotels, restaurants, bus-stand, railway stations, community halls, recreation clubs and wherever public movement is high. But you have to get a special permission before placing such donation boxes from the local government authorities like Thasildhar, Municipal chairperson, District collector and revenue departments. You shall consult this matter with your auditors who can help you in best way.

Fundraising by product selling:

1. If your organization has its own product manufacturing, then it shall sell their products to the donors and public people to raise funds. (Example Products: Candle, Flowers, Handicraft products, T shirts, Grocery items, Etc.,)
2. be sure you are delivering only quality products to your donor network.
3. Appoint volunteers to market your products, which result in best

Fundraising eligibility

The eligibility for fundraising for a Nonprofit NGO organization differs from local fundraising and foreign fundraising. Nonprofit NGO fundraising needs some certifications and Indian government approvals to run their project in a successive way.

Indian nonprofit NGO fundraising eligibility:

As a nonprofit NGO organization, when you plan for fundraising towards a social

welfare project, you shall check with your eligibility. The eligibility shall be classified in to two different fitness of the organisation. Social welfare projects shall be undertaken with two fundraising methods.

1. National Fundraising.

2. International Fundraising.

National Fundraising:

National fundraising is meant for raising funds in local, that is, inside native country or native place.

International Fundraising:

International fundraising is meant for raising funds outside your native country. That is foreign country.

Both type of fundraising needs different eligibilities.

Local nonprofit fundraising / National fundraising eligibilities: As an Indian ngo organisation, before proceeding to fundraise in locally you have to check with the following eligibilities.

1. PAN card, for the organisation.
2. Valid 12A Certificate without expiry up to the project.
3. Valid 80G certificate without expiry to provide tax exemption to the donors.
4. Valid 35ac certificate without expiry to provide tax exemption to the donors.

If your plan is to run out a medical and research oriented project from your Organisation, then you can avail [35ac certification](#) which is valid for the specific project. Other than medical and research oriented objects 35ac certifications and its sub sections shall be issued by the social welfare ministry of Indian government under request and fitness for some other projects cause.

International nonprofit fundraising or Foreign fundraising:

It is the law in every country, that what ever the foreign currency enters into their country, the receiver should get prior permission of the native government. It applies for all countries. As same there are specified rules and laws of Indian government, that, what ever the organisation, corporate or any entity, should get prior permission from the Home ministry of India towards their foreign currency dealings. In such a manner, nonprofit Organisation should also apply for prior permission with the Indian Government and at the relevant departments to obtain foreign funds for their projects. A certificate called FCRA under Foreign contribution regulation Act 1976 will be issued to the nonprofit organisation.

When you deal with a FCRA project, separate bank account, separate accounting procedures, should be followed. Also there are many other flexible rules related to FCRA fundraising project.

Fundraising infrastructure

NGO fundraising project infrastructure defines the minimum requirements to raise the fund for their welfare projects. This shall provide an idea for the nonprofit NGO. Due to the modern development in fundraising, any nonprofit NGO organisation shall keep their fundraising project infrastructure into two types. Here it is explained for the basic root level NGO organization in a simple way and not in a professional way. They are:

1. Offline NGO Project infrastructures.
2. Online ng0 Project infrastructures.

Offline NGO fundraising project infrastructures:

1. Project-office
2. Project-Material
3. Project-Manager
4. Project-CEO
5. Project-staffs
6. Fundraising-Volunteers
7. Media-publishing
8. Project-Budget
9. Project Initial capital

Online NGO fundraising project infrastructures:

1. A dedicated server for hosting.
2. Or a shared hosting server.
3. A domain name.
4. A good web designer.
5. A SEO expert.
6. Data entry operators for posting ads & directory submissions
7. Systems and solutions related for online marketing.
8. Multiple emails for fundraising through email marketing.
9. Data base manager.
10. Online fundraisings experts.

These are the basics infrastructure needs of a nonprofit project. Unless you are prepared to have the above, proposing for a nonprofit project with empty hands may result in loss. In addition, you should also think over if you raise funds for this project by providing tax exemption to the fundraising resource. (if it is not an institution, foundations, corporate or a similar charity).

