

PART ONE

The Country Report

Sampradaan
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1 | Introduction

Historical and Socio-economic Context

The growth of the voluntary sector worldwide will surely rank among the outstanding developments of the last century. This is as true in India, as anywhere else in the world. The two fountainheads of voluntarism are charity and service. Both have been a part of the Indian tradition from ancient times, as *daanam* or *parmaarth*, (charitable giving) and *seva*, (voluntary service). Institutionally they have been embodied in charitable trusts and voluntary organizations. Though there are no definitive estimates of the number of such organizations they are believed to run into many thousands.

Charitable organisations engaged in social action of some sort, and popularly known as voluntary organizations or NGOs (non-governmental organizations), have become a force to reckon with because of their success in reaching the poorest and most disadvantaged, and because they represent the voice of the people. Therefore they invariably find a mention in any serious debate about development or change.

But despite the importance of NGOs in the development process a number of barriers hinder their development, viz.

- A lack of public awareness and understanding of the role and contributions of non-profit organizations in addressing social and economic development even though the situation has improved in the last two decades.
- The low level of professional skills, financial and managerial, in many NGOs.
- Lack of transparency and accountability; and perhaps the most important,
- Limited and uncertain resources.

With growth, the nature of the voluntary sector has changed perceptibly. The last three decades have seen a considerable diversification in the type of organizations, which are deemed to make up the sector today. At one end there are peoples' grassroots organizations, some not even legally registered, and with very meager resources. At the other are large NGOs like PRIYA and MYRADA. In between are implementing agencies or service providers of varying sizes in the fields of disability, health, education and rural development among others; advocacy organizations to secure rights for the disadvantaged; women's organizations working for women's empowerment and gender issues; research and documentation groups; groups offering legal services; and networks of NGOs, regional and functional. Fairly new to the scene are intermediary funding organizations like CRY who both raise and disburse funds; and service organisations like the SICIP who provide information and advisory support to the sector as a whole.

The diversification in type has been accompanied by greater complexity and sophistication in the operation and management of many organizations. Many of today's organizations are far from being the simple, austere organizations of yesteryears working in a few villages, with dedicated staff leading frugal lives, working on a purely voluntary basis or on very low salaries, and sweepingly known as "Gandhian" organizations. Some of them, especially those in large metropolitan areas, have budgets, which run into millions, work in several states, have large well-paid staff and use the latest technology in their operations. However, these are still a small proportion of the total, and the vast majority share some characteristics of both the former and the latter.

Those who work in the voluntary sector today are no longer there because of religious belief or ideology. While some are moved by a secular liberal ethic of concern for fellow beings, a large number, especially among the non-professional staff are there because of rampant unemployment. They are there simply because they need a job and are unable to get into the more lucrative government or business sector. Consequently, most charitable organizations are in a constant state of flux, with people moving in and out in search of better prospects in other sectors and even within the voluntary sector.

Even among those motivated by a higher ethic, many, especially younger professionals who have gravitated to the sector in encouragingly larger numbers in recent years, no longer consider self-abnegation and sacrifice to be the hallmark of voluntary action.

Finally the recent liberalization of the Indian economic environment, the increasing globalization of the trading system and the consequent change in the role of government has also underlined the importance of non-governmental effort in social development to offset the ill effects.

Funding of NGOs

All these changes have increased the funding needs of voluntary organizations. Since Independence, funding has come mainly from government and foreign donor agencies. Private, non-government support of social development has not grown commensurately with need, though in the pre-Independence period, voluntary action was almost entirely funded by private indigenous, non-governmental contributions. The reasons are threefold:

- Government became the predominant player in development, thanks to the adoption of centralized planning.
- Taxes were increased heavily for the purpose, leaving both a disinclination for charity as well as a smaller surplus in individual and corporate hands.
- The availability of foreign funds reduced pressure on private charity.

But, even as it increased its presence in every field, government recognized the potential of voluntary action for supplementing and complementing its efforts. In the First Five-Year Plan itself it stated:

“Any plan for social and economic regeneration should take into account the services rendered by these agencies and the state should give them maximum cooperation in strengthening their efforts. Public co-operation through voluntary service organizations is capable of yielding valuable results in channeling private efforts for the promotion of social welfare.”

For this reason the government has provided increasing amounts of funds to voluntary organizations through the Central and State Social Welfare Boards and other government ministries and departments to enable them to undertake development. In the Seventh Plan an allocation of Rs 1500 million was made for NGOs, and it is estimated that presently around Rs 4000 million flow to NGOs from a variety of ministries like social welfare, health, education, urban development, environment, and rural development. It is possible that this figure may be higher.¹

Because they have come to be known for disinterested, dedicated, and innovative work; and because of disenchantment with government performance in removing poverty, NGOs have also attracted funds from foreign donors. In fact foreign funding of NGO's has increased manifold since the 60s when foreign funds first became significant in the wake of several natural calamities.

Multilateral and bilateral funds go through government, and are included in government funding. But funding by private foreign donor organizations has itself become quite substantial and is much larger than government funding of NGOs. In 1984, 3,612 NGOs received private foreign funds to the tune of Rs 2,530 million. By 1999-00, the last year for which figures are available, the amount had increased to Rs 38,100 million². About 20,000 organizations were registered with the FCRA³ division of the Government of India. Though all of them may not have received the funds, it indicates the maximum number of organizations who do, or can, receive money from foreign donors. However, since the number of voluntary organizations in India are said to run into a million, (there are no reliable estimates available), it means that a large number are dependent on funds from other sources.

While it is neither feasible nor desirable to replace the two main sources of funds for NGOs, there is an urgent need to build up an alternative third source for three major reasons:

- Government funding is beset with a lot of red tape and inflexibility; moreover, government is often itself the problem against which NGOs are fighting.
- Foreign funding is often governed by geopolitical considerations and can therefore be unstable. Also, unless the agendas are set locally, it can be divorced from local needs and perceptions.
- To provide choice and ensure independence of action and sustainability of the NGO sector.

While it has certainly made the much needed funds available for development work, funding from foreign and official sources have had some harmful effects on local initiative. While they are necessary for ensuring probity and accountability, the formalization of giving and the paperwork etc involved have reduced the spontaneity of voluntarism; time which would otherwise have gone into more productive work is now being spent on

administrative paper pushing.

Many of the official funding agencies are interested more in resource transfer than in issues of participation and empowerment for sustainable development. The result of large scale transfer of funds without creating the right conditions for their productive use has seen a sapping or destruction of the local governance structures and local sources of funds, creating dependency, financial and non financial. A case in point is the almost complete eclipse of the voluntary contributions made by charitable trusts to NGOs. Because the sums disbursed by public charitable trusts are tiny compared to the other two sources, NGOs have stopped seeing them as a potential source of funds for charitable work, in contrast to the situation before Independence when most voluntary work was supported by such organizations and individual charity.

The funding practices of government and foreign donors such as either too large, (generally foreign donors) or too small (mostly government) grants; inflexibility in use of funds; preference for project rather than program or core support; unwillingness to give endowments; frequent shifts in funding preferences and agendas etc., have all led to a concern, both among donors and recipients either about creating dependencies among beneficiaries or about sustainability of organisations and their work in the long term. Not too many donors have systematic strategies for withdrawal of funding such that dependency is minimized without an adverse effect on sustainability.

Moreover, intermediary organizations, unless they relate only to one functional area such as health or education, do not get funded because they deal with the whole sector, (NGOs, or NGOs and donors) and take up macro issues. They fall between two stools, unclaimed by any one agency. But such organizations are necessary to act on behalf of the sector and to ensure its healthy growth.

Even though organizations wish to, they are unable to become financially independent by generating revenue, either through engaging in “unrelated” business practices, or by maximizing returns on investments of corpus, because of several restrictions in fiscal regulations, which prescribe the securities in which NGOs can invest and withhold income tax exemption for engaging in “unrelated” business practices.

Importance of Local Resource Mobilization

Given these conditions it is important to tap the private philanthropic sector consisting of individual donors, public charitable trusts and foundations and corporate donors to provide the sustainable resources that would enable voluntary organisations to work on their own terms. It would also have the salutary effect of making organizations more conscious of the need for accountability and transparency and more frugal spending on themselves. For any public perception to the contrary will immediately affect the ability of an NGO to raise funds from the public.

The main barrier to such resource mobilization is the limited capacity of NGOs to undertake it. Some of the constraints to raising money from non-grant sources are:

- Lack of motivation and awareness on the part of individual and corporate donors, especially the newly rich, of the need and opportunities for engaging in philanthropy.
- Lack of information on the part of both donors and fund seekers about:
 - Whom to approach and how
 - Worthy causes and organizations
 - Different ways of giving
 - Availability of tax incentives
- Absence of surveys and research on giving, historical, theoretical or empirical, which could guide policy formulation as well as action by fundraisers, policy makers and welfare and development organizations.
- Lack of training in how to raise resources from the local communities, coupled with suitable training materials, which are country and culture specific.

