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The Coming Together of For-Profit and Not-for-Profit Organisations

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Executive Summary

"There is a middle ground in things" – Horace

The last decade has been a tumultuous one for Civil Society Organisations (CSOs) in India. Their funding context has gone through a sea change. For reasons both global and local, foreign funding for Indian CSOs has declined sharply during these years. Also, a slew of amendments in the Foreign Contribution (Regulation) Act 2010, have made it increasingly difficult for CSOs to access these funds. Given that foreign funds used to be a very important funding option for CSOs, it has meant that they have had to look elsewhere.

At the same time, the Companies Act, 2013 made Corporate Social Responsibility (CSR) mandatory for all companies that met a certain threshold criteria. Since then, an average of Rs 16,000 crore have been spent by these companies annually on social responsibility projects, either directly or in partnership with civil society organisations. While several companies were already involved in community initiatives, the scale and consistency of these efforts changed enormously. Companies had to set up CSR departments, appoint staff to carry out the mandate, and engage with organisations and issues they hadn't engaged with earlier. These have been years of rapid learning on multiple frontiers for several large and mid-sized companies in the country.

The past decade has not just seen the emergence of CSR initiatives and funds in a significant way, but has also seen the emergence of individual private philanthropy in a major way. While this has been driven mostly by the rapid increase in the numbers of billionaires and the ultra-rich in India, the increase in private philanthropy is also due to smaller donations made by larger numbers of individuals than before. The growth in small donations (also called retail giving) has in part been due to the ease of giving created by tech-enabled platforms, and possibly also because giving has become more public than before. The combination of these changes has meant that CSOs have had to quickly adapt to the working ethos and approaches of these different kinds of entities in the funding/support ecosystem.

In this situation of flux, in which both corporates and CSOs have been trying to understand and influence one another, we undertook this enquiry to comprehend the actual shifts, and to assess their overall experience of working together. We also wanted to understand how the theory and practice around governance and impact in the social sector have changed in this decade. Finally, we attempt to offer some suggestions for the way forward, so that CSOs can work with CSR funding in a mutually respectful and beneficial manner.

Methodology

The entire study was carried out during the COVID-19 pandemic, which affected the methodology. Field visits, part of the original plan, had to be done away with. Given the nature of the study, and after consulting others in the field, we decided to use long, in-depth interviews as the principal mode of investigation. These were supported by questionnaire-based surveys and secondary literature review. The initial findings were presented at a round table attended by almost all of the interviewees, after which this report was finalised.

The CSO terrain

A. Who and how many

When we speak of Civil Society Organisations in this paper, we are broadly referring to development organisations working on social issues. These could include the whole gamut of organisations involved in direct action, research, advocacy, rights-based work, capacity-building, community groups, etc. However, there is no comprehensive database of such organisations and efforts at counting CSOs rely on counting organisations registered under the Societies Registration Act, 1860, the Indian Trusts Act, 1882, and Section 8 (earlier Section 25) of the Companies Act, 2013. However, as this dataset is based on legal form rather than purpose, it includes a very wide range of entities—all the way from mohalla puja samitis that come into action only once or twice a year, to some very large institutions such as museums, sports clubs, and media clubs. While all of these no doubt constitute disparate elements of what sociologists call civil society, in operational terms it is hard to consider, say, the Board of Control for Cricket in India (BCCI) or the Gymkhana Club as CSOs.

In 2012, the Central Statistics Office (Ministry of Statistics and Programme Implementation, Government of India) counted all Registered Societies, Trusts, and Section 8 companies in the country since the time these laws were enacted – regardless of whether the entities were currently active – and came up with a number of 31 lakh NGOs/CSOs in India. Of these 31 lakh registered organisations, the Central Statistics Office physically visited 22 lakh organisations, but could actually trace only 6.94 lakh organisations. Given that about 31% of the visited organisations were actually traced, extrapolating to the full set of 31 lakh would produce a figure of 9.6 lakh NGOs/CSOs in the country, which would include not just development CSOs but all the various kinds of organisations referred to in the preceding paragraph.

Apart from inclusion errors, there are also possible exclusion errors, from the perspective of understanding the true size of the civil society organisations space in India. Cooperative societies, trade unions, temples, wakfs, gurudwaras, churches, etc – all of which have legal registration forms different from the three cited above – all adding to the rich tapestry of a nation's civil society, found no place in the above exercise.

Others have also tried to do this size estimation, including the Society for Participatory Research in Asia (PRIA) which, following an assessment in 2000, concluded that the number of CSOs in the country was likely to be about 12 lakh. In recent years, the NITI Aayog's NGO listing site, DARPAN, has become a good estimate of active developmental CSOs in the country. It currently lists only 1.25 lakh CSOs – and while listing on DARPAN is not mandatory, it is key for seeking funding or collaboration with government agencies. Thus, it would not be wrong to say that almost all active CSOs are listed on DARPAN.

Hence, while the "31 lakh" CSOs/NGOs number has often been used in media, the actual number may be well below 10 lakh, of which only about 11%-12% may be active. Given India's population, this means roughly one active CSO for every 11,000-12,000 persons. Since the density of CSOs is lower in most of the poorest ("aspirational") districts, chances are there could be one active CSO there for perhaps 25,000-50,000 persons. Thus, by no means is the CSO sector as numerous as it should be, given India's wide and deep triad of problems of economic deprivation, social exclusion, and environmental degradation.

B. Spatial distribution

The paper also looks at the spread of CSOs across the country, and the correlations if any, among the spread, the need (as indicated by the human development indicator for the state), and the availability of funds (as reflected in CSR and FCRA funding) for CSOs. The density index that we have built is based on providing greater weights for CSOs with better procedural accountability systems.

There is a major caveat, though—almost all major datasets list CSOs by states in which they are registered, not where they are working. This is important because most large and mid-size CSOs are active in multiple states. Given the limitations of data availability, our density index, as also the correlations we have made, are based on the CSO's place of registration, not its area of operation. Even so, the results are still interesting. Further, as and when more correct data is available on the actual work areas of CSOs, this same methodology can be used to arrive at an improved picture.

How has the sector changed?

Almost everyone we spoke with talked about the deep and wide shifts taking place in the social sector. While many of these shifts have been exacerbated over the previous decade, most respondents agreed that the trends had been evident for several years. Some highlights from our interviews:

1) The nature of changes

a. The scepticism, suspicion, and regulations amidst which CSOs today work is much higher than ever before. There is a growing perception that CSOs are anti-development, anti-industries, anti-urbanisation, and so on. A narrative has been created, which paints CSOs as inefficient and poorly governed. This perception and narrative lend a justification for tightening the flow of funds to the sector, and for adding to the regulatory requirements. As one respondent quoted their founder: "The freedom of CSOs is a single good indicator of the health of democracy".

   The flip side of these changes is that CSOs today devote disproportionately large amounts of energy and effort on reporting and compliances. The internal culture of CSOs has consequently become more 'corporate', focused on deliverables and, at times, more top-down. There is a lot of interest in measuring outcomes within short time-frames, leading to a dilution of process and innovation. In addition, since most funding is now 'projectised', institution-building in the CSO space has suffered setbacks.

b. A rapid loss of 'biodiversity' in the sector was flagged by most respondents. CSOs are far more focused on 'delivering development' than on strengthening the fundamentals of a more just society. Scale and impact have become extremely important, leading in part to the emergence of specialist CSOs focused on a single problem or theme. While there is no denying the value of sector-focused CSOs, organisations that took a more integrated approach to development now seem to be on the wane. The 'biodiversity' loss is also reflected in the larger number of small CSOs that have shut down or come under stress over the past decade.

c. A certain kind of "anglophilic" CSO is increasingly becoming the norm, with small vernacular groups finding it much harder to continue. The earlier narrative of small and diverse being more effective is now lost, with scale and similarity becoming the preferred attributes.

The rise in private and corporate philanthropy has been accompanied by the birth of a new kind of CSO, in which the donor is the doer. In contrast with traditional philanthropies, many of the new philanthropies have their own implementing arms. Earlier, philanthropies most often pursued their larger objectives through partnering with others in the CSO space. These partnerships were usually long-term, trust-based, and institutional as opposed to just project-based, and took a more comprehensive ecosystem view of development.

The last decade has also been marked by the emergence of intermediaries—for incubation, acceleration, capacity-building, funding, and so on. There is now a whole ecosystem of intermediaries, both not-for-profit and for-profit. While intermediaries or aggregators do serve a purpose, most of our respondents expressed disquiet over this strengthening trend. The emergence of social enterprises and other hybrid organisational forms, which combine elements of both for-profit and not-for-profit organisations, are another new and interesting space to watch.

d. Another question raised was whether CSOs of the more formal and organised kind would remain the vanguard of large-scale social change in the future. To quote one respondent—"epochal changes are happening outside of structured institutions". The farmers' movement of 2020-21, and the anti-CAA/NRC protests of 2019-20 were cited as examples of more non-institutionalised initiatives seeking change. Several people said the youth are approaching things differently, and doing remarkable things outside of formal organisational spaces; there is a need to understand these shifts.

2) Internal Reasons

a. We found significant agreement among respondents on the need for greater self-reflection within the CSO space. There were leaders who felt the sector has not truly shared the transformative potential of its work, boxing it into artificial divides of service-delivery and rights. There were others who felt that CSOs have often overprojected their successes and underplayed challenges. All of these have contributed to building a shallow development discourse.

b. Some respondents were of the view that the work on rights especially in the last decade has not been as strong, not just because of the changed funding and political context, but also because of the changed community context, in which aspirations are being increasingly influenced by social media.

c. The CSO sector comprises a wide variety of organisations, but is often spoken of as an unsegmented universe. There is a pressing need for a more nuanced classification system, and for building good-quality data on the sector, by the sector.

d. Many spoke of the need for CSOs to embrace changes such as increased collaboration and use of technology, and for greater emphasis on 'mutual self-regulation and mutual self-governance'. Mutual self-regulation refers to not just holding oneself accountable, but also to being held accountable by one's peers.

e. Embracing the young, and actively making space for them, was another desirable change that respondents hoped for.

3) External Reasons

a. Most respondents felt that the larger societal context today is less open, with a narrowing of spaces for questioning and dissent. This has affected the nature and form of civil society action.

b. Notions around charity and philanthropy have shifted, with most new philanthropies not satisfied with just providing support, but wanting to be part of, or influencing the action.

c. CSOs have long prided themselves on being self-governed entities, with core value systems that drive them towards good-governance principles such as transparency and honesty. Over the last decade however, the ideas of self-governance have increasingly come under challenge.

d. While the shift towards greater quantifiable measurement precedes the entry of CSR, it remains true that CSR funds came in with a very pronounced bias towards measurable outcomes, almost to the exclusion of any other understanding of impact. Further, given the emphasis on implementation and delivery, CSR funds have led to the birth and growth of 'vendor' CSOs that are efficient at delivery.

e. Finally, our respondents felt that despite everything, certain geographies, especially the North-eastern and Central regions, remained neglected. While the old locational disadvantages persist, new forms of inequality (technology, education access) have emerged. The social sector was about working in areas where no one else would be interested; but in the absence of funding with freedom (which would let CSOs determine their priorities), this has become harder.

Funding shifts

For fiscal year 2019–20, the Central government spending on social sector programmes was Rs 3.2 lakh crore, and State governments spent another Rs 15 lakh crore (Bain & Company, Dasra, 2021). However, support for CSOs and their work mostly came from private sources, whether foundations (foreign or Indian) or individuals.

Over the past few years, corporate giving under CSR has risen rapidly and garnered a lot of visibility. Interestingly, during this same period, Indian private philanthropy by small and large donors has grown even more, even though it has not been discussed as much as CSR. The biggest funding shift to have affected Indian CSOs has been the steady and sharp decline in funds from foreign foundations. The total private sector funding for the social sector for FY20 was Rs 64,000 crore, compared to Rs 52,000 crore in FY19 (Bain & Company, Dasra, 2021).

However, the volume of money flowing into the CSO space does not tell us anything about the health and autonomy of the sector. It is far more important to understand the nature of the money; nature refers to the conditions surrounding the money. These conditions could be about how the expenditure would be monitored and reported, but they could also be about how and where the money would be spent. The tighter the latter set of conditions, the lesser is the agency and autonomy of CSOs to innovate or respond to ground-level variations.

According to the Bain India Philanthropy Report 2021, international non-profit contributions to India have declined by 30% over the last five years. Over the last decade or so, foreign funds coming to CSOs have declined sharply and CSR funds have risen sharply. While they may have substituted each other dollar for dollar, they are different as chalk and cheese. Foreign funds often came with greater autonomy; CSR funds by nature tend to be extremely defined. This is why we often heard concerns among CSOs over becoming merely implementing agencies or 'vendors'.

New-age private philanthropies and high net-worth individuals are another rapidly emerging source of funds coming into the social sector. These are different from the older philanthropies in that they either set up their own implementing arms, or pick a specific focus/ problem and then look for partners around it.

The small individual donors probably leave the CSO with the greatest agency. They were also the kind of donors that CSOs depended on traditionally. However, in our research, we found very few instances of CSOs for whom this was a significant part of total fund inflows, even though many seemed to be re-appreciating the value of this source of funding.

There was a time when CSOs generated their own funds, through sales of products (CRY's greeting cards are the most well-known effort) or services (training and capacity-building programmes). Many spoke of the ways in which these channels were an important path to core autonomy, if not full self-sustenance. However, regulatory changes made about a decade ago put a cap of 20% on CSO revenue that could be earned income, setting back these fledgling efforts at self-reliance.

Implications

Respondents across the spectrum spoke of the implications of the shifts in the funding ecosystem. Some of the themes that came up repeatedly during conversations were:

- A pronounced funding skew towards tangible, 'hardware' kind of programmes. There is also a marked skew in thematic areas, with health, education, and skilling being clear favourites.
- There is also a geographical skew, at least as far as CSR funds are concerned. An interesting consequence of the focus on select geographies has been that whereas in the past money used to go where CSOs were located, now CSOs are expected to go where the money is located.
- Increasing projectisation and templatisation of development. There is a push towards standardising approaches, solutions, costing within the social sector reality of regions and communities differing from one another. This is accompanied by shorter time horizons, with agreements often being only for a year.
- We repeatedly heard from respondents that "donors are willing to fund programmes, but not the cost of delivering programmes". This underfunding, coupled with development work being equated with project delivery, has meant there is hardly any support available towards institution-building. The current set of well-regarded CSOs benefitted from institution-building investments made by an earlier set of philanthropies. Respondents said they feared investments in institution-building for the future are no longer happening.
- The implications of the changing funding portfolio have also been strongly felt in the impact and measurement space. CSR funds in particular, have not only influenced the way impact is defined, but have also led to a culture of constant measurement and reporting, in which CSOs are now investing significant time and resources.
- Social sector funding now involves very little risk-taking. The donor is most often looking for established models, and the spirit of

search for solutions irrespective of guaranteed success, now seems absent. This is leading to reduced emphasis on innovation or on areas of work that have lower chances of 'success'.

- Funding has become specialised, requiring a multiplicity of compliances, most of which have to be filed online. While this may improve filing convenience in the long run, in the transitional period, CSOs have struggled with software glitches, non-responsiveness to queries, and lack of staff with IT expertise. As a result, the last decade or so has seen a rapid rise in the number and salience of intermediaries and aggregators. While there were mixed views on this trend, several respondents felt it was putting greater distance between the actual work on the ground, and those who supported that work.

The Unfolding world of Corporate Social Responsibility

The history of corporate philanthropy in India goes back to pre-Independence times, with the most well-known example being of the Tata Group (the Sir Ratan Tata Trust was founded in 1919, although philanthropy by the Tatas is older than that). Many corporate houses stepped forward to support the independence struggle. M.K. Gandhi's formulation of 'trusteeship' spoke of the responsibility of business towards the larger social good. Gandhi's influence was crucial in the role that Indian companies came to play in nation-building and socio-economic development in the country (Sharma, 2009, p. 1519) between the 1880s and 1950s.

Approaches

Almost every corporate we interviewed spoke of the need for CSR to be in sync with business priorities, whether in terms of the chosen themes or geographies. Even though this was not the intent of the Act, there is clear expectation of some kind of return to business—whether as goodwill of local communities or strengthening the social licence, or at least through greater media visibility. Rare were examples of corporates giving without expectation of some returns accruing to business. The most commonly articulated reasoning behind seeking an overlap with corporate priorities was that 'business is not charity'. Some said it was a shift from philanthropic CSR to strategic CSR.

Using CSR to create possibilities of employee volunteering is central to many corporates—informed by the idea of giving not just money, but also expertise; driven by the need to be 'more than just a funding partner'. While this provides additional skilled human resources for CSOs, the availability of volunteers when needed, and their depth of understanding of issues to be addressed, is less than required.

Most corporates seem to use mixed models for implementation—both directly and in partnership with CSOs. The choice is driven most often by convenience or confidence. We had respondents who had made a deliberate choice to implement only through their own trusts since that offered greater governance assurance and control. However, even corporates who worked exclusively with CSOs did not do so from the perspective of building a larger civil society. We heard no corporate mention the strengthening of civil society as a greater objective.