List of free Online tools for fundraising:

You can use the below tools to design a 100% website for your organisation. You need not to be a software engineer or a designer to create websites with the below links. Create your own websites for your organisation and this shall be used as a Online fundraising.

1. [GoOgle sites](#)
2. [B10gger](#)
3. [W0rdpress](#)
4. [Weeblys](#)

There are several other free hostings and domains. But we cannot guarantee their services. Above are the trustable links. You can also create a TIMELINE page in FACEBOOK to raise funds for your organisation. If you have enough money then choose [Bluehost](#) the excellent service provider in our experience.

So a Nonprofit NGO fundraising project has to come across the followings to run out a social welfare project.

1. Plan for result oriented social cause.
2. Proposal for the right reason and right projection with scope.
3. Estimation and budgeting of nonprofit project.
4. Project presentation to corporate, funding agencies, foundations, Government grants and other institutional fundraising resources.
5. Nonprofit Infrastructure management.
6. Implementation of NGO project.
7. Maintenance and management of nonprofit project.
8. Analysing the success ratio of the project.
9. Rating the incremental values of the beneficiaries.

Foreign fundraising(fcra)

NGO Receiving Donation from Outside India:

There are certain restrictions for NGOs to receive donation from outside India. The source of money is the important determination in applying Foreign Contribution Regulation Act (FCRA) of 1976 on the recipient NGO. Any foreigner or organization, which is not controlled by Indians, is a 'foreign source'. Some organizations such as World Bank and UN Agencies are not called 'foreign source'.

NGO need to have either prior permission or registration under FCRA.

In order to receive contribution in any kind or currency from foreign sources NGO needs the approval from Indian government which is called prior permission or they have to register under FCRA (foreign contribution regulation act) . Foreign source 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 in the official Gazette, specify in this behalf.
- iii. A foreign company within the meaning of the section 591 of the Companies Act, 1956 (1 of 1956), and also includes-
 - a. A company which is a subsidiary of a foreign company.
 - b. A multi- national corporation within the meaning of this Act.
- iv. A corporation, not being a foreign company, incorporated in a foreign country or territory.
- v. A multi-national corporation within the meaning of this Act.
- vi. A company within the meaning of the Companies Act, 1956 (1 of 1956), if 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. Government of a foreign country or territory.
 - b. 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 by whatever name called, or a foreign foundation which is either in the nature of trust or is mainly financed by a foreign country or territory.
- ix. A society, club or other association of individuals formed or registered outside India.
- x. A citizen of a foreign country, but does not include any foreign institution, which has been permitted by the Central Government by notification in the Official Gazette, to carry on its activities in India. Any organization, which has a 'definite cultural, economic, educational, religious or social program', is covered by

FCRA. For practical purposes, this definition covers all NGOs and also the unregistered societies like Mahila Mandals. NGO with FCRA registration or prior permission should not give FCRA funds to NGOs which do not have FCRA registration or prior-permission. NRI donations to an Indian NGO may be Indian funds or FC funds. If the NRI holds an Indian passport, then the donation will be Indian funds. If not, then these will be FC funds. The type of bank account or currency does not matter.

From donor point of view, the following guidelines will be helpful in deciding whom to donate and what are the implications:

- i. If you are holding Indian Passport, you are free to donate to any NGO registered in India. Your donation will not be treated as of foreign source.
- ii. If you are a non-resident Indian, not holding Indian Passport, you can donate to NGOs that registered under FCRA. Your donation will be treated as of foreign source.

If you wish to donate an NGO that is not registered under FCRA, you may give a letter of intention to donate a specified amount for a specific purpose/program of the NGO to the Central Government of India and the NGO.

NGO need to apply for prior permission, under FCRA act, by attaching your letter of intention. Once prior permission is received by the NGO, then that NGO is eligible to accept your donation.

- iii. If you are a citizen of any country other than India, the norms as stated above in point (ii) will apply.
- iv. Please verify the NGO for FCRA certificate before you donate.

Micro fundraising

Practical vision on Micro fundraising, This is not a academics definition.