In addition to the above, three other critical reasons why private funding is yet to flow to the voluntary sector in greater measure are:

- NGOs have not learned to ask private donors partly because overwhelming dependence on the other two sources has eclipsed the potential of this segment, and partly because they have not learned the techniques of asking with effect.
- There is very little base line information on this segment on which to base their strategies. There have been no definitive answers to questions such as, “Who” gives? “Why”? “When”? “For what purpose”? And

“How”?

- The public is yet to perceive NGOs as being totally trustworthy in spending funds publicly donated for charity.

Therefore, the amount of funds raised for welfare and development from private indigenous sources is far lower than the actual potential.

On the plus side is the fact that:

- There is a great deal of wealth within the country;
- India has a tradition of giving for worthy causes;
- There is still a great desire in most people to contribute their mite for removal of poverty and to bring progress to the country as is seen by the overwhelming public response during calamities. What is needed is to motivate and encourage people to give their time, talents and resources; to assure them that donations will not be mis-utilised; and to give them information about opportunities for, and modalities of giving, along with incentives in some form.+
- The tax regime is favourable to charitable giving, and offers tax incentives. Not only is the donated income of registered charities exempt from income tax, but donors to charities also enjoy tax deductibility under sections 80G, 35, 35 AC/80GCA, 35 (1) (iii), 35 CCB, ranging from 50% of the donation to 125%. While a ceiling of 10% of income applies for donations under 80G, there is no such ceiling under section 35 AC and one can donate up to 100% of the income and still get a tax deduction for the whole.

Moreover, many NGOs have been successful in raising money from the public by a variety of innovative methods, thanks to the difficulties of getting the necessary government permission mandatory under the FCRA to avail of foreign funds. A realization that foreign grants are finite and will come to an end in a short period; that donor priorities may change and work started may be stranded for lack of funds has also had the same effect. Government funds too are very difficult to access, very meager, and very often hedged in by many conditionalities.

Some voluntary organisations have resorted to business activities such as bee keeping, sericulture, food processing, production and marketing of crafts and printing and sale of greetings cards. Others are organizing charitable events, competitions, recycling of donated waste materials and so on.

It is important to note that many NGOs are aware that those seeking to

bring social change by changing the social structure itself, cannot depend on the more traditional methods of raising funds from government, foreign donors or even from wealthy individuals or companies. While rich individuals can be easily tapped by service delivery organizations working for health or education of the poor, they are unlikely to give to those who seek to alter the established status quo of which they are the beneficiaries. The method of fund raising for “social movements” has to be and is distinct from that for “organizations”.

In spite of the increasing interest in raising funds from the public, training in fund raising is in its infancy, with only one or two non-profit organisations engaged in teaching how to mobilize local resources. Some workshops have been held, a few case studies prepared of successful fund raising and one or two books brought out on fund raising. One limiting factor in organizing more training courses is the dearth of training material using case material based on actual local experience, instead of that of the West, where conditions vastly differ.

A Seven Country Project

It is against this background that SICP agreed to become a partner in a seven country research project, *Investing in Ourselves: Giving and Fund Raising in Asia*, a baseline study of fund raising and giving in Philippines, Indonesia, Thailand, Pakistan, Bangladesh, Nepal and India, sponsored by the Asia Pacific Philanthropy Consortium. The project began in mid March 2000 and finished at the end of August 2001.

The objectives of the project were to:

- build awareness about successful methods of fund raising and to identify innovative best practices;
- increase understanding of the need for transparency and accountability by voluntary organizations;
- increase capacity of voluntary organisations to mobilize resources;
- establish a benchmark about the extent and nature of philanthropic giving and volunteering.

Outputs

The outputs expected from the research were:

- a market research report on the extent and nature of philanthropic giving and volunteering;
- a scientific understanding of the sources of support for voluntary organisations which would aid policy making by individual organisations as well as by government bodies and donor organizations;
- a case-book of innovative practices in India (drawn up to a comparative style for use in other Asian countries) to be used for preparation of a training manual for use in India.

Components of the project

The project had two main components:

- 1 Market survey research to establish national patterns of giving, and provide indicative information on donor motivations for giving, the sizes and segments of gift markets, informal vs formal giving, and the scale of domestic philanthropic giving among others. No market research of this nature, of which the results have been made public, has been conducted in India. Therefore the findings will be important in setting benchmarks for future monitoring of trends.
- 2 Case-studies of organizations known for innovative non-grant fund raising

The style and purpose of the case studies, which were to take into account geographical factors, field of activity, and type of fund raising, was to be for teaching and training.

The Indian part of the project was funded by the Nippon Foundation, with the Asian Development Bank making money available to the regional project for services of consultants.

This report documents the results of the Indian part of the project undertaken by the SICP. We believe it will:

- Provide training material for fund raising training courses
- Establish a baseline for the individual donor market.
- Provide evidence to other NGOs that there are survival possibilities beyond grants.

Structure of the Report

This report is divided into two parts:

Part One, describes the methodology of the survey, and its findings

Part Two focuses on case studies of organizations, which have relied on the public for resources. In particular the most successful methods adopted by the organizations and the learning from the experience have been highlighted. The first section of this part gives an overview of the case study project and the main conclusions emerging from the cases. The cases are then appended in full in a separate section. ▶

Notes

- 1 There is no official estimate of the amounts going to the voluntary sector from all government agencies, central and state. The above figure is derived from adding up amounts shown in the annual reports of some central ministries.
- 2 Source: Statement of Mr. Vidyasagar Rao, Union Minister of State for Home Affairs. Published in the *Hindu* 30 May 2001.
- 3 FCRA = Foreign Contribution Regulation Act

2 | Introduction to the Survey

Background

With the exception of a small private survey carried out by Oxfam India for its own fund raising purposes, there has never been a large-scale survey of household charitable giving in India. This survey was thus a pioneering effort. As with other pioneering efforts, there was no precedent or guidance on how to go about it. However, because it was part of a project which covered four countries of South and South East Asia—Indonesia, Thailand, and Philippines, apart from India; and because there was interest in developing comparative data across the region, a common theoretical framework was worked out by the consultants to the project. A model survey instrument and sampling methodologies were developed though these were modified and refined for the specific context of each country through discussions between the consultants and the country teams at the Inception Workshop in Manila.

Thereafter, the SICP commissioned the market research firm of A.C. Nielson to conduct the survey and to report on the findings.

Definitions and the Model Instrument

To obtain data that can be compared across countries, an ideal situation requires:

1. Asking the same, or similar, questions in each country;
2. Undertaking interviews with persons in similar locations—for example, in major urban areas;
3. Undertaking interviews with persons of the same or similar socio-economic class; and,
4. Undertaking the fieldwork for the surveys at the same time.

To ensure that the same, or similar questions were asked in each country a model survey instrument was developed.

It was also decided that the survey, wherever possible, would be undertaken only among persons of socio-economic classes A and B, and in some countries C, corresponding to the upper, upper middle, and the middle class. This was because, in view of our limited resources, the focus of the survey was on people with a greater capacity to give.

Because people in these socio-economic classes are more likely to be concentrated in capital cities of their country and in other large cities, field-work was conducted in these locations.

Nature of giving

People make gifts of money and goods to members of their family, to friends, to other individuals such as beggars, to religious organisations such as mosques and temples and to other voluntary organisations.

Although, a major objective of the survey was to collect data to assist these “other organisations” to undertake more effective fund raising, it is important to understand the nature and extent of giving to other recipients as well as giving to these organisations.

Definition of giving

The following statement was used to define giving:

“We would like to ask you about giving and donating money. By this we mean a voluntary contribution, one that is unrelated to the purchase of goods and services for yourself. For example, some people and families donate money to help the poor; others give to cancer research, for hunger relief or (use salient examples in the context of your country)”

Measures of giving

In measuring giving, it is important to develop a measure of the:

- ▶ percentage of people giving in a specific period;
- ▶ average amount given per household by givers in a specific period; and
- ▶ average amount given per capita in a specific period.

The model survey instrument used both these measures of giving.

Components of the model instrument

The model survey instrument had six major sections. These are:

- measures of giving to individuals;
- measures of giving to religious organisations;
- measures of giving to other voluntary organisations;
- reasons for giving;
- methods of fund raising.

It also gives demographic data, relevant for the survey.

Giving to individuals

The model instrument incorporated the extent of direct giving to individuals. The recipients of individual giving studied across all countries were relatives, friends, beggars and victims of calamities. In India, dependents and servants were clubbed in the category “Others”.