Most corporates we spoke with felt good about their experience with CSOs, with very few instances of disappointment. Yet, corporates were more likely than any other donor category to speak of 'the need to build CSO capacities'. Their disappointments were mostly to do with the (slow) pace at which CSOs work, or their openness to adopt new practices.

Having heard from CSOs about the impact corporates were having on their world, we wanted to understand from corporates whether—and in what ways—this coming together with non-profits had impacted them. However, the only thing we heard was about the positive impact that volunteering opportunities have had on their staff, in terms of morale and retention.

While corporates recognise that finding a suitable partner is more than just a due diligence process, most of them still use elaborate legal/audit filters. Most corporates spoke of the difference between a vendor and a partner relationship, the desirability of the latter, and their belief that the trend would gradually move in that direction.

We spoke with our corporate respondents about the shift towards tangible and short-term measures of impact. While expressing commitment for the idea of tangible metrics, several of them felt that there was need to find a balance between the long-term, somewhat intangible idea of impact and the extremely short-term perspective. In fact, the CSR professionals seemed to chafe under the constant pressure to show results as much as their counterparts in the CSO space. As one corporate respondent said in exasperation, "almost every few weeks, I get asked about what's new in CSR?"

However, we also came across interesting instances of corporates going out of their way to create enabling conditions to help CSOs do better—such as facilitating knowledge exchange among CSOs, providing assurance of long-term and adequate funding support, etc.

A lot of the challenges of this coming together are to do with trust and expectations. For-profit and not-for-profit organisations have traditionally been suspicious of each other, with very little common ground. The Companies Act, 2013 and the mandatory CSR changed that, bringing them together, each for their own reasons. The CSOs came to the table because they needed the money; the corporates came to the table because they needed people/organisations who could deliver development.

The corporates are a completely new kind of donor, one that doesn't even like to be identified as a 'donor', one that has the self-image of a doer. They are also more comfortable in vendor-vendee relationships, supported by backend systems for dealing with vendors. Corporates take a lot of pride in their 'efficiency' paradigm, honed over centuries of working in the marketplace. On the other hand, CSOs often come to this partnership expecting the kind of donor they have usually worked with in the past. So the starting points are very dissimilar, but most people we spoke with conveyed optimism that over time, CSR as a coming-together space will evolve.

Impact

The research team attempted to understand how the conversations and practice around 'impact' have changed in the last decade. We also asked people about variables that influenced impact. While there were differences in articulation and practice, we found much common ground on both sides in terms of a deeper understanding of impact. However, the practices around impact seemed to leave much to be desired.

The meaning of impact

In terms of what people mean by impact, we heard the following:

- While many respondents felt that most CSR funding does not look at impact but only tracks inputs and outputs, some said that impact is insufficiently conceptualised even within CSOs, and often taken for granted. There is need for a clearer articulation of their theory of change so that people can appreciate what they are attempting.

- Most CSOs look at impact in generational terms; as a process of social change and transformation, which is often measured in terms of intangibles such as the strength of community institutions, improved solidarity, sense of self-worth, etc. However, many felt that the pendulum has now swung to the other extreme where the idea of impact has been reduced to merely providing infrastructure, asset-building, and other tangible targets that are achievable in the short run.
- Along with looking at what is happening within communities, people also pointed to the importance of seeing how the organisation itself, its values and work culture, are getting impacted in the course of work. Organisations may also be missing out on the community's own perception of impact.
- Finally, given the great emphasis on measurement and 'doing what can be measured', several respondents spoke of reports missing out some other interesting aspects of the work, since those were not asked for. Likewise, the adverse or unintended impacts of interventions also need to be looked at.

What drives impact

According to our respondents, these are some key drivers of impact in social interventions:

- **A contextualised perspective and approach:** Formulating 'contextualised theories of change' and moving away from silo approaches to systems approaches appeared as a strong determinant of impact. As one respondent said, "organisations have begun seeing development as a decontextualised service; instead any kind of development intervention needs to be strongly rooted in culture and community."
- **Process view:** An understanding of social change as a function of sound processes (the means) and not merely as something that is pursued only at the level of ends. This also requires the ability to adapt as things unfold on the ground.
- **Good monitoring processes:** Impact needs a comprehensive and nuanced understanding of the problem, a good sense of the intervention to address it, and processes of assessing intermediary outcomes, i.e., a process-oriented measurement system, among other things.
- **Investing in people:** Impact in the development space has an extremely high correlation with the values and commitment of the people engaged in the work. Investments in field personnel/teams give the best returns in terms of outcomes. This includes conveying a sense of stability, agency, and care to the frontline workers.
- **Community participation and involvement:** Expectedly, the extent of community involvement emerged as a key factor in strong impact. Assessment of community participation must go beyond just the optics and the mechanics.
- **An alignment with organisational vision, passion, and expertise:** This point was emphasised by several respondents, especially those from civil society backgrounds. Congruence of the initiative with the implementing organisation's vision and passion was considered vital. Interestingly, this was not emphasised as strongly by corporates.

- **Organisational stability and stamina:** Having a strong and stable implementing partner is crucial. People spoke of organisations with strong roots and the self-confidence to give honest feedback even when things are not going well—ones that have strong self-accountability, and those with the stamina for the long term and the tenacity to keep going deeper.

- **Long term funding commitments:** The implementation period must be long enough; long-term projects generally deliver better impact. Long-term work requires long-term funding. Funding organisations, instead of projects, was mentioned as a better approach from the impact point of view.

- **Regulation and enablement:** Many respondents mentioned an enabling environment of greater trust. The government contributes hugely to the enabling (or otherwise) environment but equally, donors/corporates can help build conducive conditions at least within their micro-contexts.

Governance

- An analysis of the Edelman Trust survey over the decades has shown that CSOs have been displaced by businesses as the most trusted institutions globally. The rising trust in business has also been accompanied by an increased expectation from business leaders to fill the void left by government, as opposed to CSOs or civil society leaders. In India, since the beginning of the survey (a decade ago), businesses have enjoyed more trust than CSOs. This decade has also been marked by a tightening of the regulatory environment within which CSOs function.

The perception of the poorly governed CSO

The burden on CSOs to demonstrate accountability and transparency has increased over time. In 2013, the Delhi High Court branded 99% of CSOs as “fraud, money-making devices” (Nair, 2013). However, the narrative of the ‘untrustworthy CSO’ does not appear grounded in reality. There are hardly any statistics or evidence to back the impression of CSOs as untrustworthy or poorly governed.

Even during our conversations, with both CSOs and corporates, no one had evidence to bear out the prevailing perception. Many CSO leaders strongly protested this formulation of a weakly governed sector. In a survey conducted by Ernst and Young among 100 corporations engaged in CSR, only 8% of respondents were aware that they had received complaints regarding fictitious expenditure incurred during the execution of CSR projects.

The everyday discourse around CSOs has come to be laced with questions of accountability and transparency, without much evidence of wrongdoing. During discussions, most CSO respondents felt strongly that while there is always scope for improvement, the current negative narrative is both unfair and deliberate.

Relooking at the premises

The goal of ‘good’ governance is to ensure that the organisation stays on track in terms of its vision and values. All ideas of ‘good’ governance that came through in the interviews were rooted in democratic ideals of decision-making, and the necessity of devolving the understanding of good governance away from being board-centric. Self-regulation is one of the most important ways for

CSOs to improve accountability while retaining their autonomy and core characteristics. Hence, strengthening the idea of 'mutual self-regulation' in CSOs ought to be the starting point for strengthening 'good' governance.

People spoke strongly of the inaccurate data on the true size of the sector and the lack of segmentation as being major contributors to the misperceptions about the sector. As mentioned earlier, the list of registered societies, trusts, charities, etc. includes a wide range of organisations such as prayer committees, festival committees, resident welfare associations, or sports clubs, only a handful of which are engaged in the actual work of social transformation, but which get clubbed together in the framing of public perception.

Most CSO respondents who protested the label of 'inadequately governed sector' argued that governance frameworks cannot be replicated across sectors. There is a need to appreciate the CSO context and understand how they govern themselves, and to root any new ideas on governance within these realities. Most CSOs in the country are medium- to small-sized, and an insistence on setting up elaborate governance systems further strains their scarce resources. In the words of one of our respondents, "most CSOs are MSME-sized, and their governance should be compared to MSMEs, and not the top 1,000 corporates".

CSOs seem to be stuck in an awkward situation where on the one hand, their systems are being questioned for not being robust enough and on the other, the resources for building new, more elaborate systems are either depleting or not forthcoming. Most CSO respondents felt that solutions to the challenges of the social sector do not have to originate from the business world, rather, they must be located within their context. Imposing business models on CSOs has led to a new set of problems, including procedural and reporting overload.

Finally, almost everyone acknowledged the importance and indispensability of trust in these relationships. Many felt that the emergence of intermediary organisations can also be traced in large measure to the absence of trust.

We have also looked into the processes followed by corporates/donors to look for well-governed CSOs, and found little difference, in terms of outcome, between those having elaborate due diligence and assessments in place, and those using a more personalised and qualitative approach.

Disruptors

The long spell of COVID-19 and changes made to the FCRA in September 2020 impacted all our conversations—more importantly, they severely affected organisations in real time. Hence, while these were not part of our original research, we did spend time discussing their fallout with all our respondents.

The coming together

Few had anticipated the significance of the introduction of Corporate Social Responsibility as a mandate in 2013. For better or for worse, this has created a churn. It has thrown together people and organisations who had hardly known each other before. It has changed the language. It has changed practices. It has changed perceptions. While challenges abound, it is indeed too early to say much apart from the fact that this dynamic needs to be watched and understood, and hopefully influenced towards a better equilibrium.

Approaches:

We share here some of the salient aspects of this coming together.

1) As experienced by the CSOs

a. **Short-term, target-focused:** This is something we heard repeatedly—of development (or at least funding) perspectives having become target-driven and short-term, shifting focus away from process issues, from harder and longer-term issues. We heard about the loss of flexibility leading to loss of innovation, and of the "projectification of development". We heard about horizon mismatch—one respondent spoke of tree-planting projects with just a nine-month timeline. Also, most reporting now is on outputs, very little on impact: "overall a much shallower approach".

b. **Rising 'hyper-professionalism' and 'specialisation':** The 'professionalisation' of the sector that began in the 1980s has gone to the extreme of "hyper-professionalism", often sidelining other ways of working. There is an increasing emphasis on focused thematic projects, as opposed to integrated approaches.

c. **Shifts in geographies and themes:** CSOs spoke of experiencing both these shifts and regretted that neglected geographies have remained neglected under CSR as well. Also regretted was the overemphasis on certain themes (education, health) and the sidelining of others (forestry, community institutions, rights-based work).

d. **Reporting and compliance overload:** These now take up a very large part of the CSO mindspace, effort-space and time-space, without clearly evidenced value-add. One CSO mentioned submitting 80 reports to different donors over a period of six months. Micro-supervision of CSO staff is becoming more common, especially post-COVID. Donors insist on their own reporting systems, without respecting existing organisational systems.

e. **Rapid loss of institutional biodiversity:** Almost everyone we spoke to was worried about the rapidly diminishing biodiversity of the CSO sector—the smaller, the provincial NGOs fading out, leaving behind a similar type of Westernized organisations.

f. **CSOs as appendages:** CSOs worried about the sector being driven by donors or corporates, and of losing their autonomy and the ability to 'speak truth to power'. Some said that CSOs themselves have ceased to ask fundamental questions, and become more of service delivery agents. Others felt this was part of a larger shift towards top-down control. Another sentiment was that corporates tend to project CSO work as their own just because they give the money.

g. **The rise of the intermediaries:** While intermediaries and aggregators serve a function, many respondents from both non-profits and for-profits flagged this as a worrying shift, with one respondent calling them 'extraordinary middlemen'.

h. **Changing internal cultures:** People who can speak the corporate lingo are now valued more even within CSOs. Staff members are becoming more silo-ised into their 'projects'. One respondent mentioned having to let go, in the face of pressure to meet targets, of conversations dealing with gender-based violence in the communities. Another spoke of the neglect of 'community-centred approach to development'.

2) As experienced by the corporates

a. **Vendors or partners:** Most corporates are used to working with vendors, with no category of 'partners'. The systems and processes lead towards reducing CSOs to vendors.

b. **Why the increased emphasis on compliances and monitoring:** Some corporates felt that given the very high demands for accountability from company boards (including for CSR), it was to be expected that companies would pass those expectations onto the CSOs, and take a more cautious approach.

c. **Corporate value-add:** Several corporate respondents were of the view that they actually help CSOs with systems/processes, leading to better governance and impact assessment.

d. **The CSO value-add:** Many corporate respondents spoke of the value of volunteering opportunities for employees created through CSR. One respondent said her staff had become more patient as a result. Some spoke about a gradual recognition in corporate offices of the real pace of development work.

e. **CSOs lack flexibility, don't collaborate with each other**: Some corporates find that CSOs are rigid and set in their ways, unwilling to learn and change. Several wondered why CSOs have not come together to create an industry-based platform or body like FICCI/CII.

f. **The horizon question:** Almost all corporates acknowledge the need for a longer-term horizon, while recognising that much of CSR is short-term. Many try in their own ways to make these engagements longer-term.

g. **Navigating the power imbalances:** Some respondents were forthright in saying that the power imbalance is a reality, but CSOs needed to find ways to deal with that.

h. **CSO overpromise:** Some respondents felt that CSOs also need to be transparent and not overpromise.

i. **CSO exposure to business risks:** An interesting comment from one of the respondents was that 'in a way, the CSOs are also now not insulated from market risks'. CSOs' budgetary ups and downs are now linked to fluctuations in the market. Another respondent advised CSOs to not think of CSR as a 'permanent' source of funding.

j. **Nature of CSR:** while some corporates said CSR was gradually moving from being 'spend driven' to 'value driven', others felt it had become much more transactional. CSR prior to the coming of the Act was driven more by a philosophy; the primary driver now is compliance.

On balance: Suggestions and conclusion

- **Overall, a win-win:** The CSR Act proved almost providential for Indian CSOs, coming just as funding from other sources began to fall sharply. Likewise, the existence of strong CSOs in India helped corporates to rapidly meet the 2% spend target and show quick outcomes.

- **Alignment:** The expectation that CSR must add in some way to the company's credibility, goodwill, and social licence is mostly the norm. CSR departments function between "business interests and societal purpose", with the tilt often towards the former.

- **Trust and respect:** Despite seven years of working together, the underlying trust deficit remains strong. Issues of insufficient mutual respect and recognition too came up repeatedly. But there were also many cases of deep friendships and alliances being formed across these borders.

- **The nature of relationship:** Most corporates (and philanthropists) are driven by their own worldview or corporate priorities. They tend to specify the thematic area, geography, sometimes even the outcome, and then look for partners who will deliver on those. With notable exceptions, the degree of specificity with corporates tends to be much higher than with other kinds of donors.

- **Nature of development outcomes:** The jury seems to be still out on whether we are witnessing better development outcomes due to the coming together, but many felt there was a loss of depth and complexity in the discourse. The formulations have become rather 'simplistic'.

- **Culture-understanding osmosis:** More CSOs spoke of corporate influence on discourse and practice than the other way round. The score on improved understanding of the other—not an inconsequential outcome—seems somewhat low at this point. However, several CSOs spoke of the need to invest in dialogue, and to build platforms to facilitate this.

- **Bridging the gaps:** One important area of disconnect seems to be around the metrics. As one respondent said, "The answer may not be to move away from metrics, but to create another set of metrics, even if those are intangible". Improved conversation is also needed around the degree to which reporting, audit, bureaucratic processes are reasonable. Currently, CSR seems to be heading towards a procedural overload.

- **Changing profile of the sector:** Apart from intermediaries and aggregators that have come up or grown in response to the corporate need to de-risk and delegate, there is the emergence of corporate (and UHNI) foundations as a new kind of CSO, with often high visibility.

Introduction

In June 2021, author and philanthropist Mackenzie Scott (formerly Mackenzie Bezos) donated over $2.7 billion to 273 organisations across the world. Not just her enormous generosity, but her article accompanying the announcements, too, has attracted a lot of attention. One particular sentence that stood out was, "Putting large donors at the centre of stories on social progress is a distortion of their [beneficiary organization's] role" (Scott, 2021). Among others, one important theme that she touched upon is debunking the notion that the ultra-wealthy are changing the world by donating abundant funds to the social sector and social organisations. Instead, she highlighted that these funds are being given to organisations who have the potential to make these changes. It is these organisations that deserve the spotlight.

Notions of billionaire philanthropists or benevolent, responsible businesses are not new, but are now manifested at an unprecedented scale at a policy level. On the one hand, this rhetoric has resulted in businesses making the effort to show more responsibility to communities and the environment. On the other, it seems to be the latest mutation of the rather out-of-fashion trickle-down economics. Over the decades, businesses and business leaders have increasingly been seen as problem-solvers in society. As the Edelman Trust Survey shows, there has been a steady rise in trust in businesses around the world. For many years, Civil Society Organisations (CSOs) were the most trusted institutions globally; they now stand second to businesses.

This has moved the focus towards big money and reduced CSOs to the role of service providers or vendors. Scott and her associates have tried to pass the microphone to those who are equipped to deal with social problems, emphasizing that neither she nor her band of associates are the experts. Rather, it is community-centric organisations that are "powerful catalysts of change" (Scott, 2021).