We are not going to discuss about Micro finance here. Just Micro fundraising. "Little drops of water makes a mighty ocean" several of you have heard this slogan in your old school days. In fact many of us are not following the same.

Micro fundraising plays a major roles in emergency times. Those who has the habit of savings are familiar with micro fundraising. Lets think about it in a practical way.

How micro fundraising can work out for NGOs ?

1. Local small donation collection with proper receipt and credits. Do not go for CHIT fund like collection. It will put you in hell on a day. Be frank to public, donor or social activists about your cause and requirement.
2. keeping Donation box in public places for a real cause. Several public places like

Bus-stands, Railway stations, Petrol Bunk, Medical Shops, Pan shops, Cinema Theatre shops, Tea shops, Hotels shall permit you to place your Donation Box. You cannot monitor is daily but you can get help to keep those box in such public places under some one care and open it weekly once and save it for real cause.

Collection is different from savings. Micro fundraising is COLLECT & SAVE Process. When you collect such money straight away deposit in your organization's bank account

3. Seek the help of Auditors. Because they can help you to collect such micro funds from their clients who submit income tax returns in annual basis or half yearly basis. They can suggest to donate their clients to your organization when they file tax returns, which may help them to get some exemption under section 80g.

4. Publicity for a cause in public place under a temporary umbrella will help you to get micro fundraising. During this action, you should not propoganda about any spiritual or religious based slogans. Your cause should be real social cause which should draw the attention of every one to donate even small amount.

5. Keep hoarding and banners in pubic place about your micro fundraising. Do not waste your money by giving news paper advertisements. It will not work out for micro fundraising. Only local people support will be the main role in micro fundraising.

6. Approach Government officials during month beginning towards your social cause, they can help you with small amount of donations.

7. During the process of Micro Fundraising, several may not give small amount, they may think to do big. So explain them to participate to contribute in event sponsoring for Micro fundraising. Means to print banners and bit notices which may raise more funds. to meet those expenses, request them to sponsor.

8. Contact corporate company staffs during their PAY DAY. Make a schedule and make awareness about your social cause program to them. They will help you. For this you need to seek the help of management of the corporate concern, they will suggest their employees to help you through their notice boards.

9. Some organizations are selling their own handicraft products and raising micro funds by displaying it in public stalls and market places which was manufactured by their own volunteers or beneficiaries.

Macro fundraising

Macro fundraising is getting funds more than 4 digit value of currency, That is Indian money. Macro fundraising needs perfect eligibility to raise such funds.

There is a dream among NGOs, that, if some billionaire donates high value of money for a social cause, only with the mindset of tax exemption, then that NGO can serve the social cause without hitch or in higher volume of service.

But, In India its unfortunate, that several useless agents are giving false promises that they can raise funds on behalf of NGO towards their projects or for their organization fund. Even NGOs are believing them that such fundraising local agents shall bring more funds to their organization. But its not true. Some unemployed peoples are joining together and forming a gang and wasting their own time and the organization's time. Those agents will not tell the real picture of those source of funds and you will not even see the donor in your eyes up to the escape of such useless agents. Please do not pay any advance fee to such agent where you will loose it. Do not get cheated by going behind these NGO Agents.

But some NGO Consultancy in important cities are helping for Macro Fundraising which such programs are suggested by Social Welfare ministry of India. The role of Consultancy is just documentation and project preparations to submit it to the macro fund resources like Reputed foundations. Here the knowledge about Grant making foundation and the knowledge about update announcements and notifications of Indian Government aids towards better and bigger projects is required for such NGO consultancies. So choosing such NGO Consultancy by an NGO may lead to reach the GOAL only under the testimonials of such NGO consultancy.

At the same time, its true that, Some religious organizations are getting much funds from their own parental supporters even outside India through FCRA. But we can say those organizations which receives such fund are affiliated to that parent organization. Here we are just thinking about an Individual organizations who are in scarcity of raising huge funds.

To raise Macro funds for NGOs, such organization should first go through the announcements, notifications, projects and programs of the following Indian Government Ministries and Departments and other Social welfare related private foundations.