Giving to religious organizations

By “religious organizations” is meant organisations whose primary purpose is the provision of opportunities for religious worship and the encouragement of religious behaviour. It was recognized that in some cases, religious organizations passed gifts on to other organizations. In some countries, respondents were asked, “For what causes do you think the money that you gave to religious organisations will be used?”

Giving to other voluntary organizations

To obtain comparative data by field of activity for giving to other organisations it is necessary to use a consistent classification of fields across all countries.

The classification used is the International Classification of Non-profit Organizations (ICNPO), which has been used by the Johns Hopkins Project on Mapping the Non-Profit Sector in different countries. Some of the categories in this classification were collapsed to simplify the collection and analysis of data, each country being asked to prepare a list of the most ap-

appropriate organisations in each field for their particular country. This made it easier for the respondent and the interviewer to classify the organisations into the ICNPO category.

Giving money and giving in kind

Some surveys asked data about both giving of money and giving in kind. The model instrument asks for giving money only for organisations for all countries but both giving money and in kind for giving to individuals. Our survey also asked giving in kind for organisations.

Reasons for giving

A small number of reasons were incorporated in the model instrument, and each individual country could add additional reasons that were important within each individual country.

Methods of fund raising

This provides data on the types of fund raising currently being utilised in each country and the percentage of people who give for each type of fund raising.

The India Survey: Methodology and Sampling Pattern

Within this overall framework, the India survey adopted the following methodology and sampling pattern.

Methodology:

Scope of Survey:

Since the purpose of the survey was to identify markets or donor segments for purposes of fund raising; and since funds were limited, it was decided to concentrate on urban India alone, on the assumption (not proven), that because of rural poverty, the size of the gift market is very small and that most NGOs raise their funds in urban areas.

For the same reasons it was decided to concentrate on the bigger urban groupings which, it was presumed (again unproven), would be the bigger

markets for fund raising.

Finally, in order to find out if there was any regional variation in attitudes and practices of giving it was decided to divide the country into five zones—North, South, West, Central and the Gangetic Plains. Apart from the geographical considerations, this division was based upon certain distinctive characteristics i.e. the North Zone is an agriculturally developed zone, the Gangetic Plains contain populous states with stagnant economic growth, while the West zone has industrially prosperous states. The South Zone contains cities, which are the foci for the new IT led growth.

- **North Zone** – included states of Punjab, Haryana, Himachal Pradesh, Delhi, Rajasthan and northern parts of adjoining Utter Pradesh.
- **South Zone** – included states of Tamil Nadu, Andhra Pradesh, Karnataka and Kerala.
- **West Zone** – included states of central and western Maharastra and Gujarat.
- **Central Zone** – included eastern Maharashtra, Madhya Pradesh and Orissa.
- **Gangetic Plains** – West Bengal and Bihar.

Within these regions, four mega-metros from four zones—Delhi (North Zone), Calcutta (Gangetic Plains), Chennai (South Zone) and Mumbai (West Zone) were selected for the study. There is no mega-metro in the Central Zone.

Apart from the mega metros it was decided to focus on cities with a population of over a million. There are in total, 22 cities with a population of more than one million.

Of these 22, 10 were selected for sampling

The selected cities were:

North Zone – Ludhiana and Jaipur

South Zone – Hyderabad and Banglore

Western Zone – Surat and Ahmedabad

Central Zone – Indore and Nagpur

Gangetic Plains – Varanasi and Lucknow

In all, four mega-metros and 10 cities with a population of a million

plus were selected for sampling. No city with a population of a million was selected from the states from which mega-metros were selected. This was done to ensure more geographical coverage. Also, cities, which have been witnessing an economic boom due to various factors, were incorporated in the survey. Hence, Ludhiana, with money receipts from foreign countries, Hyderabad and Bangalore witnessing the IT boom, Varanasi as an important religious center, and Jaipur as an important tourist center were selected.

Finally, it was decided to concentrate on socio-economic categories (SEC) A, B and C i.e., on the upper three classes of society based on education and occupation. Appendix A gives the characteristics for categorization into A, B, and C. In India, people generally do not reveal their income. Therefore, the Market Research Society of India (MRSI), based on its research, has developed a socio-economic classification for understanding the expenditure behaviour of Indians. This is called the SEC classification, which classifies households on the basis of the education and occupation of the main earner, rather than income. There are eight socio-economic groups labeled as A1, A2, B1, B2, C, D, E1 and E2. A 1 denotes the upper most socio-economic class, and E2 stands for the lowest socio-economic class of people in India.

Because of the unreliability of respondent's reporting of income, this classification does not give the incomes corresponding to categories A B and C, but it is presumed that they correspond to upper, middle and lower income categories. The survey agency, AC Nielson, reported that according to the National Readership Studies Council, which is an autonomous division of the Audit Bureau of Circulation, and which conducts a National Readership Survey, the average monthly income for SEC-A, SEC-B and SEC-C category households in top 26 cities/towns, in year 2000 was as below:

SEC A+B+C households = Rs 6,552

SEC-A category households = Rs 10,796

SEC-B category households = Rs 6,181

SEC-C category households = Rs 4,317

The distribution of the three categories in our sample was as in the following table.

SEC category	Population	Sample(%)
Total	100	100
SEC-A	22	25
SEC-B	36	34
SEC-C	42	41

As can be seen from the table, the share of the SEC categories in the total population corresponds closely with the distribution in the sample shown above.

The average of claimed monthly household income of the total sample was Rs 7,182. Average monthly household income was the highest in the SEC-A category households (Rs 9,885), followed by SEC-B (Rs 7,257), and SEC-C (Rs 5,518) category households.

Sample size

The sample size for mega metros was 600 households and for cities with more than one million population it was 400 households. Each Zone with a mega-metro had a sample size of 1400 households. The Central Zone, which does not have a mega metro, had a sample size of 800 households. The overall proposed sample size was 6,400—though a total of 6,499 households were interviewed.

Sampling design

A stratified, systematic random sampling design was used to select the households.

Selection of locality within the city

Each city was divided into four different regions—north, south, east and west. Identification of these regions was based on the parliamentary constituencies or assembly segments. The total sample for the city was distributed among each region in proportion to the population of the region. The numbers of localities were selected by dividing the sample size for the region by 30—the number of households interviewed in each locality.

In each locality, one house was selected randomly and every 10th household was selected for interviewing from the first house using the right hand rule till the sample was achieved.

Projection Method

Data collected for SEC-A, SEC-B and SEC-C households was projected to all the households for the respective SEC classes for all the million plus population cities in the zone. Estimates for the zones have been added up to arrive at the national estimates for the million-plus population cities.

In mega metros, estimates for all SEC A B and C households are made on the basis of sampled households. These estimates are added up to arrive at all India estimates for the mega-metros.

In sum, the number of SEC-A, SEC-B and SEC-C households in four mega-metros and 20 million plus population cities constitute the population universe for all the projections made for this study. The source for household population of the universe is the National Readership Survey. As per the Census 1991 data¹, there were 40.4 million urban households in the country and the urban population was 217.6 million. The sample constituted 16% of the total urban households and the sample was projected to the universe, which was 28% of the urban households.

Conduct of the Surveys

Field interviews were conducted simultaneously between November and December. The period was deliberately chosen as one immediately after the major festival period in India when many people would have donated, though the questions on giving also asked about.

Giving in the immediate past year, as well as the past month.

Limitations

While all care has been taken to make the survey as accurate in reflecting reality as possible, it has to be kept in mind that there are certain inherent limitations in surveys of this nature:

- One of these is that people in India are wary of revealing income or matters related to income.
- Canvassing schedules among the upper and upper middle class in India is more difficult than in the lower classes because typically, the canvasser is first met and disposed off by the servant or other intermediary. Because of this and the first reason, the amounts indicated for the upper two categories—SEC-A and SEC-B are likely to be gross underestimates.
- On the other hand, what people say and what they actually do not necessarily match. For instance they may claim to have given in charity,

even when they have not, because not to have done so would be shaming. Or they may claim that tax incentives are not important because they give out of the goodness of their heart. Yet most voluntary organizations find in practice that donors, especially of large amounts, consider carefully whether they will get a tax benefit from the donation.

- ▶ Because the primary objective of both the survey and case research was to establish facts about giving to aid fund raising, only urban areas, large cities, and categories SEC-A and B and C have been considered. It is assumed that they are bigger donors than those in rural areas or the smaller cities, or lower class individuals. We recognize that this is not necessarily true.
- ▶ Finally, we would like to stress that the survey findings relate to only 28% of the urban population, and not the whole, even of urban India. Projections to the whole of urban India or the whole of India have not been attempted because since the distribution of SEC categories is vastly different in different cities, it would have led to gross inaccuracies. ▶

Notes

- 1 Unfortunately, the decennial census was conducted in 2001 just after the completion of the survey, and the detailed tables are yet to be available.