Being a service provider has historically been only one aspect of the CSOs' role; there have been other equally (if not more) important roles such as deepening democratic values, being the voice of the marginalised, advocacy, etc. It is only in recent times that the service delivery role has taken centre stage, and development has become the service they deliver. Moreover, CSOs have filled the lacunae left by the state in far-flung regions of the country, catering to marginalised communities and stepping in where the state has failed (Karim, 2011).

In India, corporations have started engaging with the social sector in a major way especially since 2013. The Companies Act, 2013, mandated that corporations of a certain size must allocate at least 2% of average profits made during the immediately preceding three fiscal years towards Corporate Social Responsibility (CSR), as defined by Schedule VII of the Act.

> **From being a malleable concept, CSR has come to be strictly defined by legislation. Somewhat corresponding to this, the conversations around impact and governance in the social sector have started changing.**

Given this context, ways of working have seen a sea change. From being a malleable concept, CSR has come to be strictly defined by legislation. Somewhat corresponding to this, the conversations around impact and governance in the social sector have started changing. We look into these shifts and try to understand their implications. The first chapter looks at civil society in India. We then move on to the history of CSR and corporate philanthropy in India. The Companies Act, 2013, had its precursors, but was nonetheless a turning point. We go on to look at the spatial distribution of CSOs in the country, and how they compare with the spatial distribution of CSR funds. Finally, we look at prevalent impact and governance frameworks—how they have been defined in literature, what sector leaders have to say, and what changes are needed.

Methodology and approach

This study was undertaken with the objective of understanding the shifts that have taken place in the social sector, especially around the ideas of impact and governance over the past decade. The decade has witnessed many changes—the emergence of corporates as an important player in the social sector (spurred by the Companies Act, 2013), being among the most significant. The entry of private capital led to a certain "corporatisation" and increased "professionalisation" of NGOs and the social sector in general. The emergence of new players like social enterprises and professional intermediary organisations has also been a significant step in this decade.

Apart from the focus on impact and governance, some of the central questions that the study addresses are: mutual expectations between CSOs and corporates, preferred approaches to work, the spatial alignment between corporates and CSOs, etc.

Given the nature of the study, we have followed a qualitative enquiry approach, mostly through in-depth interviews with a wide cross-section of leaders from both the non-profit and for-profit sides. Our priority was qualitative analysis, conducted through secondary research, interviews, and questionnaires.

Secondary research and literature review

We referred to a wide range of sources to contextualise our study, and to supplement and corroborate our findings. We looked at literature across disciplines—from business and management to anthropology and economic history, as well as annual reports of various organisations. An interdisciplinary perspective has helped us, hopefully, to present a holistic understanding and analysis. Literature on good governance was extensively referred to. We also looked at annual reports and monitoring evaluation frameworks of different kinds of organisations to build our case studies and policy recommendations.

Government databases were crucial for our secondary research. It is important to note that we encountered our first hurdle while defining a non-profit or civil society organisation. Not only are there numerous nomenclatures, but the most vexed question is which organisations are to be included, and which excluded. We discuss this later in the study, but suffice to say here that the catch-all nature of this term also means that the databases on CSOs in the country differ widely. Due to the flexible definition of NGO or CSO, the databases tend to include a large variety of organisations. Many of our respondents were also aggrieved by the unreliable numbers in these databases. In order to estimate the number of CSOs, we primarily referred to five databases (we elaborate upon them in later chapters):

1. NGO Darpan
2. FCRA Database
3. Give India
4. Income-tax registration
5. Central Statistics Office

Interviews

Our primary source was interviews. We carried out a total of 44 semi-structured (see annex), 90-minute-long, in-depth interviews[1]. The respondents belonged to organisations across the country. Though from diverse backgrounds, they were vastly experienced, and had witnessed first-hand the changing dynamics of the sector. The questions were framed based on the backgrounds of the interviewees, but the direction of the conversations was largely the same. We asked them about their views on the key shifts over the last decade, what may have changed in the sector in terms of how impact is understood, how they looked at the idea of 'good governance', what according to them were the indicators of well-governed organisations, and their perspectives on corporates/civil society (as the case may be).

Given the COVID-19 pandemic, no in-person meetings or field visits could be conducted. Almost all interviews were conducted over Microsoft Teams.

Survey

We tried using structured online surveys to gather supporting data. We developed two different questionnaires—one for non-profits and the other for CSR professionals. The survey for non-profits was sent to 43,971 organisations. Names and contacts were sourced from the NGO Darpan, whose portal is maintained by NITI Aayog. Given that no unified database exists for CSR departments/foundations/individuals, the survey form for CSR professionals was individually mailed to over 100 people, and posted in online communities of CSR professionals. However, despite our best efforts, the questionnaires did not fetch the requisite number of responses. This was possibly because of the pandemic and the pressure of ongoing relief work on the ground.

The other reason for the low response rate (among CSOs) could be the changes in legislation (in FCRA and CSR) that were happening at the same time, and occupied their attention.

We received 118 responses from non-profits and 11 from CSR professionals. Despite the limited number of responses, some answers reaffirmed our findings through in-depth interviews or scans of secondary literature.

Limitations

One of the biggest limitations of the study was that it was almost entirely carried out in the time of the pandemic. The original methodology had envisaged field visits and on-site discussions. We believe that the context of the pandemic may have influenced the nature of responses.

During the course of our research, amendments were made to the Companies Act, 2013. The FCRA Amendments of 2020 were announced just as we were beginning our interviews, and the future implications of FCRA cast a shadow on our conversations.

[1] All interviews were conducted over Microsoft Teams, and recorded for research purposes. The interviews have been kept anonymous and confidential. If any interview has been quoted, it has been done with the written consent of the individual being quoted.

Indian Civil Society

An unsegmented universe

A Central Bureau of Investigation (CBI) report to the Supreme Court in 2015 said there are approximately 31 lakh CSOs in the country (Anand, 2015), an average of one CSO for every 400 people as opposed to one police officer for every 709 people. This story began doing rounds in the media (Anand, 2015). While this figure encompassed a whole range of organisations and has, therefore, been extensively challenged, it did introduce the idea of what an 'ideal' number of CSOs should be. Therefore, we began looking for similar statistics from other countries.

Table 1: Number of people per CSO in Developing and Developed Nations

Country	Number of people per CSO
Developed nations	
USA	200
France	66
UK	72.7
Italy	200
China	3,000
Developing nations	
Brazil	624
South Africa	293
Bangladesh	555

Sources: National Center for Charitable Statistics, 2020; The Scroll, 2014; IBGE et al, 2005; Asian Development Bank, 2006; Bangladesh Financial Intelligence Unit and Bangladesh Bank, CSO/NPO Sector Regulatory Authorities, 2015.

The table above shows that there is no 'ideal' distribution of CSOs, nor does that number necessarily correlate with the state of development or the form of governance in a country. The accounting for non-governmental organisations is difficult and tricky primarily because of the nature of this all-encompassing sector. This ambiguity regarding the actual size of the sector creates issues especially when it comes to conversations around transparency, accountability, and governance.

The following definition by the World Bank, while being broad, is still clear in terms of the kind of organisations it is referring to: "The diversity of NGOs strains any simple definition. They include many groups and institutions that are entirely or largely independent of government and that have primarily humanitarian or cooperative rather than commercial objectives. They are private agencies in industrial countries that support international development; indigenous groups organized regionally or nationally; and member-groups in villages. NGOs include charitable and religious associations that mobilize private funds for development, distribute food and family planning services and promote community organisation. They also include independent cooperatives, community associations, water-user societies, women's groups and pastoral associations. Citizen Groups that raise awareness and influence policy are also NGOs." (The World Bank, 1990)

If we consider this part, "they include many groups and institutions that are entirely or largely independent of government and that have primarily humanitarian or cooperative rather than commercial objectives", as the operative part of the definition, it points clearly to the kind of organisations we are speaking about. However, the problem arises due to the laws under which such entities are registered. In India, for instance, these laws include many more types of entities than those referred to in the World

Bank definition. This makes the task of accurately counting the non-profits working in the country almost impossible. Moreover, there have been debates and disagreements about the various existing datasets.

There is a further issue about names—non-government, non-profit, voluntary, community-based, development, civil society, and so on. Terms like 'non-profit' or 'non-governmental' do not accurately describe what these organisations represent. Many of these categories are so broad that they could include anything from an elite sports club or a religious organisation to a private school/college/hospital or community organisation. For the purposes of this research, we have used the term Civil Society Organisations (CSO) to refer to the kind of organisations alluded to in the World Bank definition.

Legal framework

In the Indian legal system, a not-for-profit organisation can be registered under the following laws:

1. The Societies Registration Act, 1860
2. The Indian Trusts Act, 1882
3. Section 8 of The Companies Act, 2013

Two other kinds of organisations are often included in the broader category of civil society organisations—cooperative societies and trade unions. Cooperatives have voluntary membership and no restrictions on profit-making, which is distributed only among its members. However, several cooperatives work in a broader developmental space, such as milk cooperatives and sugarcane cooperatives. In recent years, there has been a rapid growth in housing cooperatives. Thus, the work of cooperatives often intersects with that of civil society, as does the work of trade unions.

These laws provide the legal and governance framework within which CSOs function. Apart from these laws which are about the form of incorporation, there are others that have a bearing on the functioning and processes around CSO governance. Significant among those are:

1. The Income-tax Act, 1961: To be eligible for tax exemption under the Income-tax Act, 1961, the not-for-profit entity must be organised for religious or charitable purposes. Charitable purposes include relief of the poor, education, yoga, medical relief, the advancement of any other object of general public utility, preservation of environment (including watersheds, forests, and wildlife), and preservation of monuments or places or objects of artistic or historic interest (Fogla & Patra, 2015).

2. The Foreign Contribution (Regulation) Act, 2010: Under this Act, all NPOs in India, such as public charitable trusts, societies and Section 8 Companies that accept foreign contributions must: a) register with the central government; b) agree to accept contributions through designated banks; and c) maintain separate books of accounts with regard to all receipts and disbursements of funds. FCRA registration must be renewed every five years.

The various kinds of organisations that can be registered under the above laws include but are not limited to religious entities, cooperatives, trade unions, private educational institutions, private technical/professional colleges and institutes, private universities, some private non-profit health institutions, corporate foundations, employers' associations, think tanks, libraries, museums, theatres, local *mahila mandals*, self-help groups, youth groups, resident welfare associations, local sports clubs, elite sports clubs, and -related committees. It is, therefore, not surprising that the country has a large number of registered CSOs.

The source of the oft-quoted number of 31 lakh NGOs/CSOs in India is a report published by the Central Statistics Office in 2012, which included all registered Societies, Trusts, and Section 8 (earlier Section 25) Companies in the country since the time these laws came into existence (Ministry of Statistics and Programme Implementation, Government of India, 2012). 31 lakh is the number of all entities registered in the country under these laws, regardless of whether they are currently active. Of these 31 lakh registered organisations, the Central Statistics Office was able to physically visit 22 lakh. Of these 22 lakh organisations, the Central Statistics Office could actually trace 6.94 lakh. Given that only about 31% of the visited organisations were actually traced, one could extrapolate that of the 31 lakh in the list of registered organisations, about 9.6 lakh are currently operational. This 9.6 lakh would include the various kinds of organisations referred to in the preceding paragraph.

In the year 2000, the Society for Participatory Research in Asia (PRIA) attempted another estimation of the size of the CSO sector, and concluded that the number was most likely close to 12 lakh CSOs across the country (PRIA; Center for Civil Society Studies; Johns Hopkins University, 2000). The research methodology used was a detailed literature review and secondary data that was extracted from the official statistical system (PRIA; Center for Civil Society Studies; Johns Hopkins University, 2000). The NGO Darpan, whose portal is managed by NITI Aayog, is another very useful website. This is a voluntary listing of CSOs who need to register if they are looking for government funding. One big advantage of the Darpan listing is that it self-selects the NGOs/CSOs that are involved in development work, and leaves out many others that are included in the Central Statistics Office dataset (such as housing societies, sports clubs, etc). Hence, the Darpan website could have exclusion errors but very few inclusion errors. This site currently lists 1.14 lakh CSOs in the country (NITI Aayog, 2021). We will analyse these numbers in the coming chapters.

History of civil society in India

The post-Independence period saw collaboration and cooperation of CSOs with the government. The sector was populated mainly by voluntary organisations (VOs), founded on Gandhian principles (Mishra, Biswas, & Roy, 2005). The VOs were not seen as challenging power structures or being disruptors, as they are today. Rather, they complemented the work of the state. The state extended support to VOs for their community mobilisation and nation-building activities (Yesudhas, 2019). The second phase commenced in the 1970s when there was an emergence of a new kind of politics that challenged dominant notions of development. Trust in the state as the agent of progress was diminishing. The legitimacy of government was being vehemently challenged by leaders of the opposition, supported by voluntary organisations. Suspecting foreign involvement, the government put into place the FCRA, 1976 (Yesudhas, 2019).

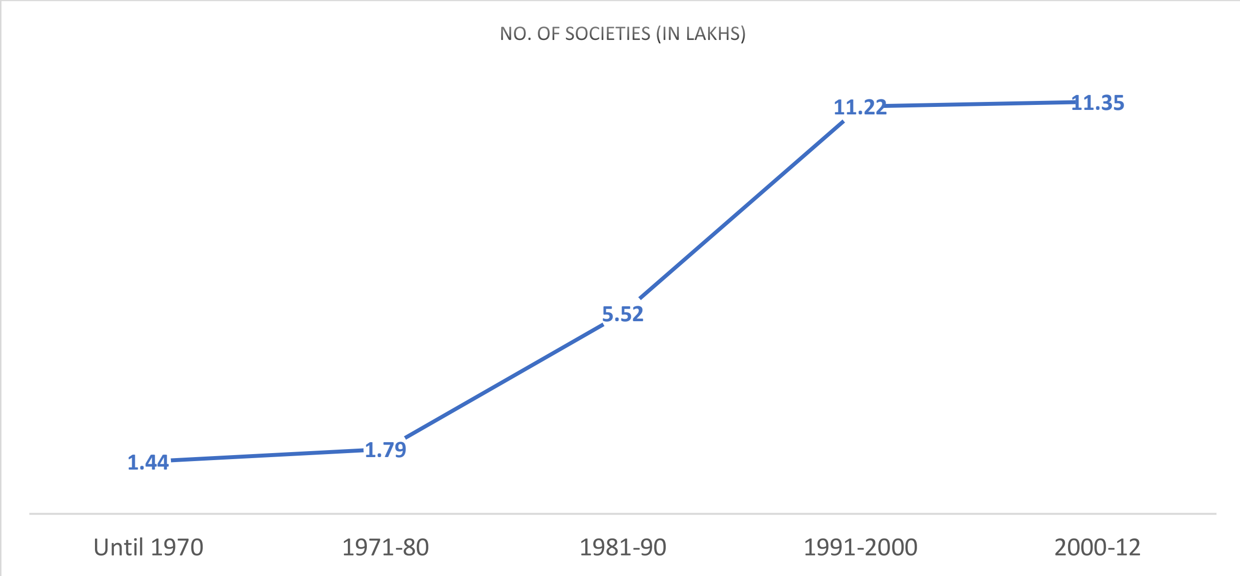
After the Cold War and until the early 2000s, with the rise of neoliberal capitalism and the shrinking role of the welfare state, the importance of CSOs increased. They wielded greater political power and attracted more funds across the world. Top-down development came to be eclipsed by 'anti-development' discourses. Anti-development revolved around community relations by bringing about social transformation at the grassroots level. The discourse of anti-development emerged to offset the loopholes of the Development[2] discourse which was increasingly being criticised for being Western-centric and top-down. During the 1990s, there was a drastic change in the idea of the public good—the state could no longer be trusted to look after the best interests of the populace, and was rather seen as holding back the true potential of society. In the 2000s, Development received a discursive burial (Elyachar, 2002).

As opposed to the high modernity that Development espoused, anti-development catered to the moral imperative at the grassroots in a way that required the active engagement of communities. Among the predominant practices that emerged from this narrative was microfinance. Those who were earlier identified with the informal economy were now the ideal agents of progress. The 'bottom of the pyramid' (BOP) rhetoric emerged as a counter to Development. BOP has to do with taking empowerment to the level of the community—a bottom-up process of empowerment rather than top-down. Development was to come through the actions of the people and community, rather than being imposed on them—the idea of teaching a man how to fish rather than giving him a fish. Initially, this meant providing people with equal opportunities and access to the market. Over time, it resulted in the monetization of community-level relations—how could those at the lowest rungs become a source of good business? The bottom-of-the-pyramid is a market-based approach that strives to alleviate poverty by improving access to the market for the poorest and ensuring increasing growth and profits at the same time (Winn & Kirchgeorg, 2014). The BOP approach devolved the responsibility of progress from the state to the communities themselves, giving rise to narratives of self-empowerment as a means to eliminate poverty and other social issues.

The only consolidated dataset available on the formation of CSOs over time seems to be the Central Statistics Office report referred to earlier. This report highlights the manifold increase of CSOs after the 1990s. Until 1970, 1.44 lakh societies were registered. Over the next decade, this number climbed to 1.79 lakh. The period between 1981 and 1990, saw the numbers reach 5.52 lakh, then 11.22 lakh (1991-2000). After 2000 and 2012, when this report was published, 11.35 lakh societies had been registered (Ministry of Statistics and Programme Implementation, Government of India, 2012).