NGO TAX EXEMPTION

NGO tax exemption, Tax benefits to Donors, 12A, 80 g, 35 ac (i& ii), (i & iii), NGO tax exemption and Tax benefits to Donors for the donation made to a NGO through 12A, 80 g, 80GGA, 35 ac (i & ii), (i & iii), 80CCC, 80U, 35 ac, 115A, 115AB, 115AC, 115AD, and 115D for charitable purpose.

Tax benefits to the Donors:

A donor, who is a resident of India and a non resident Indian holding a Indian Passport and also having taxable income in India, can claim income tax benefit from the donation made to a NGO, which registered with Income tax department through 12A, with tax exemption status under section 80 g, 80 GGA, 35 ac (i & ii), (i & iii) of the Income Tax Act of 1961. Who qualifies for the Tax Benefits?

Resident Indian:

1. Having taxable income in India and
2. Donating to a ngo that is having valid tax exemption certificate under section 80 g, 80 GGA or 35 ac of the Income tax Act of 1961 of India. (The exemption certificate granted to the ngo by the Commissioner states the approval number and the period of approval under the said Sections.)

Non Resident Indian:

3. Holding Indian Passport,
4. Donating to a ngo that is having valid tax exemption certificate under section 80 g, 80 GGA or 35 AC of the Income tax Act of 1961 of India. (The exemption certificate granted to the ngo by the Commissioner states the approval number and the period of approval under the said Sections.)

Deductions from total income with respect to donations made under sec. 80 g .

Deduction under Section 80 g is available to any tax payer (may be individual, company, firm or any other person) - Monetary Limits with respect to Donations made.

There are few restrictions on the amount of donation that qualifies for deduction under sec 80 g.

Some donations qualify only up to the limit of 10% of the Gross Total Income - GTI. If the amount of donation made exceeds 10% of the GTI the excess has to be ignored for deduction. Again within the overall limits of 10% of GTI some donations qualify for deduction at the rate of 100% and some qualify at the rate of 50%.

A. Donations to the following for which 10% ceiling of the Gross Total Income applies and for which the donor is entitled 50 % deduction of the sum donated.

Any ngo, fund or institution established in India for a charitable purpose, which satisfies conditions mentioned in Section 80 g (5)

B. Donations to the following for which 10% ceiling of the Gross Total Income does not apply and for which the donor is entitled 100 % deduction of the sum donated.

Government or any approved ngo local authority, institution or association to be used for promoting family planning.

The taxable income referred to, is the Adjusted Gross Total Income. Adjusted Gross Total Income for this purpose is the gross total income as reduced by the following:

A. Amount deductible u/s 80CCC to 80U (but not 80 g) B. Such sums on which income tax is not payable. C. Long term capital gains. D. Incomes referred to in sections 115A, 115AB, 115AC, 115AD, and 115D.

1. Proof of payment must be submitted to claim the deduction. However simply because the receipt which is produced before the Assessing Officer is defective (not affixed with revenue stamps) it does not automatically invalidate the donation itself.
2. It is always advisable to make donation by cheque, pay order or demand draft rather than by cash. Donation in kind does not entitle any tax benefit.

Deduction with respect to eligible projects or scheme (Sec 35 ac) Deduction is available under section 35 ac at 100% of the amount contributed from the taxable income of the assessee under the head profits and gains from business or profession for promoting social and economic welfare or upliftment of the public. Any taxpayer being a Company or a person other than a Company can claim deduction under Section 35 ac.

The claim for deduction should be supported by an audit certificate obtained from the approved ngo to whom the payment is made, in Form No.58A. Eligible projects mean such project or scheme for promoting the social and economic welfare of, or the upliftment of, the public as the Central Government may, by notification in the Official Gazette, specify in this behalf on the recommendations of the National Committee.

If the ngo is recognized under Section 35 (i) (iii), that is, ngo engaged in scientific research, research in social sciences and statistical research, the donor gets 125% deduction of the sum donated for donations made from ones business or professional income. No monetary ceiling with respect to the GTI is applicable for donations made under Section 35 ac one can donate up to 100% of ones income under this section.