3 | Survey Findings

The following gives only the salient findings of the survey. The detailed survey report is available for reference at the SICP.

Since one of the primary reasons for undertaking the survey was to find out the charitable preferences and behaviour of people in relation to voluntary organizations, the findings for giving to “other organizations” are given in more detail in each section.

All financial figures are quoted in rupees. At the time the conversion rate was \$1=Rs 43.

Incidence and Volume of Donation in India

How Much?

Incidence and Volume of Donation				
Donated to	Per cent Donating	Average amount donated in Rupees	Total amount donated in (billion rupees)	Per cent of the total value
Any	96	1420	16.16	100
Individuals	89	708	8.05	50
Religious Organisations	87	418	4.76	29
Other Organisations	51	294	3.35	21

table 1.2

As is seen from the table above—

- **96%** of upper and middle class households in urban India donate for a charitable purpose.

- The total amount donated is **Rs 16.16 billion**.
- The average amount donated is **Rs 1420 per annum**.

Given to Whom?

- **89%** of households donate to **individuals**, a total amount of **Rs 8.05 billion**, (49% of total donations).
- **87%** of households donate to **religious organizations**, a total amount of **Rs 4.76 billion** (29.5% of total).
- **51%** of households donate to **other organizations** a total amount of **Rs 3.35 billion** (20% of total).

More details regarding each category of recipients are given below.

Individuals

- Almost half of the total donated goes to individuals, the average amount donated being Rs 708.
- More than half of the amount donated by each individual (53%) goes to known people (relatives: 37% and friends: 16%)
- The balance goes to beggars (24%); victims of calamity (17%); and “others” which includes dependants such as servants (7%)
- There is not much variation in giving to individuals between cities, religious communities and SEC categories, each giving in proportion to representation in the sample.

table 1.2

Donations to Different categories of Individuals					
Per cent Donating	Average donation (in Rs)	Average donation @	Average donation (in Rs) ###	Amount donated (in million Rs)	Per cent of donation
89	708	797	796	8055	100
16	262	1645	295	2983	37
13	116	885	130	1317	16
82	169	25	190	1924	24
35	119	339	134	1357	17
7	42	568	47	474	6

Base: all respondents

@ Base: all ever donated to particular individual types in past 12 months

Base: all who donated to any individual

- The percentage of people donating to individuals in each socio-economic category is almost equal (A=88%, B= 90%, and C + 89%) though more middle class and lower middle class people donate to individuals than those in the highest class. In terms of amount donated, both in absolute terms and as a percentage of the total, the middle class scores over the other two contributing 35% of the total donation, as against 31% by SEC C and 34% by SEC A.

Religious organizations

- The average donation given to a religious organization is Rs 418, and in each socio-economic category, almost an equal proportion donates to religious organizations.
- There is no marked variation in giving to religious organizations by different sized cities, the per cent donating in mega metros being 88% and those in other cities being 85%, though the former give a higher percentage of the total going to religious organizations (52%) than other cities (48%).
- There is greater variation in giving to religious organizations (ROs) between zones, more donors in the north and the Gangetic Plains donating to religious organizations than others at 95% and 94% respectively. The percentage donating to ROs is lowest for the South at 78%, the figures for the West and Center being 86%.
- However, though more people give to religious organizations in the North and Gangetic Plains, the amounts given by individuals are smaller, so that in terms of amount donated the West contributes more (37% of total donation), followed by the south (23%). This is probably because of the higher overall prosperity of the South and West, compared to the other zones.

Other organizations

- Donations made to other organizations constitute 21% of the total donation, with an average donation being Rs 294.

Where?

Donation in cities

table 1.3

	Giving by Type of City						Average Donation #			
	Volume of Donations (in million Rs)				% of univ. pop.	Share of Donations	(in Rs/ annum).			
	Total	Indiv.	Religious orgs.	Other orgs.			Total	Indiv.	Religious orgs.	Other orgs.
Mega-metros	8336	4231	2458	1647	53	52	1391	706	410	275
Million-plus population cities	7826	3824	2301	1701	47	48	1452	710	427	316

As can be seen from the table above, donation in mega-metros and cities with million plus population is in proportion to the actual number of households in these two categories.

- Mega metros constitute 53% of the population universe and contribute 52% of total donation, amounting to Rs 8.33 billion, with an average annual donation of Rs 1,391
- Of this, Rs 4.23 billion goes to individuals; Rs 2.45 billion is donated to religious organisations and Rs 1.64 billion goes to other organizations.
- The average amount donated to other organizations in mega metros is Rs 275.
- Million plus cities with population share of 47% contribute 48% of total donation, amounting to Rs 7.8 billion, or an average of Rs 1,452.
- Rs 3.8 billion goes to individuals; Rs 2.3 billion is donated to religious organizations; and Rs 1.7 billion goes to other organizations.

table 1.4

Particulars	Donation to Other Organizations by Cities				
	Per cent donating #	Average donation #	Average donation ###	Amount donated (in million Rs)	Per cent of donation
Total	51	294	633	3347	100
Location Type					
Mega-metros	56	275	494	1647	49
Million-plus-population cities	45	316	702	1701	51

The details of donations to other organizations by cities is shown in Table 1.4.

Donations by region

Zone	Giving by Region									
	Volume of Donations (in million Rs)				% of univ. pop.	Share of Donations	Average Donation # (in Rs/annum).			
	Total	Indiv.	Religious orgs.	Other orgs.			Total	Indiv.	Religious orgs.	Other orgs.
Southern	6025	3805	1110	1110	27	37	1974	1247	364	364
Central	952	307	194	451	5	6	1694	546	345	803
Western	3947	1596	1755	596	31	24	1121	453	498	169
Northern	2722	1273	869	580	19	17	1287	602	411	274
Gangetic Plains	2515	1075	831	609	19	16	1179	504	390	286

Table 1.5

The results are as expected going by the socio-economic, educational and awareness levels of these zones.

- The Southern Zone appears most generous: 27% of sample population contributes 37% of the total donation, followed by the West with 24% of the donations. The others contribute more or less in proportion to their representation in the sample.
- Average annual donations are highest for the Southern zone at Rs 1,974 followed by Central Zone at Rs 1,694, Northern Zone at Rs 1,287, Gangetic Plains at Rs 1,179 and Western Zone at Rs 1,121. These results may appear somewhat surprising, since one would have expected the Western Zone, being more prosperous in comparison to the others, to donate more. However, this is because the West has 31% of the universe population and therefore the total amount donated gets divided among a larger number, giving a smaller average.
- The results for giving to religious organizations by region are surprising in that while giving to individuals is larger than that to religious and other organizations in most regions, in the West, giving to religious organizations is greater than that to individuals or other organizations. Traditionally the South and the Gangetic Plains are considered more religiously orthodox than the West, but the results show that the maximum amount going to religious organizations is from the Western zone.

- The table below summarizes giving to other organizations by region.

table 1.6

Donations to Other Organizations by Region					
Particulars	Per cent donating #	Average donation #	Average donation ###	Amount donated (in million Rs)	Per cent of donation
Zones					
Southern	50	364	724	1110	33
Central	73	803	1103	451	13
West	29	169	578	596	18
North	54	274	504	580	17
Gangetic Plains	77	286	373	609	18

Here again the results are somewhat surprising. The West and the South are considered generally more socially progressive and would have been expected to contribute more to organized charity than others. But while the south remains in the lead, the share of the Gangetic Plains is higher than that of the West. Perhaps further research on this point could throw some light.

Who Gives?

Giving by class

table 1.7

Socio-economic class	Giving by Socio-economic Categories									
	Volume of Donations (in million Rs)				% of univ. pop.	Share of Donation	Average Donation # (in Rs/ annum).			
	Total	Indiv.	Religious orgs.	Other orgs.			Total	Indiv.	Religious orgs.	Other orgs.
SEC-A	5831	2733	1583	1515	25	36	2074	972	563	768
SEC-B	5821	2835	1838	1148	34	36	1499	730	473	478
SEC-C	4510	2487	1339	684	41	28	962	531	286	262

SEC A with a smaller representation in the sample (25%) contributes 36% or Rs 5.8 billion, the same amount being contributed by SEC B with a bigger representation in the sample (34%). SEC C, naturally contributes less, though the numbers in the sample are more.

SEC A is also the highest contributor to “other organizations”—Rs 768,

Donations to Other Organizations by Socio-economic Categories					
Particulars	Per cent donating #	Average donation #	Average donation # ##	Amount donated (in million Rs)	Per cent of donation
Socio-economic class					
SEC-A	58	768	925	1515	45
SEC-B	52	478	566	1148	35
SEC-C	45	262	327	684	19

Base: all respondents

Base: all who donated to other organisations

followed by SEC B—Rs 478 and SEC C—Rs 262.