2 'Development' with a capital 'D' refers to the discourse on high modernity and top-down schemes, led by a paternalist state, as opposed to 'development' with a small 'd' which is the generalized use of the term.

Figure 1: Change in Number of Registered Societies Over the Decades



Source: Ministry of Statistics and Programme Implementation, Government of India, 2012

Societal perceptions and trust

> **CSOs had an increasingly important role to play because they were community-level associations that filled the vacuum left by the state, the representative of civil society.**

CSOs had an increasingly important role to play because they were community-level associations that filled the vacuum left by the state, the representative of civil society. CSOs were seen as the ideal vehicle for tapping into the trust and respect of social networks (Elyachar, 2002). CSOs were enthusiastically promoted by the UN as complementing the developmental work of the state (Yesudhas, 2019). The increasing institutionalisation, combined with other socio-political factors, attracted a lot of resources for CSOs. Funds were channelled from rich countries of the global North as aid to the global South through large CSOs and aid agencies. The plentiful resources that CSOs received also attracted increased state scrutiny.

At the turn of the century, as India came to be seen no longer as a poor country but one that was claiming its place on the global stage, it began to discourage the flow of foreign aid in two ways. First, successive union governments began turning down and discouraging foreign aid—being a recipient did not fit into the narrative of being an emerging global power. Second, foreign funders start diverting their money to countries which they thought needed it more. This positioning adversely affected the CSOs, and foreign funding support became scarce. Amidst the euphoria of double-digit growth and the increasing wealth and aspirations of large numbers of Indians, there was a growing perception of CSOs as anti-development, anti-industries, and anti-urbanisation.

In the early 2000s, several international CSOs were pulled up for mismanagement and suspicious financial records (Yesudhas, 2019). The protests against the Kudankulam nuclear power plant in 2012 seems to be one of the turning points that brought the legitimacy of the sector under scrutiny. Many of the protesting CSOs were found to be primarily funded by foreign money (Yesudhas, 2019). Thereafter, the narrative that CSOs were hindering development policy at the behest of foreign interests, gained ground. It became easier for the state to be tougher on CSOs, and tighten the legal frameworks within which they functioned.

Over the past decade, there has been a crackdown on CSOs on the pretext of protecting India's sovereignty. The predominance of this narrative is evident. Oxfam's investigations to raise awareness about the poor work conditions of Assam's tea workers have been branded a "sinister plot" and an effort to malign India's image (Maheshwari, 2021). Under the FCRA, 2010, and subsequent amendments to the law, CSOs have had to show their sources of funding and annual returns. Now, CSO leaders are treated as 'public servants' with the same accountability as government employees under the Lokpal anti-corruption regulations (Yesudhas, 2019). Many factors that are external to the work of the sector, have ensured stronger regulation of the sector over time, to the extent that it is arguably more regulated than corporations or the government.

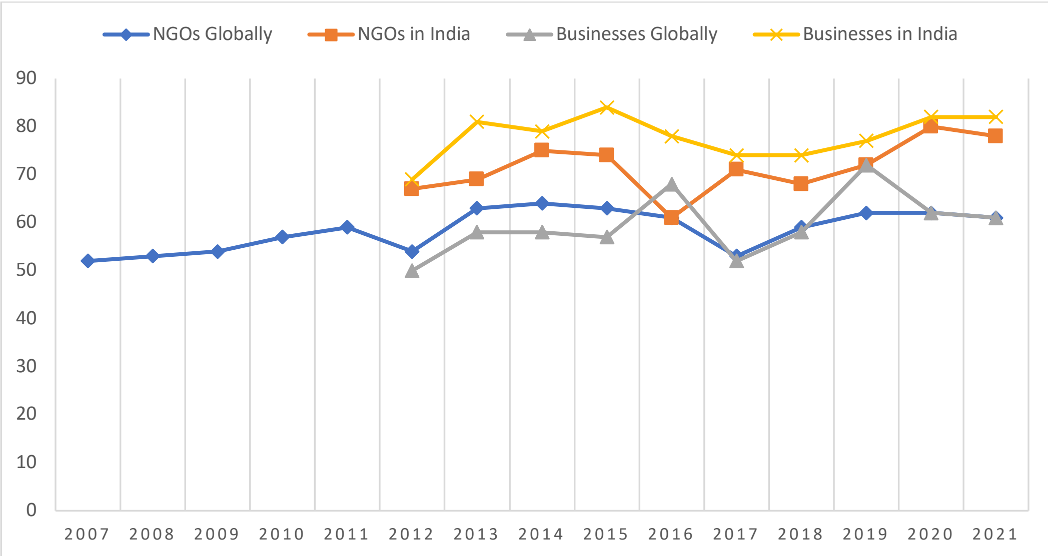
Discussions about the CSO sector are less about the work done or challenges faced in the field and more about their efficiency (or rather the lack of it!), and an overall lack of trust in the sector. An analysis of the Edelman Trust survey over the decades has shown that CSOs have been displaced by businesses as the most trusted institutions globally. The trust index in businesses has increased significantly. The rising trust in business has also been accompanied by an increased expectation from business leaders to fill the void left by the government, as opposed to CSOs or civil society leaders.

According to the Edelman Trust Survey Country Report for India 2021 (Edelman, 2021), 83% respondents agreed that CEOs of corporates should step up to the challenge when the government does not tackle an issue, and 76% believe that CEOs of businesses should take the lead in bringing about change (Edelman, 2021). 91% respondents believe that CEOs should be vocal about societal challenges.

The figure below compiles the changing levels of trust in CSOs versus that of businesses, according to the Edelman Trust Barometer over the years—in India as well as globally. globally, the level of trust in both institutions has increased. However, the increase in trust in businesses has been higher. While globally, trust in CSOs has risen from 54% to 57%, the trust in businesses has risen more—from 50% to 61%—during the same period.

In India, while right from the beginning, businesses have enjoyed more trust than CSOs, the change in trust levels for businesses has increased by 13%, from 69% to 82%, closely followed by the CSOs by 11%, from 67% to 78%. The reasons for this disparity with the global trend have not been analysed sufficiently.

Figure 2: Changing Trust Over the Decade



Source: Edelman Trust Barometer

They report, CSOs "are not looked to as problem-solvers to the same degree as business; they are as not as effective as business in getting things done; and they are criticized for focusing on fundraising over creating real solutions" (Edelman, n.d.) [3].

Changes in the last decade

Over the past decade, for-profit organisations have entered the social sector to a significant extent, primarily because of the mandatory corporate social responsibility. Earlier, instances of for-profit and not-for-profit sectors working together were not many. However, that has changed, with most CSOs either working or desirous of working with companies. During the last 8 years, corporates have emerged not only as increasingly significant funders in this space but also as active direct players. In most districts, states, or even national level meetings on social issues, it is now common to find a corporate body also represented at the table.

The CSO leaders we spoke with were from varied backgrounds, age groups, regions, ideologies, etc. Almost all of them were unanimous in saying that the non-profit space has changed significantly over the last two decades. Interestingly, many also felt that the last decade has only accentuated the rate of change, but not the direction of change. Many of our respondents felt that the 'voluntary' spirit is now getting lost.

One of the respondents quoted their founder as having said that in any society "the freedom of CSOs is a single good indicator for the health of democracy". People felt that many CSOs are now driven by donors or corporates, and have lost much of their autonomy and ability to 'speak truth to power'. Almost everyone we spoke with lamented the closing of spaces for dissent.

[3] https://www.edelman.com/20yearsoftrust/

Solutions outside the formal arena of CSOs seem to have become far more attractive. This could be anything on the spectrum—movement-led change to technology led change. These people are redefining the CSO space, and also looking at more hybrid organisational forms (social enterprises), blurring the boundaries between for-profit and not-for-profit. Some of our respondents also felt that the old guard in the CSOs had not embraced the young or given them enough space, nudging them to explore other avenues.

Echoes of the belief that a lot of CSOs themselves have ceased to ask fundamental questions, and have become more of service delivery agents also began to emerge in the conversations. This was true of both the older and newer generation of CSOs. Another respondent said that it is becoming more of a 'command and control' mode of functioning.

The 'professionalisation' of the sector, which began in the 1980s, has gone to the other extreme of 'ultra-professionalism'. The two dominant buzzwords are 'scale' and 'impact', while earlier CSOs followed an approach of 'demonstrate and disseminate'. Most new CSOs being formed now are single-activity, single-theme organisations. Despite the complex and nuanced nature of social issues that CSOs deal with, specialisation seems to be on the rise. This is often attributed to the increasing popularity of business principles even among CSOs.

Several of our respondents expressed concern over the diminishing biodiversity of the CSO sector. The last decade has seen a fall in the number of small regional CSOs, and as one respondent said, "the whole work has become more anglophilic, not just in terms of language but also the whole culture". One respondent gave the example of a vibrant association of CSOs in Gujarat, whose annual general meetings used to be a sizeable affair, but over time participation has dwindled and even participation by 15 organizations is rare. Reasons for the closure of these organisations are attributed to external factors like decreased funding, as well as internal reasons like many one-person-led organisations having no succession plan, etc.

There was a time when small and diverse organisations were considered more effective. That narrative is now lost. It has become an enormous task for small organisations to even survive. The shrinking biodiversity is not just in the kind of CSOs but also in the variety of issues on which they are working. Far fewer CSOs are now working on advocacy, like public commons, human rights, and so on.

State-Wise Distribution of CSOs and Density Index

As discussed earlier, there are discrepancies in the data pertaining to the sector (largely due to definitional issues) often leading to questions and debates on the transparency and governance of the sector. While there are some fundamental issues with the way the data on CSOs is collected and reported, we have nevertheless made an effort to unpack and correlate the different data sets available in the public domain and see if we can tell a revised story, especially about the spread of CSOs in the country. To do this, we relied on five publicly available datasets.

1. Central Statistics Office report: This is probably the most extensive study of non-profit entities registered in India. This was undertaken by the National Accounts Office of the Central Statistics Office, Ministry of Statistics and Implementation (MoSPI) to map the number of non-profit institutions in India. The study collected data on all CSOs registered till March 2008 under the Societies Registration Act, 1860, Bombay Public Trusts Act, 1950, and companies registered under Section 25 of Indian Companies Act, 1956. Data from 31 lakh registered organisations were collected.

   Following this the Central Statistics Office commissioned a second phase of the study. To quote the report, "Since there is no clause in the Act for the de-registration of the defunct societies, the first phase survey results gives the number of societies and their distribution on the basis of records available with the registering authorities. During the second phase of the survey, the listed societies were visited to collect information on their activities, employment and financial details." In the second phase, the department's investigators physically visited 22 of the 31 lakh registered societies/trusts, and of these they were able to trace only 6.94 lakh as being active on the ground. The fact that the investigators were able to trace only 31% of the CSOs actually visited is an extremely important fact and puts a very big question mark on the 31 lakh number often used.

2. NGO Darpan: The new and regularly updated website of the NGO Darpan was meant as a common platform for the interface between CSOs and central government bodies. It functions as site for registration by other NGOs and for availing grants under various schemes of ministries/department. The portal facilitates VOs/ NGOs to obtain a system-generated Unique ID which is mandatory to apply for grants under various schemes of ministries/departments/governments bodies. Darpan listed almost 1.14 lakh CSOs, 53 participating government departments, and 30 online departments at the time of writing this report. Given that listing on this portal is in-a-way mandatory to work with the government, it does mean that the data will correctly reflect developmental CSOs and the ones which are still active.

3. Income tax: Section 8 Companies, Trusts, and Societies which have obtained 12A registration enjoy exemption from paying income tax on their surplus income (not more than 15% of the total amount applied towards charitable or other non-commercial purposes). And in order to give their donors a tax exemption, CSOs require an 80G registration. The database of tax-exempt institutions is available with the Income Tax department. Given that the Income Tax

department requires a fair bit of compliance before giving these exemptions, one can safely assume that their database of CSOs is likely to include organisations which are actually functioning, and which have some basic governance and financial systems in place. Ashoka Centre for Social Impact and Philanthropy extracted this figure till April 2018, listing approximately 1.37 lakh CSOs with a 12A (or 12AA) registration.

As of 2020, all CSOs which were registered or approved under Section 12A, Section 12AA, Section 10(23C), or Section 80G had to reapply to section 12AB for a fresh registration to be eligible for a tax exemption. This registration or approval shall be valid for 5 years, similar to that of the FCRA registration. The government intends to create a National Register of all charitable and religious institutions. The Income Tax Department will then issue an electronically generated Unique Registration Number (URN) to all charitable and religious institutions.

4. FCRA registered organisations: The Ministry of Home Affairs also keeps a record of the CSOs which have an active FCRA registration. For a CSO to get an FCRA, it must be 3 years old and must have spent a minimum of 10 lakh rupees in the preceding three years, along with other required documents. Organisations with an FCRA have to mandatorily disclose their financials on their websites, which would again necessitate some level of oversight and systems. At the time of writing this report, there were 49,968 FCRA-registered organisations, of which 22,643 had active registrations.

5. Give India: Another dataset we used was of the CSOs registered with Give India which is one of the oldest online fundraising portals in India. Give India has a listing criterion for organisations seeking donations that include extensive details on their programs, governance frameworks, internal policies, and financials. Currently, Give India has 62,402 CSOs registered from across the country.

A correlation analysis for all the different databases shows that none of these have a very strong correlation coefficient (above 0.8) with each other (Table 2). To determine which database is an ideal representation of the sector is a challenge as they serve different purposes and represent different underlying implicit features of the databases.

Table 2: Correlation between datasets

Correlation Table	NGO Darpan	CSO	Income tax	FCRA	Give India
NGO Darpan	1				
Central Statistics Office	0.706	1.000			
Income Tax	0.719	0.096	1.000		
FCRA	0.759	0.378	0.772	1.000	
Give India	0.833	0.805	0.310	0.471	1.000

What we aim to achieve?

While developing this index, we were hoping to establish the distribution of CSOs across the country while accounting for the various factors discussed below. The index will establish the concentration of CSOs in the country while giving a higher weightage for well-functioning CSOs that we define as fulfilling compliance measures such as registration, transparency, stable financials, and some measure of functioning projects. Analysing this along with the human development indicators, CSR funds distribution, and the FCRA money distribution will give us a better sense of what kind of correlations exist among the spread of CSOs, the need of CSOs (as indicated by the human development indicator for the state), and the availability of funds (as reflected by CSR and FCRA funds).

However, we would like to share one major caveat before describing the index. The biggest limitation is that most available datasets list the CSO based on the state in which it is registered, and not where they are actually working. This is important given that at least most of the large CSOs are working in multiple states. Even from the CSOs that participated in our survey (126 responses), we find that on average each CSO operated in 3 states with Maharashtra (27) as the top state in CSO activity. It was followed by Rajasthan (25), Tamil Nadu (22), Uttar Pradesh (21), and Bihar (21). However, our spatial analysis suffers from a severe limitation of only accounting for the state of the CSO's registration since the large datasets we used do not provide the data on states where the CSOs actually operate.

The above not only obfuscates the real picture on CSO distribution, but it often also makes it difficult to know which State is receiving how much money (since funds may be shown as being directed to where the CSO is registered and not where it is spending the money). Fortunately, in case of CSR funds, the law requires a disclosure in terms of the district where the money is spent, irrespective of where the CSO may be registered.

The weights for the index are given on the basis of:

1. Certificate of incorporation
2. Address
3. PAN
4. Contact details
5. Verification by third party: This gives a higher weightage to databases that have some degree of external scrutiny.
6. Self-registration or optional: While being listed in the Societies/Trust list is essential to a CSO's existence, some other listings are optional, such as NGO Darpan. We used this variation as a proxy measure for initiative of the organisation.
7. Audited accounts
8. Recurring registration: The requirement of repeated uploading of documents in certain datasets like Income Tax, FCRA, Give India, etc., adds to the verification and current nature of the database.
9. Board/functionary details: The details represent transparency in reporting.
10. Written policies: used as a proxy measure for governance.

Table 3: Weights for each database according to given criterion

Database	Weight
Central Statistics Organisation	0.09
NGO Darpan	0.14
Income Tax	0.23
FCRA	0.26
Give India	0.29

Spatial distribution of CSOs in India

Based on the weights stated above, the top 10 states in number of CSOs are Uttar Pradesh that accounts for 19.3% of the total CSOs in the country, followed by Maharashtra (11.7%), Tamil Nadu (8.2%), Delhi (8.2%), Andhra Pradesh (6.6%), West Bengal (5.3%), Karnataka (5.3%), Gujarat (4.2%), Kerala (4.1%), and Odisha (3.9%).