Deduction in respect of certain donations for scientific research or rural development under sec 80 GGA.

An assessee (other than an assessee whose Gross Total Income includes income chargeable under the head " Profits and gains of business or profession ") is entitled to deduction in the computation of his total income with respect to payments / donations made to a ngo for carrying out scientific research, research in social

sciences, statistical research and program of rural development including training of persons for carrying out program of rural development. No monetary ceiling with respect to the GTI is applicable for donations made under Section 80 GGA. One can donate up to 100% of one's income under this section.

SECTION 80 g (An additional view):

This section applies to donations to any institution or fund established in India for a charitable purpose and if it fulfills the following conditions:

1. The institution or fund maintains separate books of account in respect of such business, The donations made to the institution or fund are not used by it, directly and indirectly, for such business, and The institution or fund issues to a person making the donation a certificate to the effect that it maintains separate books of account in respect of such business and that the donations received by it will not be used, directly or indirectly, for such business. The instrument under which the institution or fund is constituted does not, or the rules governing the institution or fund do not, contain any provision for the transfer or application at any time of the whole or any part of the income or assets of the institution or fund for any purpose other than a charitable purpose.
2. The institution or the fund is not expressed to be for the benefit of any particular religious community or caste.
3. The institution or fund maintains regular accounts of its receipts and expenditure.
4. The institution or fund is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 or under any law corresponding with that Act in force in any part of India or under section 25 of the Companies Act, 1956.

CONCLUSION

Rural development aims at finding the ways to improve the rural lives with participation of the rural people themselves so as to meet the required need of the rural area. The outsider may not understand the setting, culture, language and other things prevalent in the local area. As such, general people themselves have to participate in their sustainable rural development. Till our panchayats become capable and accountable to handle large sum and certain technical programmes, there is nothing wrong in involving competent agency, whether the Government department or NGO involved in Rural Development programme, under the supervision and monitoring of ultimate masters, the village community. The distribution of huge funds has to be based on sound economic principles; otherwise, our villages will not see tangible improvements in near future.

Unless the NGOs are developed, prepared to face the new challenges like shortage of funds, stoppage of funds, it would be difficult for them to sustain. Rural India continues to suffer from lack of employment and self-employment opportunities owing to its narrow economic base. In the recent past, considerable success has been achieved in developing rural poor through entrepreneurship development approach which focuses on selectively utilizing local talent, appropriately developing them through training intervention and linking them with relevant business opportunities.

Fundraising is the main area for ngos to carry on their work without which its impossible for ngos to work. The ngos should be trained regarding the proper channel through which they can raise funds and proper awareness programs regarding fundraising should be carried out by the government to make the ngos aware about their core area

i.e. fundraising.

Key challenges

Lack of Funds: NGOs are expressing difficulty in finding sufficient, appropriate and continuous funding for their work. They find accessing donors as challenging as dealing with their funding conditions. They perceive there to be certain cartels of individuals and NGOs that control access to donor funds. They have limited resource mobilization skills and are often not looking for funds that are available locally, preferring to wait for international donors to approach them. There is a high dependency of donors and a tendency to shift interventions to match donor priorities. There is a lack of financial, project and organizational sustainability. **Poor Governance** was recognized within the sector as a whole, within the NGO Council and within individual NGOs. Knowledge of good governance varied widely, with some regions indicating very little understanding of why NGOs are required to have Boards or what their roles and functions should be. Many other participants explained that it is difficult to achieve good governance with founders who wished to own their NGOs for their own purposes. Participants with better understanding of good governance appreciated that this is fundamental to NGO accountability and transparency.

Many NGOs mismanage their resources, quite often with the involvement and encouragement of their Boards that eat their NGOs resources. Finding Board members can be difficult if you are not willing to pay them or provide allowances.