Clearly affordability is an important consideration for giving and as expected those at the top give more, though it does not necessarily indicate that those give more are more involved with charitable causes.

Giving by different religious communities

	Giving by Religion									
	Volume of Donations (in million Rs)				% of univ. pop.	Share of Donations	Average Donation # (in Rs/ annum).			
	Total	Indiv.	Religious orgs.	Other orgs.			Total	Indiv.	Religious orgs.	Other orgs.
Total	16161	8055	4759	3347	100	100	1420	708	418	581
Religious Group										
Hindu/ Jain	14357	7263	4122	2972	88	89	1434	725	412	297
Muslim	867	367	310	190	6	5	1173	497	420	257
Christian	491	250	170	71	2	3	2081	1059	719	301
Sikh	341	131	131	79	2	2	1236	475	474	287
Others/ not-disclosed	104	43	26	35	1	1	867	358	219	291

- It appears that all religious communities are about equally generous, each contributing to total donations in proportion to their representation in the sample universe, e.g. Hindu and Jain communities, which together constitute 88% of the universe, contribute Rs 14.3 billion (89%) to the total donations ; similarly, Muslims with 6% of the universe contribute Rs 0.86 billion (5%); Christians with 2% of the universe population contribute Rs 0.49 billion (3%); Sikhs with 2% population contribute Rs 0.34 billion (2%) to the total donation
- In terms of average annual donation, Christians take the lead followed by Hindu/ Jains; Sikhs; and then Muslims.

- Christians also give the highest average annual donations to other organizations, (Rs 301) followed by Hindus/Jains (Rs 297), Sikhs (Rs 287) and Muslims (Rs 257).

In what form?

Donations were made in cash or kind or both.

- Donations to individuals are mostly in cash (64% of donors gave in cash).
- 27% of the sample population donates in both cash and kind.
- A mere 9% donate in kind which forms 22% of the total donation.
- 46% of those donating to other organizations donated cash (76% of the total donation) and 22% donated in kind (24% of total donation), as can be seen from the table below.

table 1.10

Donations to Other Organizations in Cash and Kind					
Particulars	Per cent donating #	Average donation #	Average donation ###	Amount donated (in million Rs)	Per cent of donation
Cash	46	225	483	2556	76
Kind	22	69	318	791	24

base: all respondents

base: all donating to other Organizations

* based on donors' own valuation

For what purpose?

Religious organizations

Asked what purpose they think their donations to religious organizations would be put to, the responses were as follows:

- 43% believe that their donation will be used for developing physical infrastructure;
- 28% believe that it would be used for supporting the priests;
- and about 38% believed it would be used to support some social purpose including health and educational activities.

Other organizations

As for giving to Other Organisations, the most popular purpose for which money is donated is to relieve distress of victims of calamity, 21% donating for this purpose.

The ranking of other causes according to the proportion of those donating was as below:

Rank	Purpose	Per cent Donating
1	"social service" and "welfare of victims and family members of war/terrorism" - for both	18%
2	"culture and arts"	8%
3	"education and research"	7%
4	"health"	5%
5	"environment"	1.2%

Further details are given in Table 1.11.

Methods of Fund Raising

The most successful method of fund raising was asking for a donation at the doorstep. Forty-eight per cent (48%) of the households were approached at their doorstep as a part of an appeal to donate for an organization and of these 75% donated. However, in terms of the success rate of the method adopted, asking at the work place, asking a relative or friend, or being asked to buy a ticket rank higher.

In terms of socio-economic categories, the response rates to different methods are similar, though the response rate for SEC A is lower than that for SEC B and SEC C in case of most of the methods, indicating that though the SEC A might be donating higher in volume, it is donating fewer times, in comparison to SEC B and SEC C.

Different religious groups showed no significant variations in responses to questions about methods of fund raising.

table 1.11

Giving to Other Organizations by Field							
Donated for	Per cent donating #	Per cent donating ##	Average amount donated in Rs #	Average amount donated ##	Average amount donated in Rs ###	Total amount donated (in million Rs)	Per cent of donation
Any	47.5	98	225	483	492	2556	100.0
Culture & arts	7.5	16	9	20	124	106	4.2
Sports & recreation	3.5	7	6	14	185	73	2.8
Education & research	7.3	16	35	76	481	402	15.7
Health	5.1	11	12	26	242	139	5.4
Social service*	18.1	39	52	112	287	590	23.1
Environment	1.2	3	6	12	465	65	2.5
Development & Housing	2.2	5	8	17	350	88	3.4
Welfare of victims & family members of war/ terrorism	17.9	38	50	107	278	564	22.1
Welfare of victims & family members of natural calamity	21.1	45	39	84	186	445	17.4
Others	1.1	2	1	2	89	11	0.4

Base: all respondents

Base: all those who donated to any other organisation

table 1.12

Methods of Donation (figures in per cent)			
Ranking	Method of Donation	Asked to give	Given
		Base=All respondents	All asked by the particular method
1	At the doorstep as part of an appeal for an organization	48	75
2	In the street by a person collecting money for an organization	34	63
3	At work place	22	85
4	An appeal in the newspaper/ media	20	35
5	By relative/ friend or dependent	16	81
6	To buy a ticket for a special event	11	80
	Through an appeal by letter/ e-mail for an organization	5	57
7	By telephone as part of an appeal for an organization	2	57
8	Others	1	94

Motivation

Attitudes to giving

Reason for Donating by Level of Importance (figures in per cent, row percentage)				
Reasons	Importance level			
	Not at all important	Not so important	Somewhat important	Very important
Base= all respondents	--	--	--	--
Feeling of compassion	3	6	23	68
Donation easier than volunteering time	9	15	38	37
Giver feels good	6	13	33	48
Religious beliefs & practices	11	13	30	46
Asked to give	25	25	31	18
Belief in the cause/ organization	17	19	35	29
To return a favour	36	22	24	19
Pressured to give	60	21	14	4
To save taxes	75	13	8	4

table 1.13

The most important reason given for donating was a feeling of compassion (68%). It is upon this positive attitude that organizations need to build their resource mobilization programs, especially by presenting their cause in a more appealing manner.

The second most important reason was that the giver feels good (45%). Hence it is important to stress the joy of giving in any fund raising appeal.

Religious beliefs and practices are the third most important reason.

Twenty-nine per cent (29%) of respondents donate if they believe in the cause of the organization.

Saving taxes is seen as the least important reason by donors. This finding needs to be taken with caution because often what people say and do varies. It is the experience of voluntary organizations that tax incentives

count for a lot when raising money and donors, especially big donors, always look for tax benefits.

However, the above finding may not be inconsistent with NGO experience in that the size of donations mentioned in the survey is fairly small, and tax incentives matter more when the amounts given are very significant. Again the survey canvassed spontaneous giving in the last one year, and generally tax incentives become important for planned giving, either at the beginning or just before the end of a financial year, or for multi year giving.

One not so positive reason for donating money was that **37% find giving easier than volunteering time**. This could be explained as a common urban phenomenon. The urban way of life puts a heavy demand on an individual's time.

These trends are similar for different regions, religions and socio-economic classes.

Reasons for not giving

As can be seen from the table below, **non-affordability** is the main reason for not donating, 26% of the sample population not donating due to this reason.

An equally important reason for not donating (25% of sample population) is **lack of trust in the organization**. Moreover 55% of the respondents find it either somewhat important or a very important reason for not giving.

Another reason cited by 23% of the population is **lack of faith in the cause**. Other findings are:

- ▶ 14% of the population do not give because they were **not asked to give**. This finding is important for fundraisers, indicating a potential for raising money. People will give if asked. This is born out by the finding that 42% of the sample population cited not being asked as important or somewhat important for not giving.
- ▶ While for **SEC A**, a **lack of trust** in the organization is a more important reason for not giving for **SEC B and C non-affordability is the most important reason**
- ▶ Christians cited lack of trust as the most important cause.

- The West and North zones find lack of trust in the organizations and not believing in the cause more important. For all others non-affordability was the more important reason.

Reason for Not-Donating by Level of Importance (figures in per cent, row percentage)				
Reasons	Importance level			
	Not at all important	Not so important	Somewhat important	Very important
Base= all respondents	--	--	--	--
Could not afford to give	27	22	24	26
Not asked to give	26	32	28	14
Lack of trust in the organization	20	25	30	25
Lack faith in the cause	25	25	27	23

table 1.14

Who makes the decisions about donating?

As can be seen from the table below, in the urban upper and middle class households the decision to donate is made:

- jointly by the husband and wife in 28% of the households,
- by the head of the households in 27% of the cases, and
- by individuals themselves in 26% of the cases.