Table 4: Number of CSOs per State

States with the highest number of CSOs	Weighted number of CSOs	Share of CSOs in the country
Uttar Pradesh	25,732.18	19.3%
Maharashtra	15,620.42	11.7%
Tamil Nadu	10,929.4	8.2%
Delhi	10,901.68	8.2%
Andhra Pradesh	8,741.73	6.6%
West Bengal	7,124.67	5.3%
Karnataka	7,009.29	5.3%
Gujarat	5,551.66	4.2%
Kerala	5,451.66	4.1%
Odisha	5,166.73	3.9%
Madhya Pradesh	5,076.35	3.8%

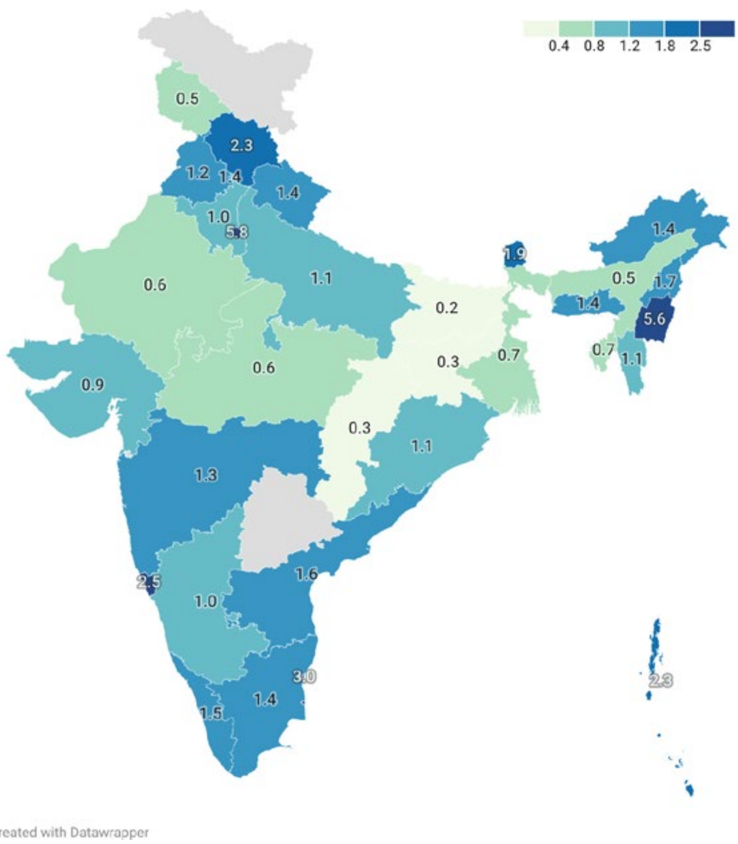
However, when it comes to how dense the CSO distribution is (CSOs per 10,000 people), Delhi tops the chart with 6 CSOs for every 10,000 people, followed by Manipur (5.6), Puducherry (3), Goa (2.5), Himachal Pradesh (2.3), Andaman and Nicobar (2.2), Sikkim (1.8), and Nagaland (1.7).

Table 5: Density of CSOs per State

States	No. of CSOs for every 10,000 people	Number of people per CSO	HDI Rank
Delhi	5.8	1,716	4th
Manipur	5.6	1,787	14th
Puducherry	3	3,336	6th
Goa	2.5	3,997	3rd
Himachal Pradesh	2.3	4,332	7th
Andaman & Nicobar	2.2	5,352	6th
Sikkim	1.8	5,730	10th
Nagaland	1.7	6,166	20th
Andhra Pradesh	1.6	6,548	27th

The following representation shows the density of CSOs in the country.

Figure 3: Weighted Geographical Distribution of CSOs in the Country



Needs assessment

In order to assess whether the presence of CSOs is linked to the human development level of the states, we consider the distribution of CSOs with the Human Development Index (HDI) levels of the corresponding states. We found that the density of CSOs is positively correlated with HDI, with a coefficient of 0.52. This means that as development increases, the numbers of functioning CSOs also rise, although this relationship is not as strong and direct in outliers such as Delhi, Manipur, and Kerala. This is actually quite the opposite to what one would expect, which is that lower the HDI, the higher the CSO presence. We feel this result may be due to the fact that the datasets are organised on the basis of where CSOs are registered and not where they are actually working.

Furthermore, we correlate the development levels of a state, that is, the HDI to the corporate contribution (CSR Expenditure in year 2019–20) that they receive. When we look at the correlation between where the CSR funds are going with the HDI, we observe a negative relationship, with a correlation coefficient of -0.144, meaning that the trends in corporate spending are not significantly linked with the development levels of the states. The negative nature suggests that as states develop, they receive more CSR funds, but the coefficient is too small to conclude a general trend. This means that corporates consider reasons other than a state's development level while choosing to fund CSOs. This could be because of thematic biases, or a mere preference for projects near their factories/offices.

Figure 4: Relationship between HDI and NGOs per 10,000 People in Indian States

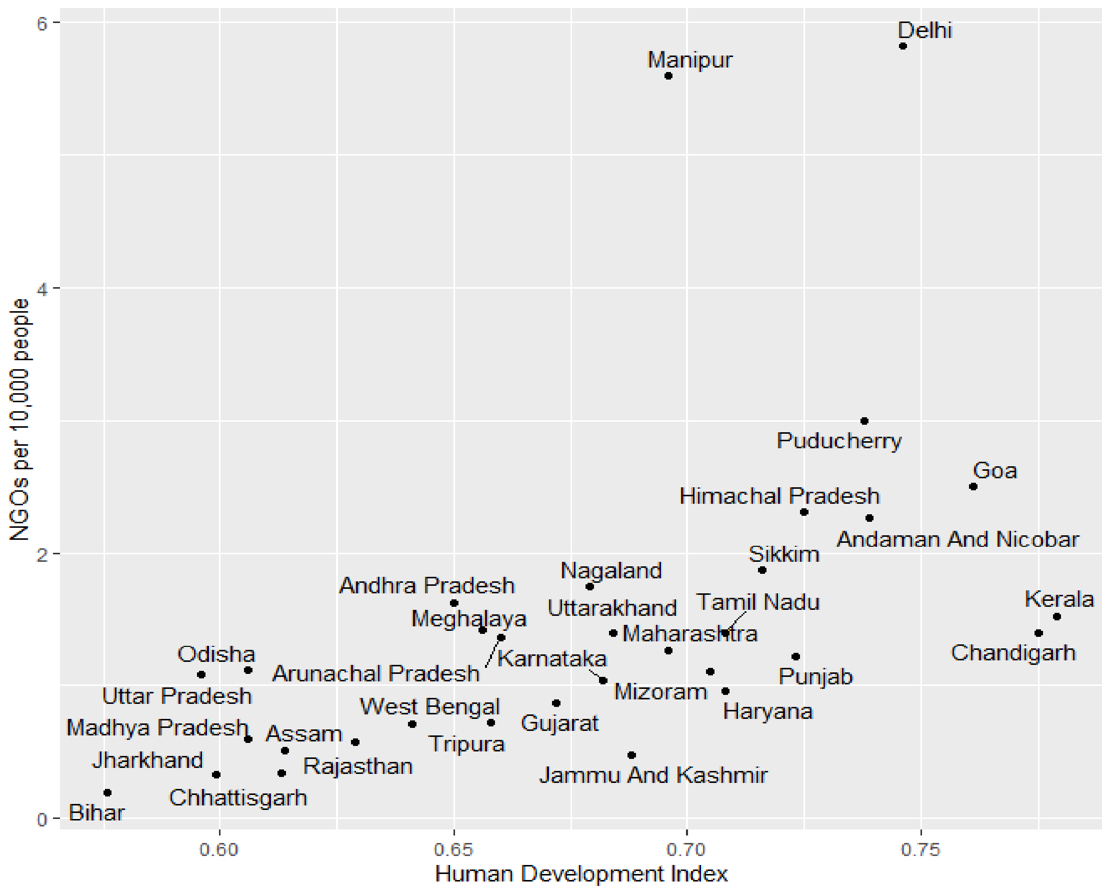
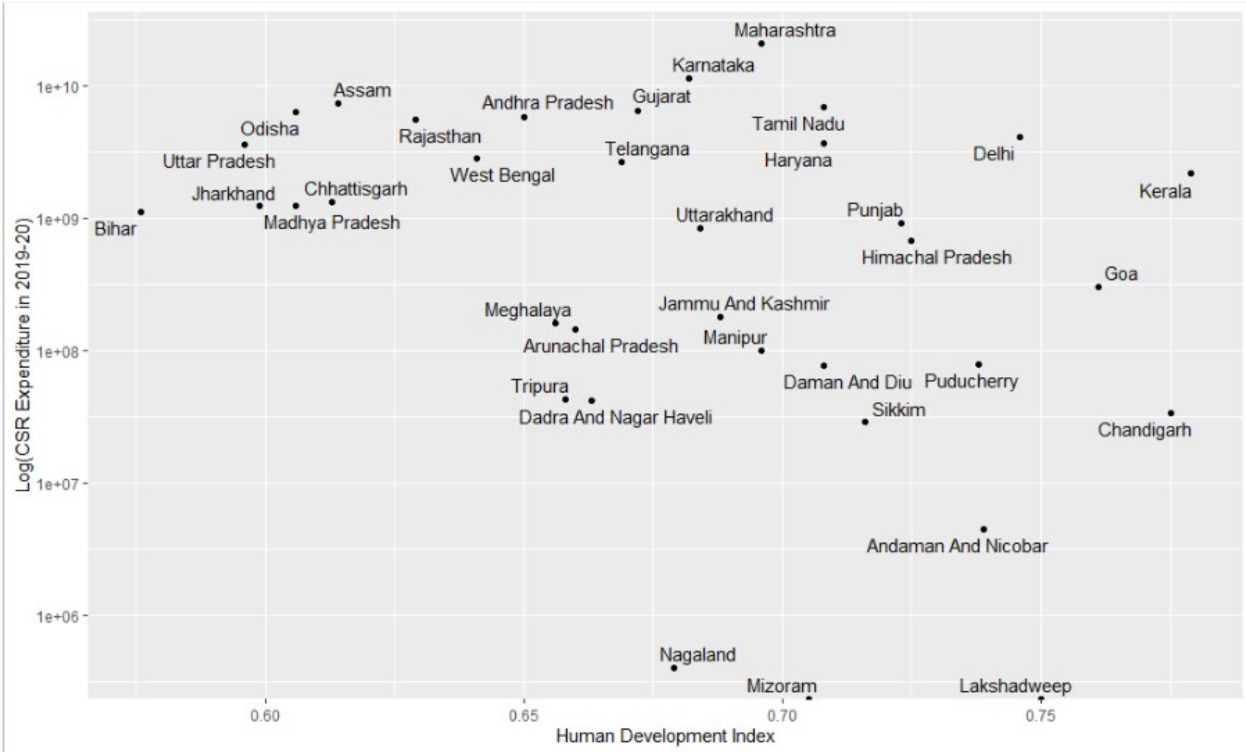


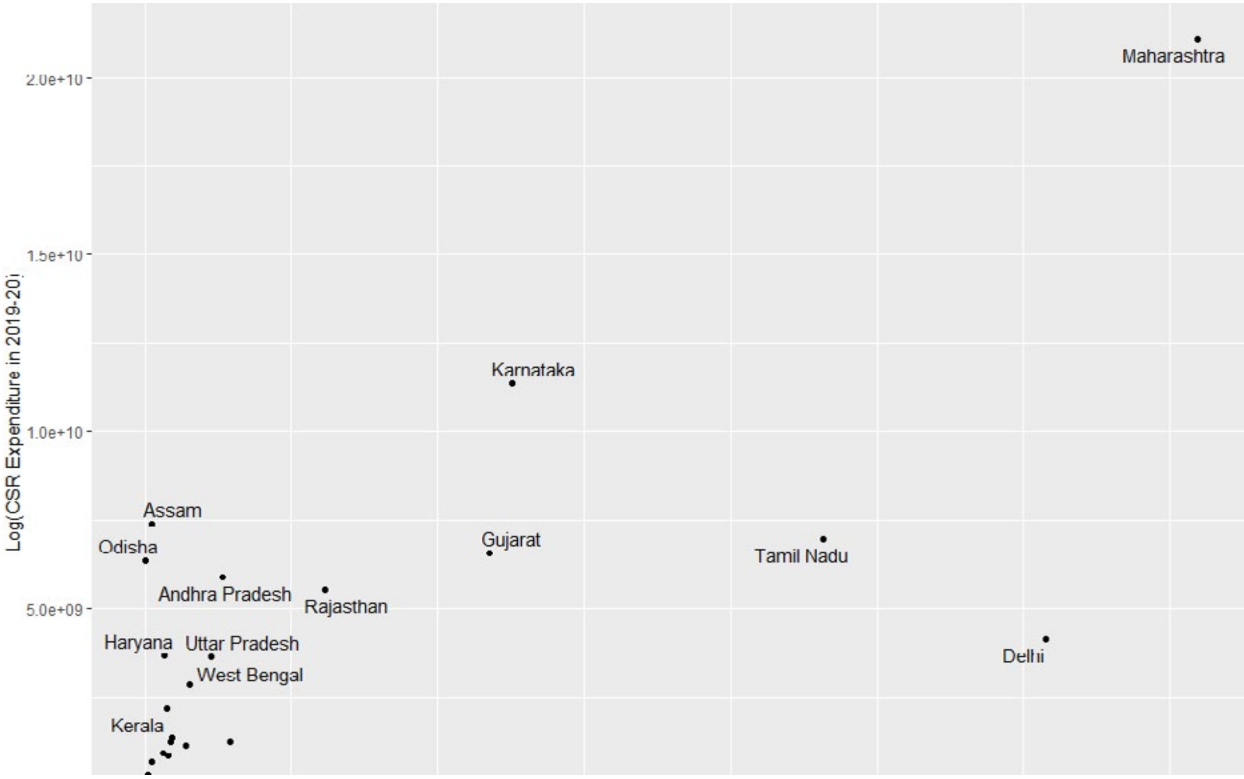
Figure 5: Assessing correlation of CSR Expenditure with the development Indicators of Indian States



Distribution of CSOs with CSR expenditure

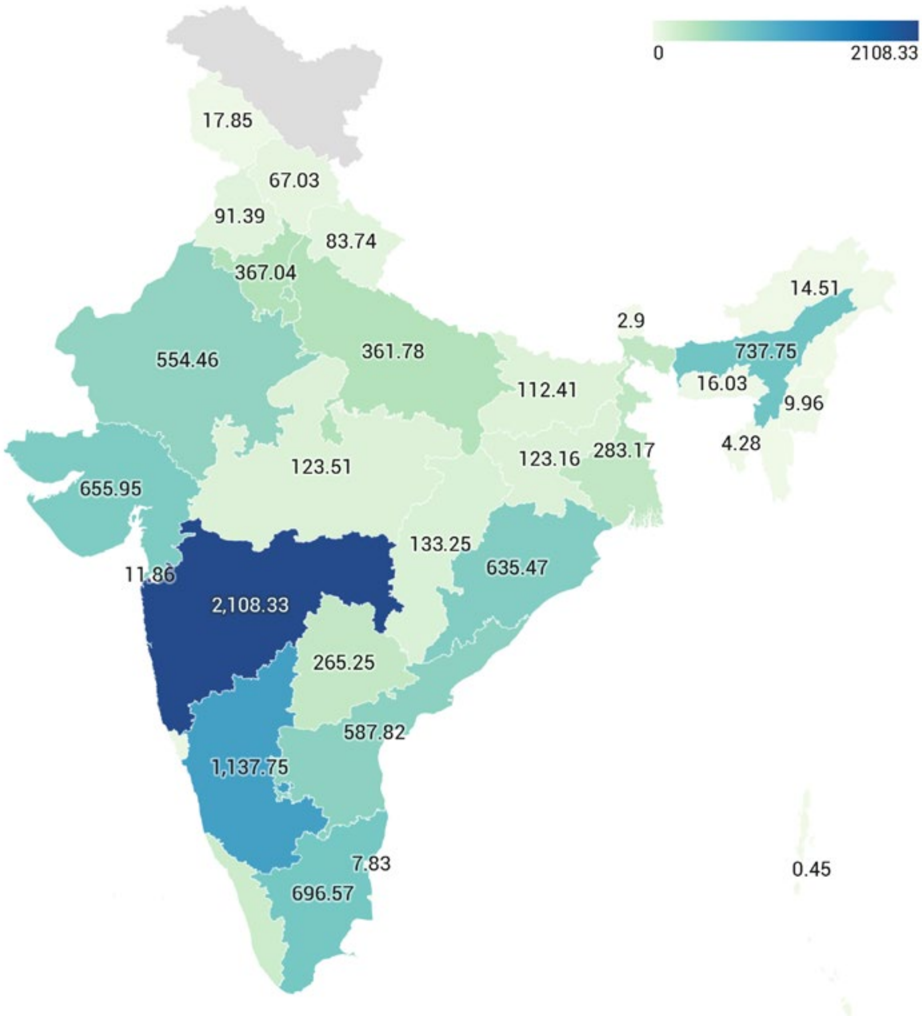
Correlating the data on CSOs that can be considered as eligible to receive funds from corporates, that is, those with a valid 12A or 12AA registration, with the available CSR expenditure data, we observe that the data is highly variable. The correlation coefficient for these two is 0.75, showing a positive upward-sloping relationship. However, the scatterplot suggests that this trend is driven by outliers. Upon removing the top six receivers of CSR funds, the coefficient drops to 0.39. The relationship, therefore, is non-negative but highly variable and inconclusive to make general claims. The amount that is spent on CSR is highly skewed in favour of industrialised states like Maharashtra, Karnataka, Tamil Nadu, and Gujarat. We hypothesise that this value is skewed because corporates prefer to fund close to their operations, since the immediate neighbourhoods' goodwill is important to them, creates ease for employee engagement in CSR programs, as well as ease of monitoring. At the same time, it is pertinent to restate that while the organisations with 12A (or 12AA) are registered in the given states, it does not mean that their operations are solely in those states.