Absence of Strategic Planning: Few NGOs have strategic plans which would enable them to have ownership over their mission, values and activities. This leaves them vulnerable to the whims of donors and makes it difficult to measure their impact over time. **Poor Networking** was identified as a major challenge. It is the cause of duplication of efforts, conflicting strategies at community level, a lack of learning

from experience and an inability of NGOs to address local structural causes of poverty, deprivation and under-development. Negative competition for resources also undermines the reputation of the sector and the effectiveness of NGO activities at community level. As a result there is a great deal of suspicion among NGOs, secrecy and lack of transparency. Many NGOs, large and small, intervene at community level without any community mapping and implement projects without due regard to ongoing community initiatives. NGO politics: one fighting another, one with resources but no community presence, another with community presence but no resources. Poor Communications: NGOs also recognize that there is very poor communication within the sector. The majority of NGOs have little or no access to reliable email and internet connections, they receive almost no literature on development issues and are generally out of touch with issues of global, regional and national importance. There lack of understanding of the difference between the Board and Council is just one example of the knowledge gaps that exist. Limited Capacity: NGOs recognize that many of them have limited technical and organizational capacity. Few NGOs are able or willing to pay for such capacity building. Weak capacity was identified in fundraising, governance, technical areas of development, and leadership and management. Some NGOs felt that the existence of quality standards would assist them to develop the required capacities. The speed of technology changes is also a challenge particularly in areas of IT capacity. Development Approaches: Many NGOs are still focusing upon what some refer to the 'hardware' approach to development, i.e. the building of infrastructure and the provision of services; rather than what some refer to as the 'software' approach of empowering people and local institutions to manage their own affairs.

Other NGOs seem unaware of changes in the role of government, the changing Aid paradigm, and the effectiveness of a "right's based" rather than "welfare" approach. While it is becoming harder to fund and sustain service delivery interventions, most local NGOs persist with them. Community poverty and illiteracy rates remain significant.

NGOs are acutely aware of the increasing and enormous needs of poor people and feel at a loss as to how they can respond to all these needs. There is a lack of sustainability and ownership of development interventions by communities. Some communities have been spoilt by dependency creating interventions and are not inclined to do things for themselves. It is difficult to keep our programmes relevant to changing situations and the culture of handouts is hard to counter. There is no accepted code of ethics and conflicting approaches. Relationships with INGOs: There is considerable concern among local NGOs that the giants, mainly INGOs, occupy so much space that it is very difficult to find room for themselves. INGOs often intervene without any concern for the building of sustainable local CSOs. They pay government and community members to participate in their projects while local NGOs have no facility for doing so. INGOs are also perceived to be driven by short-term project approaches that are not locally sustainable. They pay high salaries and

attract local NGO personnel. They are also responsible for creating the high cost image that undermines the credibility of the sector. It is difficult and inappropriate for local NGOs to compete with the international and national giants. Many external organizations are not working with local CSOs, they simply provide unfair competition and hold back the development of our sector and cost effective development interventions. International NGOs should not be allowed to work on the ground, they pay allowances and manipulate the people; cannot run this nation on the whims of international NGOs; they suppress local NGOs. Political Interference: In some regions, in particular South Rift and North Eastern, NGO leaders identified the interference of local politicians and civic leaders as a major hindrance to their work. Where NGOs are involved in sensitive issues, such as land disputes, local leaders can threaten NGOs with de- registration. NGOs are not aware that the Board - and potentially the Council - are there to protect them from such intimidation. NGO Board and NGO Council: Many participants were poorly informed of the difference between these two institutions, NGO Coordination Board and the National Council of NGOs; and unaware of their roles and responsibilities in relation to them. Most participants expressed the opinion that the NGO Code of Conduct is outdated and needed updating soon. This group of participants also complained that the NGO Council is poorly governed and doesn't provide any services to the NGOs. They were aware that the NGO Board does not respect the Council and that there is mistrust between the Government and NGOs. Participants are well aware that the NGO sector has a very poor public profile which they see as mainly due to the leadership wrangles, politics and infighting at the Council and among NGOs. While most participants appreciated the positive role of the NGO Board in creating an enabling environment for NGOs, a few participants felt there was a lack of political good will towards NGOs in some parts of government. Some branches of government are thought to deliberately frustrate NGOs. A few participants felt that government bureaucracy holds back the NGO sector and its fundraising process. Also the process is very hectic with a lot of paperwork and certifications required.