Decision-Makers for Donations in Different SEC Categories						
Particulars	Head of the HH	Husband & wife jointly	Other HH members	Individuals own decision	All HH members	Others
Base = All ever donated / given						
All India	27	28	2	26	11	6
Socio-economic class						
SEC-A	26	28	2	26	11	7
SEC-B	27	26	2	27	12	6
SEC-C	28	29	2	26	9	6

table 1.15

Substantially the same pattern obtains in different sized cities, with some variations as shown in the table below:

table 1.16

Decision-Makers for Donations in Different Location Types & Zones						
Particulars	Head of the HH	Husband & wife jointly	Other HH members	Individuals own decision	All HH members	Others
Base = All ever donated / given						
All India	27	28	2	26	11	6
City Type						
Mega – Metros	26	32	2	27	9	3
Million-plus-population cities	28	23	2	25	12	10
Southern						
Central	32	33	2	14	9	10
Western	31	37	5	14	9	10
Northern	18	18	3	40	15	5
Gangetic plains	45	30	1	11	4	9
	14	27	2	42	14	2

What is interesting is that in the Western and Gangetic Plains zones, individual choice counts for more than the decision of the head of the household; in 40% and 42% of the cases respectively individuals make the choice, as against the head of the household making the decision in 18% and 14% cases respectively. In the other zones however, the predominant decision-maker is either the head of the household or husband and wife jointly, rather than the individual. ▶

4 | Observations and Lessons for Fund Raising

The findings of the survey sometimes bear out commonly held views and expectations, and sometimes not. Where there are surprise findings further research is obviously needed to analyse the causes of why they go contrary to common impressions and beliefs.

The most heartening finding is that the habit of giving for charitable causes is widespread, almost all the respondents having donated for some charitable purpose at some time or the other in the past year.

However, what is less encouraging is that much of the giving for charity is informal and ad hoc. Giving to individuals in distress, known to oneself, and to beggars, takes up about 77% of the donations to individuals; only 21%, goes towards organized secular charity. Thus informal, ad hoc charity takes precedence over giving for long term change and development or philanthropy.

The south has emerged as a leader in household giving for charity, contributing 39% of total donations though its representation in the sample universe is only 27%. This trend is confirmed by those working for voluntary organizations. The new wealth created by IT and other new industries, coupled with a large overseas connection through relations and friends resident overseas, but who continue to maintain links with the home state, has made for a more dynamic gift market in the south. Bangalore, Hyderabad and Chennai have scores of voluntary organizations who, away from the centers of power and influence in the Capital, are increasingly turning to their local communities to mobilize resources in innovative ways. Some of the case studies in Part 2, reflect this trend.

Religious giving seems to be equally important for all SEC groups, religions and regions, though Christians seem to have an edge in giving, especially in giving to “other organizations”. This finding perhaps reflects the different practices adopted by different religious groups for charitable

giving. The Christians worship together as a congregation every Sunday as well as other important days when a collection is made for charitable purposes, and devotees encouraged to give for humanitarian work by mission or other organizations. It is also known that the tradition of giving for organized humanitarian service is more deeply ingrained in Christian religious practice.

At least some of the money being given by households to religious organizations in any religious community, is given in the belief that it will go to providing education and health services for the poor. Fund raisers need to capitalize on this and make connections with important religious organizations.

In case of giving to other organisations, it is clear that people give to these organisations because of a feeling of compassion, and therefore the categories “Welfare of victims and family members of war/terrorism” and “Welfare of victims and family members of natural calamity” receive more funds. But other charities also need to highlight the humanitarian side of their causes and appeal to the compassionate nature of people. They also need to stress that giving will make them feel good, i.e. the joy of giving.

Though the top most socio-economic category contributes more in absolute terms it does not necessarily indicate a greater involvement with social causes. Voluntary organizations believe that in fact the wealthy do not contribute to causes, which are in the nature of movements for social change because that will destabilize the status quo of which they are the principal beneficiaries. It is the small household donor, belonging to the “beneficiary category” which may contribute to such causes. As some of the case studies in Part 2 will show, the method of fund raising selected by the more grass roots types of organizations reflects this need to involve the public in the work and message of the organization. The selection of the method to be used thus has to be not only on the basis of the quantity of funds to be raised but also on whether it can take the message of change to large numbers and make them feel involved in the work of the organization.

The survey also shows that more is contributed by way of cash, especially to other organizations, than in kind. The exception to this are times of calamity, whether it is war or a natural calamity like floods or earthquake. At these times giving in kind becomes very important and significant. In normal times, voluntary organizations make appeals for, and receive mostly cash. The reasons are many:

- they have no facilities to store contributions in kind;

- sale of in-kind donations to realize cash is very cumbersome and staff intensive;
- at times sales, even of used goods, attract sales tax.

There is a difference between what people say when being canvassed for a survey and what they actually do. Thus, though saving on tax was said to be of little importance to most donors, this is probably because most of the households were giving small amounts to individuals and religious organizations; here the scope for tax benefits is small. The experience of voluntary organizations, on the other hand, indicates that for big donations to organized charity tax incentives are important.

In terms of methods used, the fact that less than half the population, viz. 48%, was approached to give, shows that the household sector is still not treated as an important source for resource mobilization. It also shows that if asked to donate, most find it difficult to refuse if the asking is done by a known person, whether at home or in the work place.

What this implies for fund raising is that people do not give because they are not asked, and it is up to fund raisers to ask and ask in appropriate ways. Also that a direct and personal approach is more successful in raising funds. Apart from finding it difficult to refuse, people give at such times because it also saves them the bother of sending by post or through banks, or of going long distances to donate. The message is that ease of giving is important. In short,

- Make it easy to give and it becomes difficult to say no when asked directly.
- Returns are very high if there is personal contact, since people tend to give more to known people—hence the possibility of utilizing informal and peer networks to fund raise.

Other methods of fund raising like sale of tickets, through direct mail appeals can also work since a large percentage of those asked gave. An appeal in the newspaper or media is a costly business and works best only during times of calamity when due to compassion people are predisposed to give. On other occasions, since large number of people, even in urban areas, do not read newspapers, it is not the most cost effective method.

Though very few people were approached by e-mail a large proportion

of these responded by giving. It indicates that there is a possibility for improving upon this method of fund raising.

In the section on why people do not give, the survey highlights the importance of trust and integrity in voluntary organizations. The lesson is that trustworthiness of an organization, and the cause, are extremely important for giving or not giving.

Though the survey has concentrated on the large urban areas of the country, this does not mean that those in the rural areas, or small towns are not charitably motivated. Experience tells one that they are. It is very likely that some, if not all, of the findings and lessons of the survey are applicable to these areas as well.

Finally, it must be stressed that this is a limited and preliminary exercise and needs to be followed up by a more comprehensive survey, as well as more in depth research, especially in relation to "other organizations". ►

5 | Introduction to Case Studies

The second half of the project “Investing In Ourselves” was case documentation of non-profit organizations who were either raising their entire income or supplementing grant sources by fund raising from the public through a variety of methods.

Each case offers some lessons for fund raising, some drawn from the successes and some from the failures.

Given below is an overview of how the cases were selected, the fields which these represented, the methodology followed for the documentation, the major methods of fund raising followed by the organizations, management and leadership issues, and the lessons learnt in terms of the role of the staff, management, volunteers and boards. The detailed cases are presented in the following section.

Sampling/Selection Criteria

At the outset, a large list of possible organizations to study was drawn up using directories and databases of non-profit organizations. An advisory committee was also constituted comprising leaders of the voluntary sector in India. They made suggestions about organizations whom they believed were doing fund raising from the public, and also about the list prepared by the SICP. In addition to this, word of mouth recommendations were sought.

A letter was then sent to those on the list so prepared, to ascertain their willingness to participate in the project. An accompanying questionnaire sought information on their organization, their sources of income, whether they were raising money from the public and the means they had employed for the purpose. Unfortunately, the response to the questionnaire was very poor.

A second list was then prepared consisting of those organizations who

had responded and who appeared to be raising a significant amount of funds from the public. To these were added organisations culled from word of mouth recommendations. While, initially, one had expected to look at several of the more well known organizations, on further scrutiny many were omitted because either a major proportion of their income was being raised from grant sources, or because they were unwilling to share their ideas and techniques with others. Surprisingly, many felt that if they divulged how they were raising funds, their share of the market would be reduced due to competition.

From the second short list, a final list was drawn up using the following criteria:

- Geographical representation
- Representation of different fields of non-profit (NPO) activity
- Techniques used
- Willingness to share information

We had aimed to do 20 case studies during the period of the grant (approx.15 months). However, due to problems encountered along the way it has been possible to do only 18, and of these, two are not as detailed as they should be, due to problems beyond our control. We have, however, included them because they still contain some interesting material.