Figure 6: Relationship between organisations eligible to receive CSR funds, and the actual CSR Expenditure in Indian States



As discussed above, we also look at the distribution of CSR across states and we observe that the concentration of CSR money is towards the southern and western states which do relatively well on HDI indicators, a trend consistent for the past few years. The top six receivers of CSR funds account for 54% of the total. The top states which received CSR money in 2019–20 were Maharashtra (21%), Karnataka (11.5%), Assam (7.5%), Tamil Nadu (7.1%), Gujarat (6.6%), Odisha (6.4%), Andhra Pradesh (6%), Rajasthan (5.6%), Delhi (4.2%), Haryana (3.7%), and Uttar Pradesh (3.7%). It does, therefore, appear that CSR expenditure is almost entirely uncorrelated with human development indicators (-0.144).

Figure 7: Spatial Distribution of CSR Expenditure.



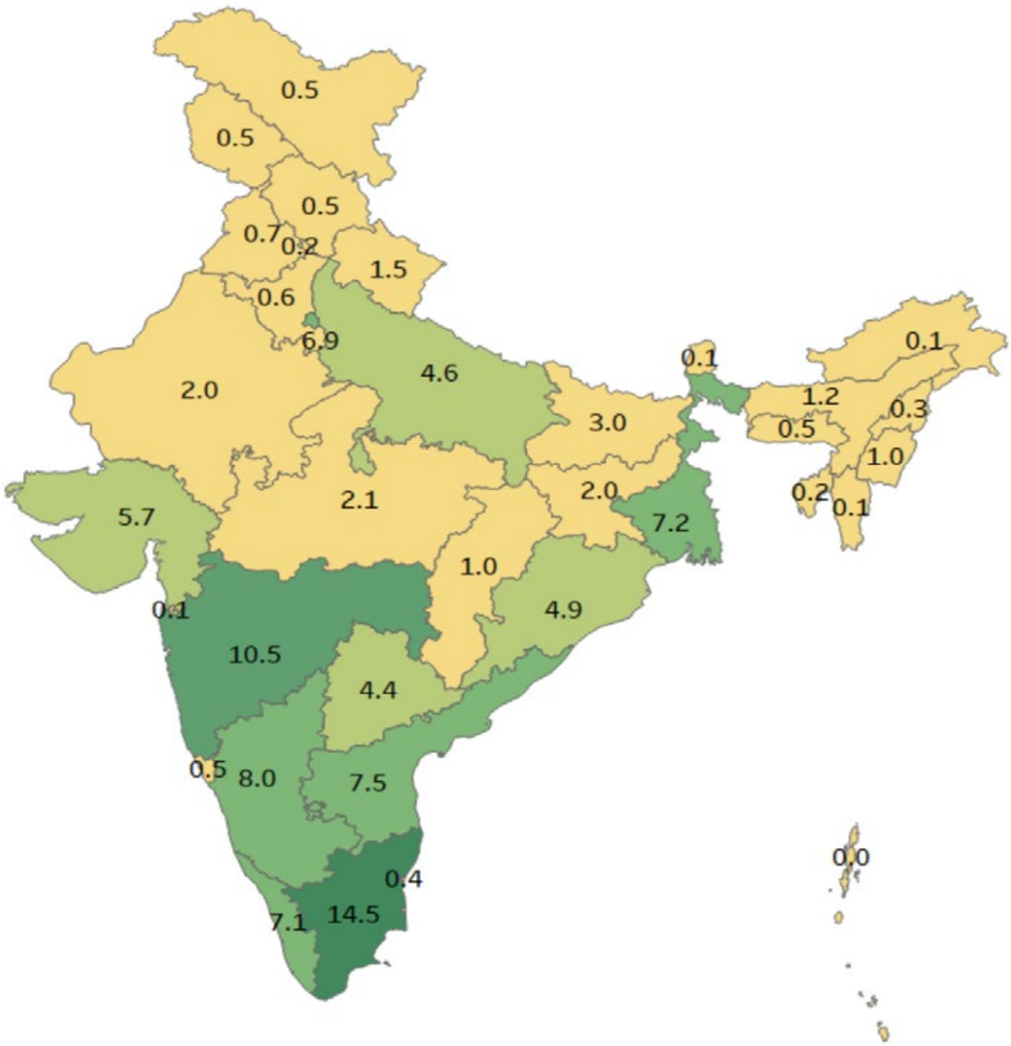
Source: CSEP Survey on the NGO and CSR landscape in India • Created with Datawrapper

FCRA

According to the analysis done by the Ashoka Centre for Social Impact Philanthropy, 2020, FCRA funding appears to be concentrated in four states. In 2018–19, out of a total of RS 16,343 crore of FCRA funds received, 60% were disbursed to NGOs based in Delhi (26%), Tamil Nadu (12%), Karnataka (10%), and Maharashtra (10%). These four states together house 40% of FCRA-registered NGOs. The cities that received the highest volume of FCRA funds in 2018–19 were Delhi (26%), Bangalore (8%), Mumbai (7%), Chennai (6%), and Kolkata (2%). FCRA-registered NGOs based in these five cities received nearly half of the total foreign contributions in 2018–19. Again, this lumpiness could be because the state where the CSO is registered is being treated as the state where funds are being used. However, as we have seen earlier, this is far from correct, since a large number of CSOs work in multiple states.

Within the above mentioned constraints of analysis, the report states that the populous and less developed states, such as Uttar Pradesh, Rajasthan, Bihar, Madhya Pradesh, and Odisha receive significantly lesser funds as compared to Maharashtra, Karnataka, and Gujarat. Pondicherry, Lakshadweep, Chandigarh, Manipur, and Tripura have only seven projects in total (Ashoka Centre for Social Impact and Philanthropy, 2020).

Figure 8: Geographical Distribution of FCRA Funds

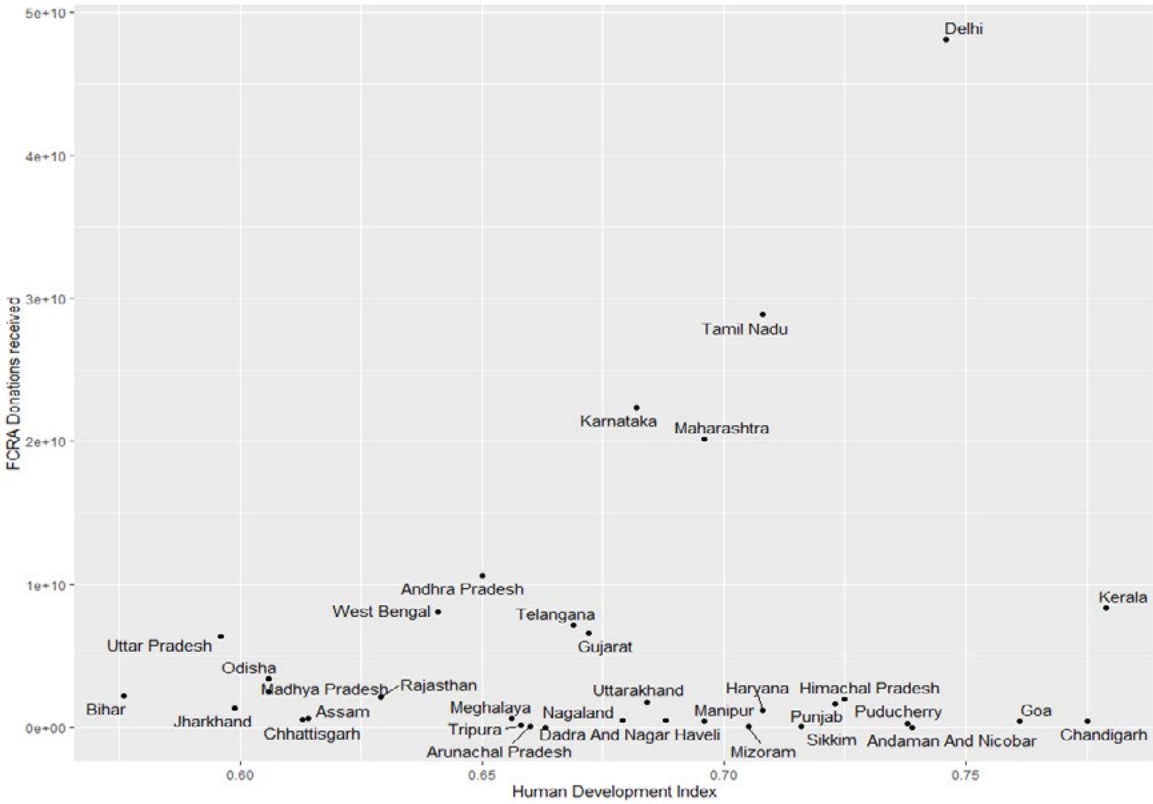


Numbers represent percentages. Total FCRA registrations in 2018-19 were 21,490.

Source: Ashoka Centre for Social Impact and Philanthropy

The correlation between the development indicators of states (HDI) and FCRA donations shows inconclusive results, with outlier states receiving a disproportionate share of FCRA funding. This could again be due to the fact that funds are shown as received in the state where the CSO is located and not necessarily where it is working.

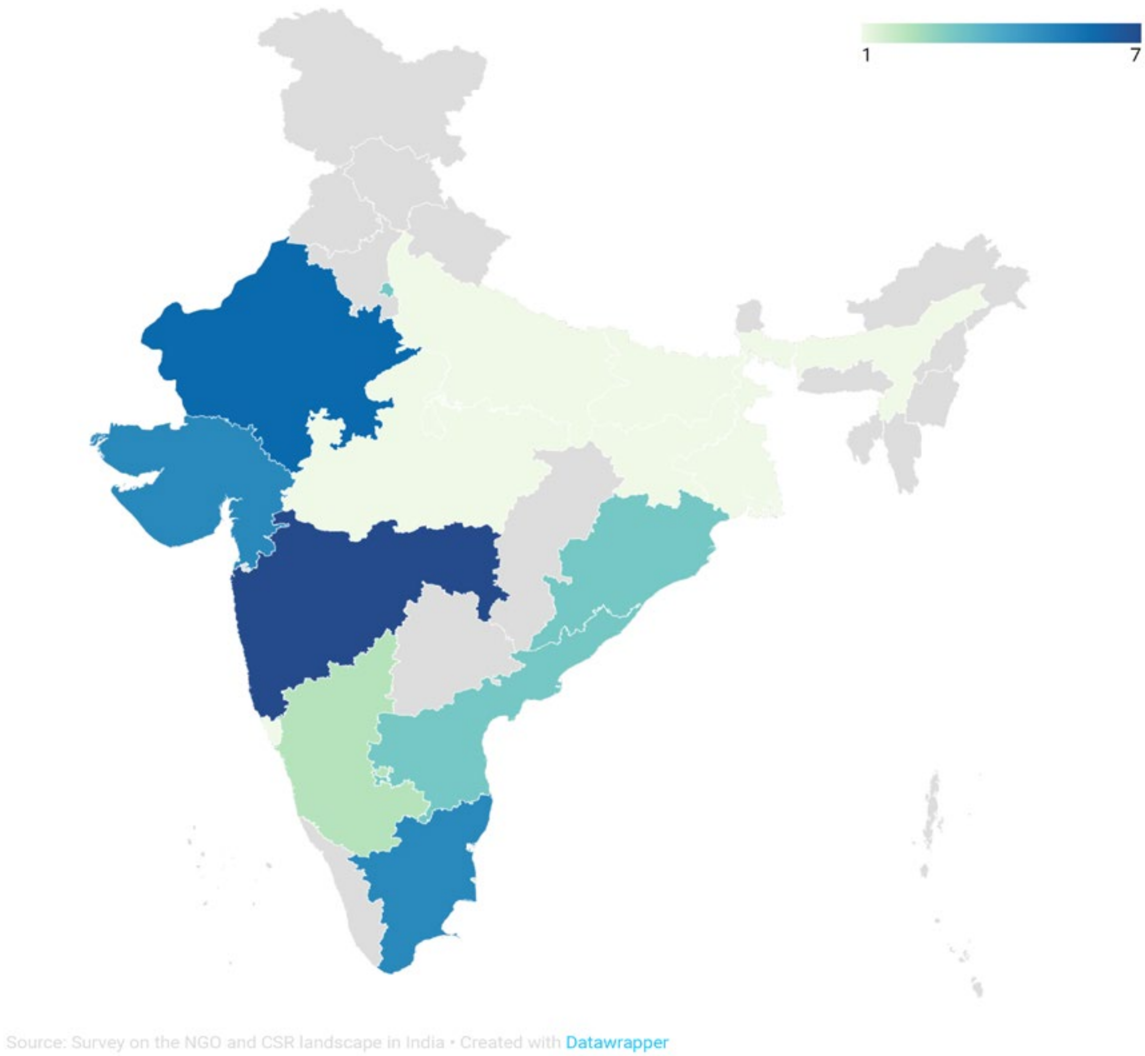
Figure 9: Assessing correlation of Foreign funds with the development Indicators of Indian States



Our survey

Of the 129 CSOs we surveyed, the distribution of CSOs that take money from CSR is as follows:

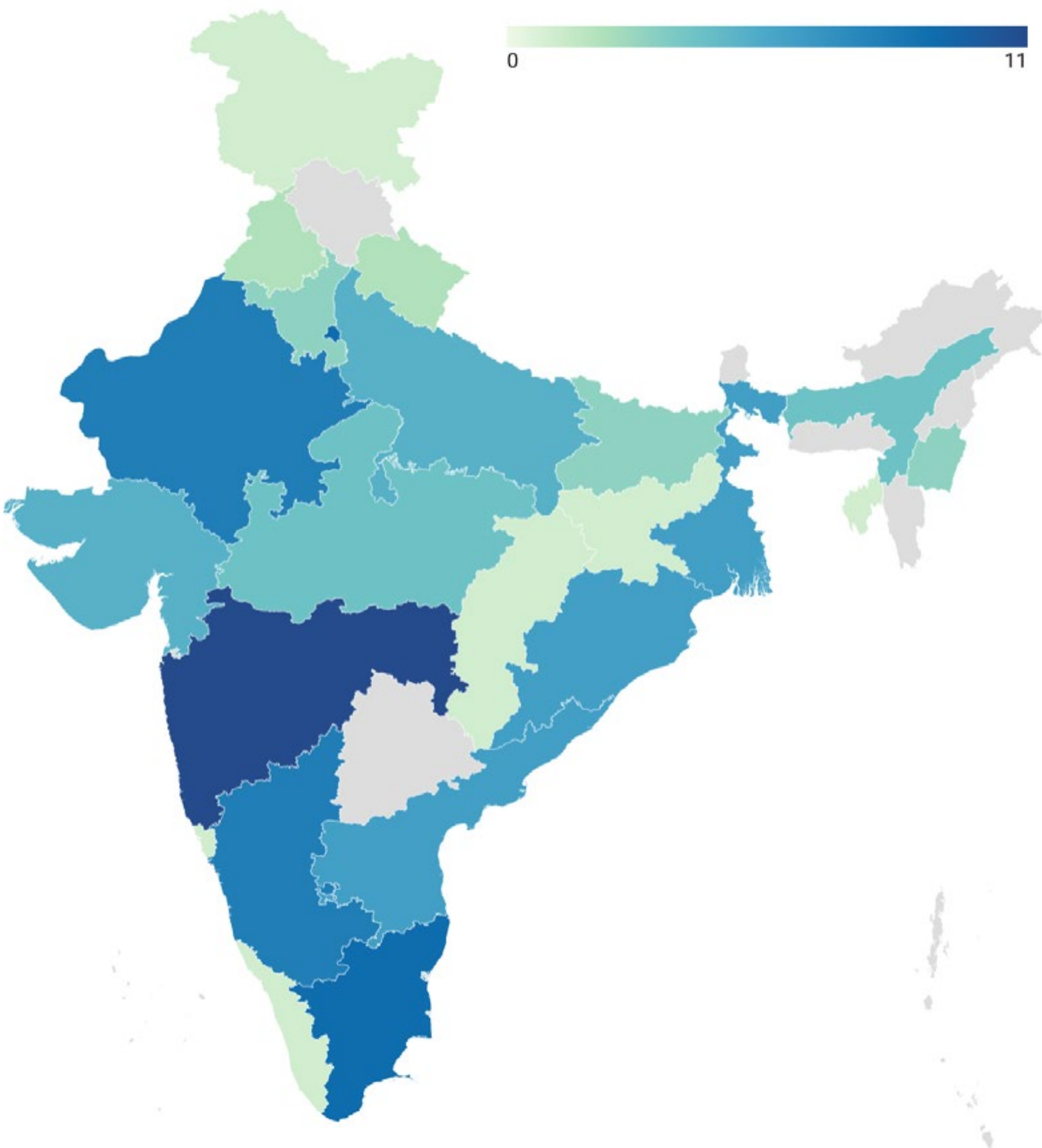
Figure 10: Distribution of organizations receiving CSR funds



Even though our sample size is relatively small, it follows the nature of CSR expenditure in the country, and finds that it is largely concentrated in the southern and western states.