Suggestion

The following suggestions and policy implications have been made for the further improvement in their working of NGO after discussion with the experts

1. A short term training programme for NGO will go a long way in improving their performance and effectiveness significantly in fundraising
2. The overdependence of NGO on funding agencies and the syndrome of dependency should be reduced by involving the government directly in funding activities.

3. Donor agencies should also take active initiation in selecting the funding projects and even selecting of NGO too.
4. The donor agencies should go for surveying the viable projects for NGO and the needs of the people.
5. NGO should also accept the truth that, the funding agencies are no longer available for the projects which are not viable.
6. Proper monitoring the activities of the NGO and the enterprises run under the umbrella is the need of the hour. Therefore, the NGOs should also be accountable for the funds on the one hand and the beneficiaries on the other.
7. More transparency should be there in the management, operations, funds received and money actually capitalised for the activities etc

QUESTIONNAIRE

Name

Address

Age

Occupation

Ques1

What are the building blocs or pre requisites of plan to raise funds by an ngo?

Ans

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Ques 2

What are the basics of fundraising for an ngo?Ans

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As per the answers interpretation done on page 26-30

Ques 3

What documents are required to get funds by the ngos?Ans

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As per the answers interpretation done in page 26-30

Ques 4

What is the basic fund raising infrastructure?