Using the International Classification of Non-profit Organizations (ICNPO) an attempt was made to cover at least one organization from each category. However, due to various constraints this could not be done. The actual representation achieved is shown in the following table:

Distribution of Cases According to Organizational Classification	
Sector	Cases
Culture and Recreation	1
Education and Research	1
Health	2
Social Services	1
Environment	0
Development and Housing	0
Law	0
Philanthropic Intermediaries and Volunteerism	4
International	0
Religious	0
Business and Professional Associations	0
Local Informal Neighborhood Group	0
Children & Community Development	3
Women	1
Disability	3
Fund Raising	1
Rural Development	1
Total	18

An attempt was made to select cases from the different regions of India to take account of different socio-cultural contexts, since these do have a bearing on successful fund raising. However, either because we could not identify instances where a significant proportion of the income was raised from the public; or because of an organization's non-responsiveness; or because of last minute default by commissioned researchers and consultants, geographical dispersion could not be fully achieved.

An attempt was also made to include, as far as possible, different varieties of fund raising methods, and to choose organizations accordingly.

Finally, only those organizations could be chosen who agreed to spare the time and the required information for the study.

The final list of organizations chosen and their distribution in the above categories is given below. The detailed cases are presented in the following section alphabetically.

Organizations selected for the case studies				
Organization/ fund raising method	Raising Money through Individuals	Targeting Corporations	Volunteering	Sale of Products and Services
SRUTI	✓	✓		✓
VHAI				✓
Hindu Mission Hospital	✓			✓
World Vision	✓			
Mobile Crèches	✓	✓		✓
Eklavya		✓		
Banyan	✓	✓	✓	✓
Concern India Foundation	✓	✓		✓
Helping Hands			✓	
Payroll Giving – CAF/CRY	✓			
Karunashraya		✓		
Manipal Heart Foundation	✓			
ALERT	✓			
National Association of the Blind	✓	✓		
CRY	✓	✓		✓
Bharat Gyan Vigyan Samiti	✓		✓	
The Blind Relief Association	✓			✓
Katha	✓			✓

Methodology

While the identification of the case organizations, concept and framework were worked out by SICP, the case studies were written by different authors. Four of the studies were done in-house and for the others case researchers were commissioned. During the course of the project several organizational changes became necessary. Initially, of the 20 case studies envisaged, 10 were to be the responsibility of a consultant from the south who was to supervise the case studies in the south and east of India. The remaining 10 from the North and West were the responsibility of SICP. After supervising four studies, all in his local town, the consultant withdrew from the project and the entire burden had to be borne by SICP. Moreover, of these four, two i.e. of the Manipal Heart Foundation and Karunashraya are incomplete but have been included for some interesting details. Some commissioned case researchers defaulted on their assignments.

The cases were prepared mostly on the basis of interviews with the executive director and other staff of the organizations. Where possible, trustees were also interviewed. The interviews were supplemented by other published and unpublished material supplied by the organizations. The drafts

were shared with the organizations before finalization.

Accurate financial information was either not available, or not available in the format required, or organizations declined to share it on the ground that it was confidential. The process of case preparation, in fact, served to raise awareness in many organizations of the need to have fiscal information, such as costs of fund raising, cost benefit ratios and the like, to guide successful fund raising.

The case studies, being mainly meant for training purposes, have been written from that angle, i.e. a description of all the details without any judgmental conclusions. Also the work of the organization has not been covered exhaustively, since it was not a study of the organization per se, but only of the fund raising methods employed.

All financial details have been given in rupees (conversion rate: \$1= Rs 43 at the time).

Characteristics of Selected Organizations — An Overview

Age and size

The distribution of the selected organizations according to age is given in the following table.

As can be seen from the table only one project is less than three years old, though the organization is around 5 years old. Only three fall in the range 4-10 years. The majority of the organizations have been in operation for more than 10 years, though their fund raising efforts are not necessarily that old.

Distribution According to Date of Establishment and Number of years of Operation		
Name of Institution	Date of Establishment	Years in Operation
SRUTI	1983	18
VHAI	1970	31
Hindu Mission Hospital	1976	25
World Vision	1975	26
Mobile Crèches	1969	32
Eklavya	1982	19
Banyan	1993	8
Concern India Foundation	1989	12
Helping Hands	1983	18
Payroll Giving –CAF/CRY	1998/1979	Less than 3
Karunashraya	1994	7
Manipal Heart Foundation	1997	4
ALERT	1981	20
National Association of The Blind	1952	49
CRY	1979	22
Katha	1988	13
Bharat Gyan Vigyan Samiti	1989	12
The Blind Relief Association	1945	56

Distribution According to Size of Organization (based on staff size, annual budget)			
Name of Institution	Small	Medium	Large
SRUTI	✓		
VHAI			✓
Hindu Mission Hospital			✓
World Vision			✓
Mobile Crèches		✓	
Eklavya		✓	
Banyan	✓		
Concern India Foundation	✓		
Helping Hands	✓		
Payroll giving	✓		
Karunashraya	✓		
Manipal Heart Foundation	✓		
CRY			✓
ALERT			✓
National Association of the Blind			✓
Bharat Gyan Vigyan Samiti			✓
Katha	✓		
The Blind Relief Association	✓		

The distribution of the organizations according to size in terms of budget and number of staff is as in the preceding table.

Though an attempt was made to get full details of the sources of income it was not always possible. Organizations were either reluctant to give full details of their budgets, or were unable to give a clear picture of the break up between grant and non-grant sources. Of the organizations studied, grant related income of at least 4 was minimal (less than 25%). At the other end of the scale the income from grant sources was almost 80% and that raised from the public only 20% and below. The others ranged in between. This is not being presented in a table because the figures available are not comparable.

Techniques employed

In terms of techniques employed to raise funds, most were relying on a number of methods and hardly anyone was putting all the eggs in one basket. Most had started with one method and had gradually diversified the fund raising efforts to include a number of methods. Those with a long history of fund raising had discarded some methods. For instance, Mobile Crèches had placed heavy emphasis on greeting cards at the beginning, but had reduced dependence on this method over the years because of its cost ineffectiveness. Similarly, the Hindu Mission Hospital had attempted organization of special events in the initial years but had abandoned this as being too intensive in terms of staff time and expertise. The different methods employed by the selected organizations is summarized in the table on the following page.

Under fund raising from individuals fall a variety of methods employed by the organizations, viz. direct mail, special events, general appeals, obituary appeals, donation boxes, movie clubs, and child sponsorship.

Some organizations run entirely on the efforts of volunteers, and “fund raising” consists of motivating volunteers to help out.

The category sale of products and services covers running of an art gallery and printing press by VHAI, sale of publications by Katha and VHAI, sale of products made by members (Banyan), sale of donated products (SRUTI)

Methods and Techniques Used					
Institution	Direct Mail	Special Event	Method 3	Method 4	Method 5
SRUTI		Yes	Sale of waste material/ products	Corporate Donations	
VHAI			Publication & Printing Press	Art gallery	
Hindu Mission Hospital	Yes	Yes	General Appeals -	Obituary appeals	Hundis/ Donation Boxes
EKLAVYA			Corpus Building through contributions – individual, trusts & corporate sources, public sector, public finance corporations, sale of publication and others		
BANYAN		Yes	General communication strategy	i- Contribution Boxes ii- sale of products and greeting cards	Movie club/ combo sales/ greeting cards/ contribution boxes
World Vision	Yes	Yes	TV program		
Mobile Crèches		Yes	Corporate fund raising	Beneficiary contribution	
Concern India Foundation	Yes	Yes	Corporate Presentation	Sale of Products	
Helping Hands			Volunteers		
Karunashraya		Yes	Corporate Donations		
CRY/ CAF			Payroll giving		
Manipal Heart Foundation		Organized dinners			
National Association of The Blind	Yes	Yes	Bequests	Sale of greeting cards, gift coupons, rakhis	
CRY	Yes	Events		Donation boxes	cards
Bharat Gyan Vigyan Samiti			Mobilizing Community support		
The Blind Relief Association		Yes	Sale of Products – wax items like candles		
Katha	Yes		Sale of publication		
Alert	Yes	Yes	Collections from schools	Bequests	Donation boxes

Observations

The following gives an overview of why some methods were successful and others not so. However, it has to be remembered that there may be nothing intrinsically wrong with any one method. It may be that it was not properly used by one organization and may have great success in another. Similarly, the socio-cultural context of one organization may make for success in one technique and not for another. Hence, it is dangerous to generalize. But based on the existing studies, the following conclusions were reached.