The correlation coefficient for our survey responses with the weighted average is very high (0.89). Therefore, we have a fairly representative data of the CSO sector, with the exception of Himachal Pradesh, Telangana, and the Eastern states. Our survey is also highly correlated to the NGO Darpan database (0.92).

Figure 11: Spatial Distribution of CSOs in India



Source: CSEP Survey on the NGO and CSR landscape in india • Created with Datawrapper

Funding

The question of funding for CSOs has to be located in the context of the nature and role of such organisations. The first lesson in economics is that the use of money always comes with an exchange in goods or services. Economists, therefore, struggle to clearly categorize donations and charity, often placing a value on altruism as an arbitrary utility that one gets from doing "social work". The more cynical view would be that it brings social validation, tax benefits, or direct improvement in social standing. The motivation to donate is also very different for governments, corporate donors, philanthropies, or individual givers. But whatever the motivation for funding might be, in the Indian context we observe a visible transition in the trends of funding for the social development sector.

The mechanism for funding of the for-profits is simple as the market-clearing value creation takes place by firms generating value for a consumer who pays for it. For non-profits, this end "consumer" becomes a receiver of a program/aid in the form of a good or service who is often not empowered enough to be able to bear the cost of the product/service they receive. Therefore, financing the endeavours of the CSOs requires them to turn to agencies/activities other than their target community.

Following are the various financing sources, and we take a quick look at how these can work for a CSO.

1. Taxes

The only entities that have the authority to collect these directly are the government and the entities permitted to do so by the government (as in the case of many build-and-operate infrastructure projects). The government then redistributes the taxes according to national priorities, including social welfare expenditure. These priorities have usually not included explicit support for building CSOs. This is despite the fact that when it comes to the implementation of the state's re-distributive welfare schemes, the government often relies on these CSOs to ensure last mile delivery, community participation, and just better quality implementation.

The idea of the state investing in CSOs received a major boost during the Seventh Five-year Plan, when there was a call for involving voluntary organisations in solving national problems.

"The supplementary contribution which voluntary agencies could make to the overall development of rural areas and the role they can play in the implementation of various anti-poverty and Minimum Needs has not been fully appreciated. By virtue of the type and scope of work they do, voluntary agencies, as a rule, are unorganised. That is their basic strength as well as weakness" (Planning Commission, Government of India, 1985, p. 25).

The National Wasteland Development Board (NWDB) was formed in 1985 to address the environmental problem with a call for a 'people's movement' and for CSOs to join hands. Other government departments followed suit and for some years, it became the norm to involve CSOs in the implementation of government schemes. While in the initial years, the NWDB had been open to learning from CSOs and supporting their formulation of problems and solutions, gradually they became schematised. Despite the original spirit behind involving CSOs as articulated in the Seventh Plan, the practice converted CSOs into sub-contractors of government schemes. Then there came large programs like the District Poverty Initiatives Program (DPIP), funded by the World Bank and the government, or the Watershed Development initiatives, which were almost all to be implemented chiefly by CSOs. All these 'opportunities' led to a rapid spurt in the registration of new CSOs.

Around the same time (in 1986), the government also set up a Council for Advancement of People's Action and Rural Technology (CAPART), an autonomous body set up by the Ministry of Rural Development. However, within a few years of its formation, CAPART began to acquire a reputation for red tape and corruption. There were reports of CSOs being formed just to take advantage of the available funding. The negative loop kept going downhill, leading finally to CAPART's closure. As things stand, the Ministry of Rural Development has notified the dissolution of CAPART as a society and its merger with the National Institute of Rural Development and Panchayati Raj (NIRD &PR) with effect from 1 May, 2020.[4] This decision was approved by the Union cabinet in October 2019.

Case Study: The Council for Advancement of People's Action and Rural Technology (CAPART) was set up by the Ministry of Rural Development in 1986. The objective of CAPART was 'to encourage, promote and assist voluntary action in rural development with focus on injecting new technology inputs for enhancement of rural prosperity'[1]. It was a result of the merger of two bodies: People's Action for Development of India (PADI) and Council for Development of Rural Technology (CART). CAPART was established as an autonomous institution under the ministry but was dissolved in May 2020 and merged with the National Institute of Rural Development and Panchayati Raj.

The early years of CAPART saw a lot of optimism around the idea, both within government and among civil society leaders. CAPART made significant contributions towards taking ahead many government schemes and priorities like watershed development, rural water supply, training of social animators, etc. It also rolled out an exciting fellowship scheme for young professionals wherein talented young men and women were placed either within CAPART or under District Collectors. The idea was to encourage and internalise new and 'professional' ways of working within the government systems. Alongside, it offered young men and women a 'mainstream' way of understanding some of the issues and organisations of the 'marginal'.

Over the 30 years of its existence, CAPART emerged as a major funding agency for voluntary organisations working in rural areas and the single largest government agency supporting voluntary-sector work for rural development—"It is a unique institution at the interstices of state and civil society action in national development." (Shah, 2007, p. 633).

The idea behind CAPART was to fund innovation in rural development and reinvigorate voluntary action without compromising on quality and transparency. This was meant to encourage and aid developmental work beyond government schemes. In the early years, not only did CAPART provide funds to CSOs for their s, it also involved

[4] https://economictimes.indiatimes.com/news/economy/policy/dissolution-of-capart-notified-merger-with-nird-pr-to-be-effective-from-may-1/articleshow/75137188.cms

CSOs in the design of s and the governance of CAPART. However, within a few years, CAPART began to get embroiled into familiar controversies around corruption, favoritism, emergence of fake CSOs, inefficiencies, and political interference.

In an attempt to cleanse its database, CAPART reviewed and blacklisted thousands of NGOs. The Supreme Court asked CAPART to not just blacklist but also begin civil and criminal proceedings against NGOs which were found to have cooked their books or failed to explain their spending of this public money (Rajagopal, 2017).

The NGOs on their part were aggrieved with CAPART for its inefficiency and politically biased funding. They argued that CAPART did not actually verify NGOs. Funds were allegedly given to NGOs floated by political leaders under their nominees (Yesudhas, 2019). CAPART made several efforts to regain credibility—first, the setting up of the Hameed Committee in 2005, and then in 2011–12, the Tata Institute of Social Sciences was asked to help reorganize the institutions (Shah, 2007). Subsequently, a web-based system was set up to allow public access to how CAPART was using its funds, and to allow online queries. Application systems were streamlined through the National Portal, 'NGO Partnership System' (NGO-PS). Efforts were directed at increasing transparency at all fronts.

In 2014, renewed efforts were made by the government to revive CAPART after it was shut down by the erstwhile rural development minister for the mismanagement of funds and allegedly giving money to NGOs that did not exist. In 2017, the Supreme Court brought the government to task for failing to put into place a regulatory framework that could keep a tab on the public funds being given to NGOs under CAPART. Ultimately, in 2020, CAPART ceased to exist as a society, thus ending probably the only instance of the government directly investing in CSOs.

However, even if India's experiment with finding ways to use taxes to support CSOs has not really succeeded in the past, several other countries have done this, with somewhat greater degrees of success. There have been the large international aid organisations (like SIDA, CIDA, DFID, SDC, etc) set up by countries like Sweden, Canada, England, United States of America and others, which have extended aid to both government and non-government entities in the developing world. There are also instances of funds set up by governments in developed countries, which were meant exclusively for CSOs in the developing world. Many of these mechanisms worked very well during the decades of the 1980s, 1990s and 2000s, but then gradually lost force (at least in India), both due to developments in India and in their own countries. However, it would be useful to understand how such mechanisms worked well (as opposed to the Indian experiment of CAPART) and whether the idea of state investment in building CSOs could get the attention it deserves.

2. Markets

Selling goods and services at a markup is a widely used means of raising resources. There are various ways in which CSOs have tried to leverage resources from the market, within the existing legal frameworks.

a. Some civil society initiatives are themselves in the form of market interventions—such as when farmers come together to aggregate or process their produce so that they can compete more effectively in the market, or artisan groups that come together to generate economies of scale or other similar efforts. Examples of such efforts abound, and here the funds are raised from the market both for benefitting the members and for running the organisation. In many ways, this could be considered among the most self-sustaining design. The only challenge is that this model can only help in case of issues which involve a product or service. So, organisations working on preventive health, gender equality, and other such issues are not able to use this mechanism of raising resources.

b. Another model often used to market resources for civil society action is where one entity engages in commercial activity which generates profits, which is then used to further social good through another entity, with both entities being held under the same overall ownership/promoter umbrella. These would include Indian corporate houses like the Tata Group that have been successfully running development activities even before the mandated CSR law. Grameen in Bangladesh has also used this strategy very effectively.

c. The previous decade saw the emergence of a new kind of organisation—the 'social enterprises', which are for-profit-social-good organisations. Social enterprises have emerged as sustainable models of businesses. The idea of the social enterprise revolves around sustainable businesses that put the people and planet at the forefront, rather than being driven by sheer profit. The methods and means of the market are used to tackle difficult social problems (Mahajan, 2019). Vijay Mahajan defines social enterprises as having "the heart of an NGO, the head of a business and holds hands with government" (Mahajan, 2019, p. 1).

These organisations think of social problems as opportunities for business ideas, thereby leading to a chain of societal changes. They lie on a spectrum between philanthropic endeavours and profit-driven businesses. They run on the narrative that business and development are not mutually exclusive in nature. These organisations aim to achieve socially desirable outcomes by engaging with society in a meaningful way while maximising profit. Instead of earning profits through other mediums and channelling them into development activities like that of big corporate houses, their methods of engaging in the economic activity itself incorporates the "positive intended impact" for society.

An example for this would be *Kheyti*, an "enterprise that supports farmers, most of whom practise subsistence agriculture, with a "greenhouse-in-a-box." It uses 90% less water, grows seven times more food, and gives farmers a steady dependable income" (Bannick et al, 2021, p. 4). Zero-waste beauty brands such as Bare Necessities, Earth Rhythm (Soapworks India), and Raw Beauty are gaining traction due to their environmental impact. The consideration for the environment or social uplift in these cases is not an aligned activity or an afterthought, but a crucial part of the business model itself.

However, this still remains a relatively new and emerging area with limitations similar to those mentioned earlier—that this mechanism will work only for certain kinds of issues in the social space.

d. A fairly popular way of raising funds from the market used to be where CSOs sold products (cards, diaries, books, etc.) or services (training programs) directly to consumers or other organisations. CSOs like CRY and several others did this very effectively for many years, using the surplus generated to pay for part of their operational costs. However, the Finance Act, 2015, prohibited charitable institutions from being tax exempt if more than 20% of their receipts were constituted by commercial activity. This affected CSOs who are involved in general public utility, apart from education, yoga, medical relief, relief to poor, environment, and the preservation of monuments (Fogla & Patra, 2015, p. 8).

3. Donations

Donations have been the oldest form of support on which CSOs have depended. This has come in many forms:

a. Philanthropic foundations: These have been the oldest and biggest mainstay of the CSOs. Some names that come to mind immediately are Ford Foundation, Rockefeller Foundation, and MacArthur Foundation. In more recent times we hear of the Gates Foundation, Michael and Susan Dell Foundation, Azim Premji Foundation, etc. Almost all of these philanthropic foundations have been set up through endowments made from the personal wealth of an ultra-rich individual/family. In recent years, with an increasing number of billionaires in India, there has also been an increase in Indian private philanthropy flowing to the social sector. By 2018, individual giving accounted for about 60% of the total private funding to non-profits in India.[5] Some major funding organisations in this category include the Tata Trusts, Azim Premji Foundation, Shiv Nadar Foundation, Rohini Nilekani Philanthropies, and many others.

b. Professional, cause-linked foundations: Organisations like Oxfam, Plan International, Action Aid and others fall in this category. These are quasi action agencies that act as both implementers and funders for smaller grassroots organisations. Their modus operandi rests on partnering with local and grassroots organisations, often sub-granting to them for development projects.

c. Companies donating or spending under corporate social responsibility: With the passing of the Companies Act 2013, and Section 135 within it, the idea of business sharing back some of its profits with society has been made mandatory. While we will discuss this amendment in detail subsequently, since the Act was passed, corporates have spent an average of Rs 13,000 crore every year on social causes, some directly and some through CSOs. The Act has also resulted in the formation of many corporate-CSOs which is again an interesting development.

d. Individual donors: Almost all CSOs have raised money from individual donors, what are now at times called 'retail'. These are people who are attracted to the organisation because of the cause or belief or a commitment to an area. These individuals may offer not just money but voluntary time and their skills to such organisations. While attempting to raise funds through this channel, CSOs attempt to focus their communication on areas that resonate with people and make a heartfelt connection/appeal to the donors. The money that comes in is often unconstrained by usage, i.e., organisations have no restrictions or set guidelines to use this money and there is freedom of operation for the CSO. Unlike institutional donors, individuals tend to

[5] Bain & Dasra, India Philanthropy Report 2020

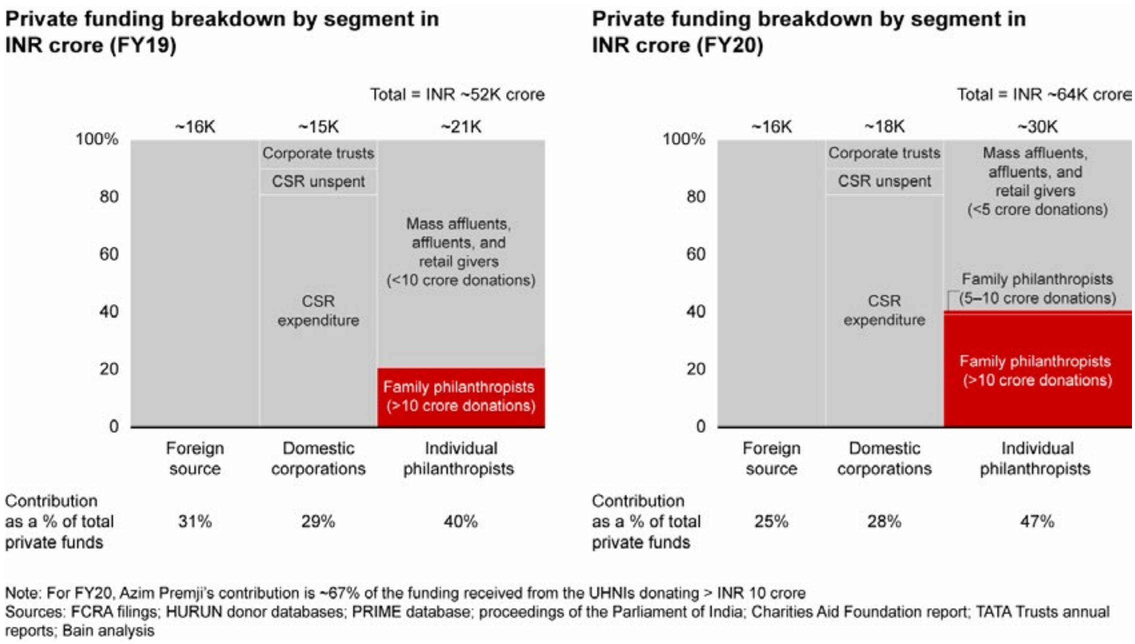
respond better to anecdotal evidence and personal stories, rarely looking very closely at numbers or strengths and weakness. The last decade has seen a big surge in retail individual giving, mostly driven by online platforms—Give India to begin with and rapidly growing crowdfunding online platforms like Ketto. Their strength has been the ability to directly connect the donor with the cause, provide micro-specific reporting, a trust assurance through system of backend checks, and creating the ease of online giving. Some of these platforms are also using aggressive online marketing tools or metrics to push ahead their causes.

Funding trends

In a social welfare state such as ours, the largest social sector expenditure comes from the government. It includes direct expenditure made by the government on social schemes as well as the money given by government to CSOs to implement on its behalf. For fiscal year 2019–20, the central government spending on such programs was Rs 3.2 lakh crore, along with state governments spending of another Rs 15 lakh crore (Bain and Company, 2021). However, as far as support for CSOs and their work is concerned, most of that has come from private sources—whether foundations (foreign or Indian) or individuals. Over the last few years, corporate giving (under CSR) has risen rapidly and garnered a lot of visibility. Interestingly, during this same time, Indian private philanthropy (whether small donors or large) has in fact grown even more, though without being discussed as much as CSR. The biggest funding shift to have affected the Indian CSOs has been the steady and sharp decline in funds coming from foreign foundations.

According to the Bain India Philanthropy Report 2021, international non-profit contributions to India have declined by 30% over the last 5 years. And just between FY2019 and FY2020, the private sector funding (including foreign aid, CSR money, philanthropic money, and individual giving) increased by 23%, with nearly two-thirds of this growth coming from family philanthropies (a space worth observing). The total private sector funding for the social sector for FY2020 stood at Rs 64,000 crore, compared to the FY2019 total of Rs 52,000 crore (Bain and Company, 2021).