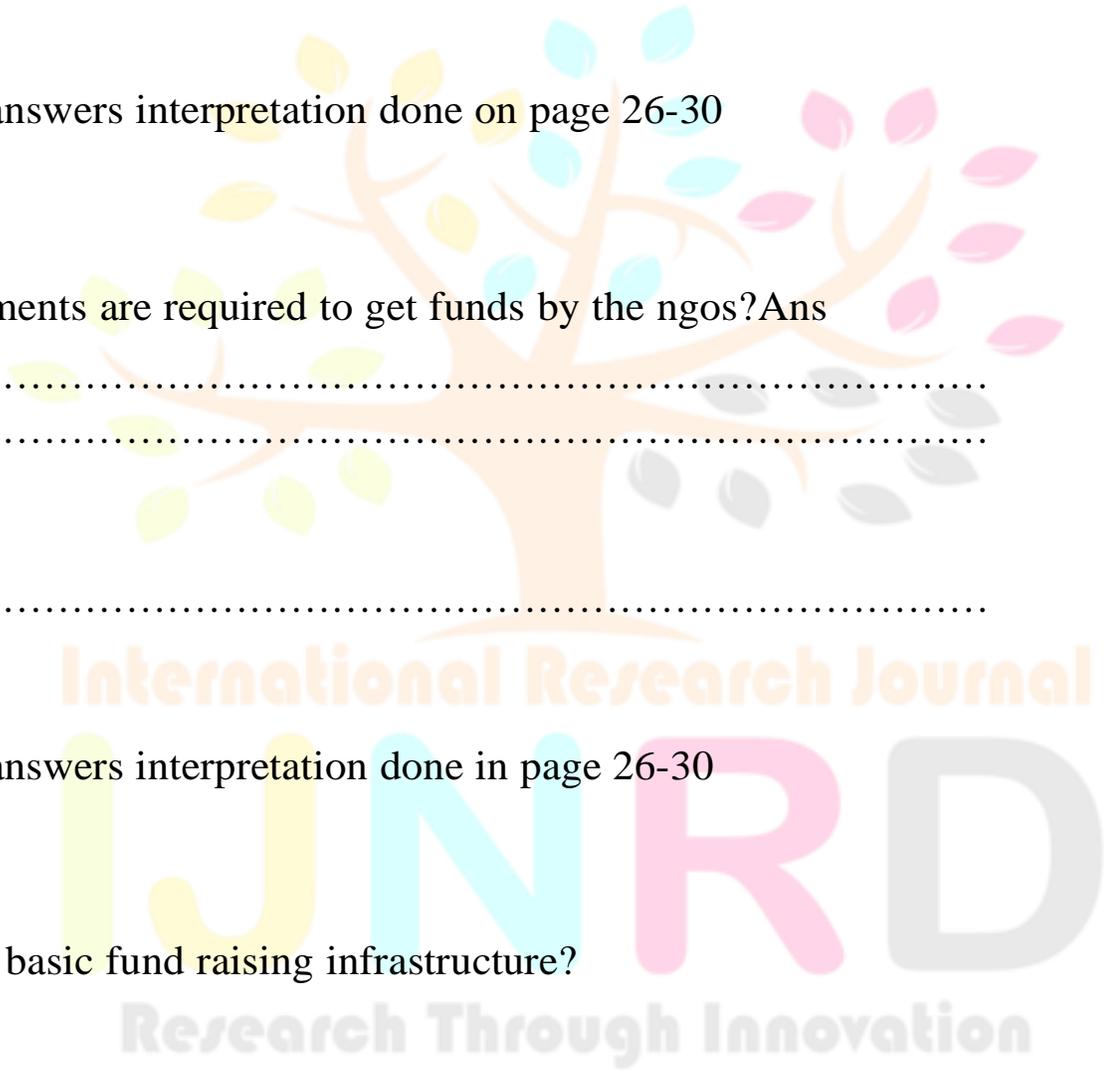
Ans

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Ques 5

What are the various sources of fundraising?Ans

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Ques 6

What are the various fundraising tools?Ans

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As per the answers the interpretation is done on page

Ques7

What are the categories of ngo fund raising ?

Ans

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Ques 8

What are the basic eligibility of ngo fundraising?

Ans

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As per the answers analysis done on page 31

Ques 9

What is fcra?

Ans

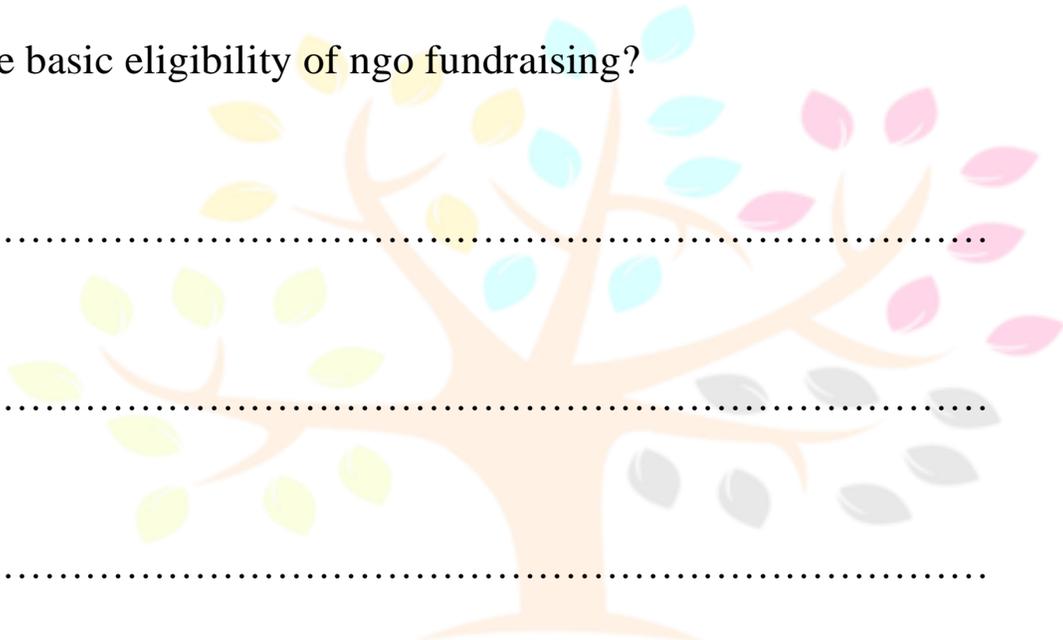
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Ques 10

What are the various tax deductions for an Indian ngo?Ans

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As per the answers analysis done on page 33

Ques 11

What are the paperwork required to get the tax deductions?

Ans

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