Least and most effective methods of fund raising

- Donation boxes and direct mail were seen as among the easier ways of fund raising and yielded a steady though relatively small income compared to organization of events.
- Special events, though resorted to by many organizations as a way of raising large sums of money for a special purpose, such as a building, equipment or a corpus, were considered very intensive in terms of staff time and expertise, and more risky than others, but had the potential for yielding a large sum of money. Success required meticulous planning, imaginative ideas for events, association of big names either with the organization or as artistes participating in the event, and good awareness of government regulations.
- Greetings cards had also been tried by many but had been abandoned by some as being least cost effective. There was also too much competition from commercial and non-profit organizations.
- While few organizations were relying only on one method of fund raising, and had diversified their approaches over the years, many older organizations had experimented with and abandoned some while moving on to others e.g. Mobile Crèches, and Concern India Foundation had begun with greetings cards, but had either abandoned them or given them low priority in later years.
- The corporate sector had become a popular market for raising funds, and the most popular techniques were either presentations or getting sponsorships from corporations for various things such as events, advertisements, brochures, special program activities and so on.
- While many used volunteers in their activities very few organizations

could afford to depend solely on offers of volunteering. Helping Hands was one such unique organization.

- ▶ Many organizations had more than one objective in adopting fund raising techniques. For instance, for SRUTI, Hindu Mission Hospital and Banyan, fund raising was also seen as a way of spreading awareness of the organization's activities and enabling people to get involved with the cause.
- ▶ Some of the innovative methods which had been tried were:
 - Scrap collection and sale. (SRUTI)
 - School contributions using cards with religious or other appeal (Hindu Mission Hospital)
 - Obituary appeals relying on traditional practices (Hindu Mission Hospital)
 - Setting up of an art gallery with donated works from artistes (VHAI)
 - Setting up a movie club (Banyan)
 - Organizing benefit dinners (Manipal Heart Foundation)
 - Payroll giving (CAF/CRY)
 - Bequests (NAB)
 - Mobilizing community support (BGVS)

Sale of products and services was popular with many, (VHAI, Mobile Crèches, Katha, The Blind Relief Association). But clearly, getting the costs and pricing right is one of the most difficult parts, and many organizations would benefit from training in this.

In case of all successful fund raising, effective publicity was important and the most cost effective way was to get it free by good liaison work with the media.

Some of the reasons for **non-effectiveness** were:

- ▶ Staffing bottlenecks and therefore inadequate follow up or planning.
- ▶ Competition from other aspirants.
- ▶ Lack of production, or marketing skills, leading to poor quality of product or poor marketing.
- ▶ Choice of wrong donor segment.

- Need for too much input from the CEO, especially for high level contacts, and therefore severe time constraint on his\her part.

Role of board, staff and volunteers

Of the 18 cases, only 6 had special fund raising staff. One used an outside consultant. The others had relied on their regular staff. Only one or two had attempted to train their staff in fund raising.

Though this varied from case to case, typically, the most valuable contribution of Board members was in providing staff with contacts to high worth individuals in corporate and other circles; providing valuable inputs in the form of technical advice, e.g. drafting appeal letters, undertaking or advising on advertising; and giving policy and conceptual direction. Few were involved in direct implementation.

Staff members were best deployed to provide support to trustees, to undertake direct implementation and follow up.

Volunteers performed a variety of functions in fund raising: They gave contacts, but also were involved in direct implementation of activities such as helping out at events, in sale of goods and so on; they also provided technical advice and inputs. But effectiveness and usefulness of volunteers depends on the profile of the volunteers, the skills brought in, and the capacity of the organization to make good use of them.

Lessons

Some general lessons gleaned from the cases are:

- The cause is very important. It is easier to attract funds for causes, which appeal to the emotions, e.g. children, disability, calamities, education and health.
- Raising funds from the public for intermediaries or research is more difficult because of the difficulty of conveying to people the importance of these activities.
- If the public perceives dedication they will reward it.
- The image of the people at the top is very important for successful fund raising, as are their connections.
- No other method works as well as personal contact and appeal, and the more influential the person making the contact the greater the chances

of success. However, contacts are more important for seeking big donations i.e. corporate donations or roping in a celebrity for an event, but less so for methods like direct mail, sale of products, donation boxes etc.

- Management and leadership play a vital role in fund raising activities and in motivating the staff. Support to, and motivation of staff comes through various means such as training and back up support (Hindu Mission Hospital/ Banyan).

In successful organizations everyone works like a family and everybody rises to a challenge. Dignity of labor is respected. If required, even the executive director will sit to give a helping hand to the staff working on the products. (SRUTI)

Another lesson is that one must shift from a hierarchical to a team based structure where self-directed teamwork is encouraged and people valued (World Vision).

- From the cases it is found that organizations can successfully replicate methods used by others so long as they adapt them to their own context. (e.g. Sri Ram Nama Patra Scheme of Hindu Mission Hospital was adapted from a similar scheme used by Help Age). Adaptation must take account of the socio-religious context, target audiences, timing, (e.g. scrap collection a week before Diwali, the major festival period, by SRUTI.).
- Some specific lessons learnt from organizations profiled:
 - Banyan (Think big, be professional, keep the press on your side, diversify methods).
 - Eklavya (fund raising is an intensive and time-consuming process requiring continuous attention from the senior members, as well as a multi layered system to carry out various functions and systematic preparation).
 - World Vision (need to create a broad base of clientele, donor satisfaction, systematic and professional approach to manage the activity including use of computers and advanced software).
 - SRUTI . In selecting methods of raising money, it is important to consider whether the organization seeking funds is one seeking to bring about social change through changing the existing structure, or whether it is delivering services to the needy. If it is seeking to

change the status quo, it cannot expect funds from either the government or wealthy private donors, corporate or non corporate. They will not contribute to anything, which they perceive will jeopardize their privileged position in society.

In such organizations, they must choose methods, which will mobilize from the expected beneficiaries as well as other well wishers. Small contributions can make big impacts if innovative methods involving common people, are used. They will also spread the message and ensure personal involvement in the cause.

- Karunashraya (a fund raiser should not have inhibitions in asking for amounts of money—though it requires careful judgment to be able to ask effectively).
 - Helping Hands (success of volunteer programs depends on ability to make a potential volunteer identify with the cause and giving him work according to his likes).
 - Concern India Foundation (persistence is the key in seeking donations from corporate houses).
 - Bharatiya Gyan Vigyan Samiti: In rural areas, donations in kind such as food articles, space for volunteers to meet, and donation of time and labor can be as helpful as money donations.
- In organizations studied, charismatic and well-known personalities have been important in fund raising.
 - Fund raising methods like direct mail, events, sale of products, and securing volunteers, are less dependent on a leader than those, which involve direct contacts at a high level. Here it is the organization's image that is important. Organizations are beginning to realize the necessity of reducing heavy dependence on one individual, and have begun grooming fund raising staff.

However, the high staff turnover which is characteristic of non-profit organizations is a big constraint to successful fund raising, since contacts are lost once the staff moves out of the organization.

- A sustainable “mix” of methods and sources are necessary, such that one fund raising method complements the other one e.g. in SRUTI—scrap collection and sale of products made out of scrap material complement each other; in World Vision—the child sponsorship program using the direct mail method is supported by its TV program; in VHAI donated

paintings in its art gallery are reproduced for sale by its printing press.

- Donor segmentation is important for deciding on the appropriate method of fund raising. Segmentation is done on the basis of donating capacities, donors' profile, and the specific context. For instance, in the Hindu Mission Hospital case, while the Sri Ram Nam Patra method is targeted to young students, the Obituary appeal is targeted to bereaved families. Eklavya focuses on corporate houses and financing agencies for its corpus building drive because it requires bigger donations, and because the corporate sector is aware that education and development are closely linked.
- Similarly, events have to be organized according to its audience profile—Mobile Crèches organizes the play after studying its audience profile i.e. theatre buffs; the Banyan chose as its target audience the elite of Madras city and then decided on the type of event. The Karunashraya experience tells us that such segmentation is necessary in order to be able to ask effectively for the amount needed.
- Large one-time donors often give for capacity/capital building strategies of the organization. e.g. Eklavya's corpus building program or Hindu Mission Hospital's building program.
- In some cases donors also like to evaluate the capability of the requesting organization by asking them to raise matching amounts. (e.g. Eklavya)
- Small but consistent donors are driven more by the cause being propagated by the organization, such as a child sponsorship program. Direct Mail becomes appropriate here.
- Some organizations target both the large donors as well as the small, consistent donors through different methods. e.g. Eklavya targets a judicious mix of both by designing different presentations for different segments. In World Vision consistency is more valued than one time donation—donor retention is more important than raising new and one-time donors, and direct mail is more useful.

To conclude, the message is that the potential for fund raising is vast if one researches the market well, gauges one's own organizational strengths realistically, presents one's case effectively, and uses all the imagination that can be mustered. But of course the bottom line is that the cause is worthy, and the organization trusty. ▶