Figure 12: Private Funding Breakdown for Social Sector



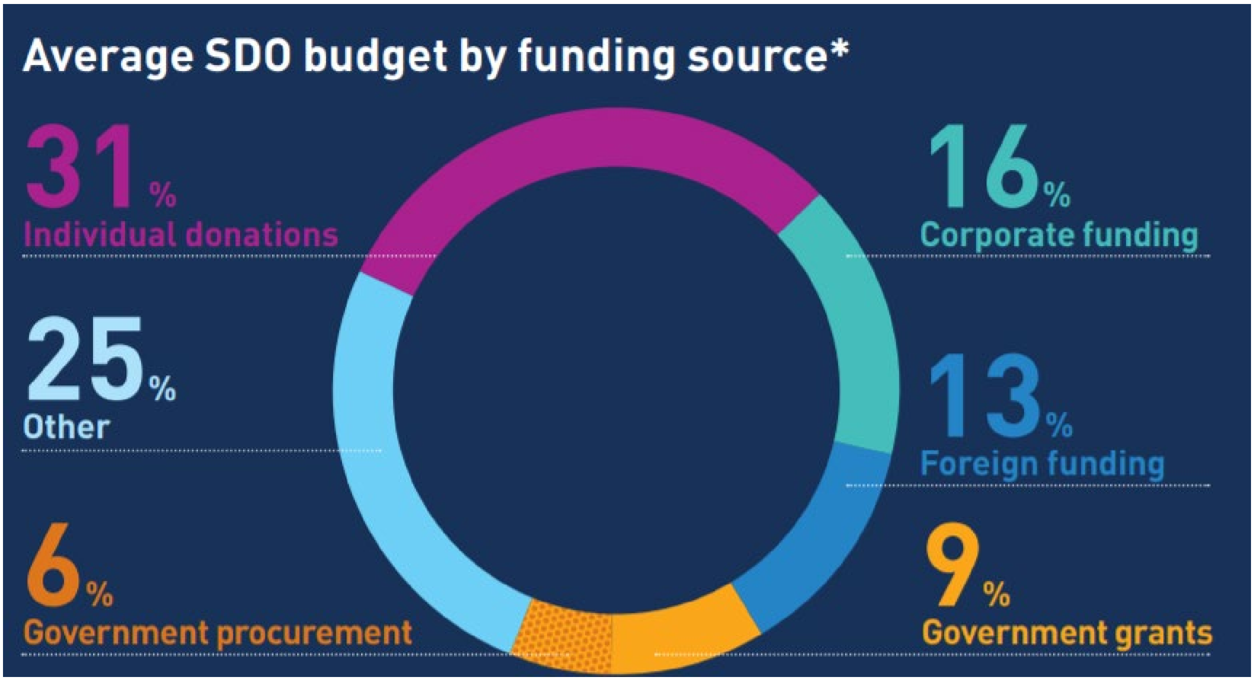
Source: Bain & Company, Dasra, 2021, p. 4

Overall, while the Indian social sector still continues to be underfunded, the total funding for the sector has grown. The total social sector expenditure by the government, both the Centre and the state, has been growing at a rate of 11% (Bain & Company, 2019) while private sector funding has steadily increased by 15% between FY2014 and FY2018 (Bain & Company, 2019). However, while it is unclear if the overall funding for CSOs working in the social space has increased or decreased, but our enquiries did point to sharply felt impacts of these funding shifts, with some sectors and certain kinds of CSOs losing out, and others gaining traction.

Before we move to the consequences of these shifts, it may be worthwhile to look at the nature of funding mix that CSOs usually work with. The CSOs depend on a wide variety of donors/revenue streams. In several cases, this is also a conscious choice, so as to avoid excessive dependency on any one kind of source, increasing their resilience in times of financial crisis and making for greater institutional independence. According to a report by Charities Aid Foundation, (Charities Aid Foundation, 2020, p. 12) as many as 65%, of the 82 organisations that responded to their survey had three to five sources of funding.

The report of the Centre for Asian Philanthropy and Society, "Doing Good Index 2020," for 18 Asian economies also suggests a similar diversification in sources of funding for Social Development Organisations, with individual donations being a significant 31% of total.

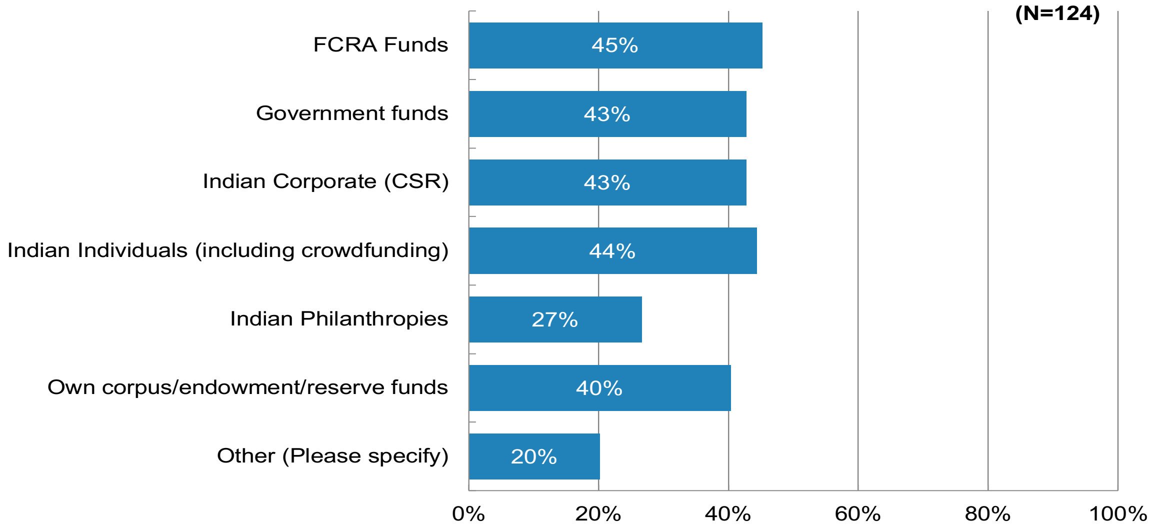
Figure 13: Sources of Funding for Social Development Organizations



Source: Centre for Asian Philanthropy and Society, "Doing Good Index 2020"

A similar pattern emerged in our own survey with organisations stating three sources of funds on average. Individual contributions as a source of funds appears more widespread than CSR funding, both, in terms of number of organisations receiving funding from that source as well as the amount of money generated through that source.

Figure 14: Organisation Funding Sources – Number of Organizations receiving funds from each source



Funding shifts – Summary and insights from interviews

There is very little secondary data available on the shifts in composition of funding sources for the CSOs over time. We initially attempted to gather this data of funding shifts over the last decade through a survey. However, we soon realised that given COVID and with most organisations working remotely, accessing old data was not easy for most people. Recovering this data was also a time-consuming task which—given the duress of the second wave of COVID in the country—was not a fair ask. We, therefore, decided to ask each of our interviewees about the funding shifts that their own organisation has experienced and among those that they know of. The second question then was on the consequences of these shifts, in terms of work and culture. We present here the summary of those conversations.

1. Sources of funding –

a. **Indianisation of funds:** One of the most significant funding shifts that has occurred over the last two decades has been the near complete 'Indianisation' of funding. There was a time when foreign funds constituted a very significant part of overall support to CSOs, but that began to change sometime around the turn of the century. The fruits of liberalisation had begun to be visible, and governments were keen to project India as an emerging power on the global stage. They were, therefore, reluctant to accept aid from other countries. Alongside, the Foreign Contribution Regulation Act (FCRA) was gradually making it tougher for CSOs to access foreign funds. The 2008 recession also forced international donors to look at problems closer home than just aid overseas development. Many of these shifts combined to lead to a drop in this category of funding. And as mentioned in the Bain India Philanthropy Report 2021, the drop has become steeper in the recent past, with a decline of over 30% just in the last 5 years. The gap in quantum terms may have been filled by the emergence of CSR funds and Indian private philanthropy, but respondents felt that the nature of money is now very different.

b. **Government funding:** On government funding, there were organisations who spoke of this being on the wane, and there were those who told us they were leveraging vast amounts of government funds. Government has always had a model of 'sub-contracting' to local CSOs to take care of last-mile connectivity issues, but that seems to be stagnating or declining. In our conversations, we found that it is now the larger, better-established CSOs, which are able to leverage funds from government schemes like MGNREGA, NRLM, etc. In either case, the nature of this funding continues to be project-based, cost-minus, and unreliable. An interviewee with vast working experience in CSOs pointed out the unreliable nature of government funding for CSOs—"when departmental budgets are reduced, CSOs are the first to be cut out." One leader also mentioned how Government money is often accompanied with corruption and mismanagement. Another difference is the nature of work that the government funds. Their focus is on 'hardware' kind of work like distribution/construction of physical assets, but they do not engage with the softer issues in development, which in turn can occasionally lead to CSO teams losing their focus on those softer aspects.

c. **Indian corporates:** Domestic corporates have rapidly emerged as the most visible and vocal new donor, even though their contribution to the total kitty hovers at a little less than one-third. These corporates not only dominate the space visibly, but are also equally vocal in pushing for new approaches to development, often stemming from a market-based understanding of problem solving. The shift towards corporate funding was something that came up repeatedly in the course of our conversations.

d. **Retail individual giving:** Historically, retail funding or individual donations have been the oldest form of funding that has been available to CSOs. However, the nature of this space has changed—from being personalised connects and conversations with donors, it has now become about better pictures, stories, and clear communication. Most of this giving is also micro-precise (support for sending two children to school, support for treating a cancer patient, etc) and for activities that will be completed in a short period of time. However, we found relatively few examples where CSOs had been able to leverage this source effectively, even though many acknowledged the autonomy that this kind of funding provides. Organisations like Goonj are among the noteworthy exceptions who have always been invested in this segment (see case study for details).

e. **Giving by ultra-high net-worth individuals (UHNI):** This category of philanthropy is what has been making the most headlines in recent times, and is now the most significant category of non-state funds and likely to grow further (in conjunction with wealth accumulation at the top). However, interestingly, several of our respondents mentioned that this giving (actually, spending) is very different from the kind of giving that the earlier generation of family philanthropies did (Tatas, Ford, Paul Hamlyn, etc). Most of the UHNI money is not given to others, but spent directly by their own foundations, on priorities/s decided by the person giving away the money. In that sense, they often appear like mega CSOs themselves which have entered the field as participants desirous of solving particular problems. Mackenzie Scott is, of course, a clear exception among these new entrants.

f. **Impact investing or Development Impact Bonds (DIB):** These are the newest financing trend, and promise to revolutionise the space in terms of putting results/impact at the centre of giving. The proposed Social Stock Exchange is also in the same kind of impact-led funding space. However, most of our respondents, already uncomfortable with the measurement-driven approach favoured by CSR, are even more uncomfortable about it now becoming all impact. Not only does impact push process to the sidelines, but it also reduces the space for experimenting. Risk taking and innovation were the hallmark of CSOs, whereas DIBs tend to privilege tried and tested solutions. As one of our respondents said "the DIBs are like a DNA change." The other concern about DIBs was the overall higher cost it entails for doing the same thing.

Case study: Social Stock Exchange (SSE)

In 2019, SEBI constituted a working group under the government recommendation on the initiation of a 'Social Stock Exchange' to list Indian social enterprises, and voluntary organisations. The goal of the working group was to initiate discussions with stakeholders regarding the same. What is interesting is the representation of corporates in the working group superseded that of the social sector itself.[6]

A social stock exchange is meant to be a platform for 'social enterprises'—both for-profit and not-for-profit can list their securities and other financial instruments in order to raise capital, reducing their need for donations or grants. The draft report lists that the aim of SSEs to be the unlocking of "large pools of social capital, and encourage blended finance structures, so that conventional capital can partner with social capital to address the urgent challenges of COVID-19."

Key recommendations by the group:

- Zero coupon bonds for NPOs: Zero coupon zero principal bond is particularly well suited to investors who are looking to create social impact but do not wish to have their funds returned to them.
- Social venture funds (including Impact Bonds) and mutual funds will be mainstreamed to NPOs. The returns to this will be considered as donations.
- Implementation of common minimum standards for reporting on social impact.
- Implementation of common minimum standards for reporting on governance and financials.
- Investors will be keen to channel funds only to credible and legitimate NPOs, which the SSE will ensure by requiring beneficiary NPOs to report on social impact

[6] https://www.sebi.gov.in/media/press-releases/sep-2019/sebi-constitutes-working-group-on-social-stock-exchanges-sse-_44311.html

in a standardized format. Credibility and legitimacycan be signaled by choosing to register with information repositories (such as GuideStar, DARPAN, and Credibility Alliance), although such registration may not be mandated. Social Auditors to perform independent verification.

- All NPOs that benefit from the SSE will be granted a 100% tax exemption for their donations under 80G. Currently, donations to private NPOs with 80G certification are eligible for a 50% tax deduction, whereas donations to government entities are eligible for 100%.
- Allowing companies to deduct CSR for taxable income.
- Removing 10% cap on income eligible for deduction under 80G.
- Increasing the 20% cap on income from business activities to 50%.
- Enable fast-tracking of 12A, 12AA, 80G. Making renewal of 80G periodic.

Currently, SSEs are active only in Canada, Singapore, and Jamaica. While there is an overall lack of literature on SSEs, a report, assessing the seven SSEs across the world, states that organisations listed on SSEs are usually large, choose easily measurable projects, and the funders tend to favor for-profits, and project-based funding over organisational funding (International Centre for Not-For-Profit Law, Samhita, 2021). At the same time, India's social sector includes a plethora of organisations that may not be engaged in development work, and therefore, there needs to be a more concrete definition for 'social enterprise' rather than the current method of self-declaration. Another key issue is the nature of organisations they are trying to cater.

As discussed in the previous sections, the nature of social impact organisations is so varied that their intended "consumers" may end up not even using the platform. An Impact Finance Network report states that most of the impact platforms have a low usage of less than 1000 users, most platforms (62%) have not moved any capital, and 75% of the platforms were unsuccessful in generating income sufficient to fund their operational costs (Impact Platforms: towards an interoperable impact finance ecosystem, 2018). The business models are impact first and service-based in nature, and focus on entrepreneurs & investors, then accelerators. This means that it is likely to generate funding for a service-delivery type of non-profit, or social entrepreneurs generating profits.

g. **Self-generated funds:** There was a time when CSOs used to generate their own funds, either through sale of products (CRY and the sales of greeting cards being the most well-known effort) or services (training and capacity-building). Some CSOs also built their own reserve and corpus funds through donations or ploughing back of small operating surpluses that were generated. Many in the CSO space felt these could be paths to core autonomy, if not full self-sustenance. However, the Finance Act, 2015 effectively put an end to these. So, this category of funding, even though most vital from a sector perspective, is now mostly a sunset category.

2. Consequences of the funding shifts

a. **Shift in emphasis:** Corporate funding has a very pronounced skew towards hardware, tangible programs or "techno-managerial fixes." And even within the ambit of tangible impact areas, there is a desire to work on some themes (such as education, skilling, health) that have emerged as clear favourites. This could be because of a strong inclination to measure and track impact, and because of a reluctance to be viewed as upsetting the state. Most corporate money goes into 'safe' spaces like education, health, skilling, etc., to the increasing neglect of rights-based work, advocacy work, or even sectors like caste and gender equality. In the words of one of the respondents, "CSO work of the kind of service delivery will continue, with both State and CSR needing them for different reasons, but it is the campaigning and advocacy kind of work that will now face maximum threat."

b. **Projectisation of development:** Many respondents told us that funding (and perspectives) has become increasingly projectised and templatised. CSR is driven by targets and the pressure to meet those targets. This reflects even in the manner in which monitoring is done. "The entire culture is driven towards achieving targets. Reporting around targets alone/primarily could gloss over the real challenges and learnings." There is a push towards standardising approaches, solutions, costing; forgetting the first reality of the social sector that communities and people differ from one another.

c. **Shift in horizons:** Most respondents spoke of the nature of work on the ground as being "complex, requiring long-term horizons." CSR could be leading to the emergence of short-term horizons. Several respondents spoke of funding contracts and commitments both having become short term. As one respondent shared, they are "even looking at planting projects which are of just nine months duration." Long-term partnerships that were often the norm a few decades ago, have now become the exception.

d. **Underfunding:** Even within project-based funding, we often heard from our respondents that the "donors are willing to fund programs, but not the cost of delivering programs." This phenomenon of underfunding (in a sense) has also been highlighted in the latest Bridgespan report titled, *Building Strong, Resilient NGOs in India*: *Time for New Funding Practices*. Bridgespan undertook a survey of 388 CSOs, and a financial analysis of 40 leading and relatively well-funded CSOs and found that 83% of the respondents reported that they struggled to secure coverage of indirect costs (Bridgespan, 2021, p. 6).

e. **Investing in institutions:** The projectisation of development work has also meant that there is hardly any money or conversation around institution building. The current set of well-regarded CSOs have become so in part because of the institution-building investments done by an earlier set of philanthropies. However, that investment in institution building for the future is not happening now. To quote one of our respondents, "there are now very large philanthropies who are working themselves on decided areas, and then there are very small donors interested in small parts of the larger whole. But the middle set of donors, who used to be interested in organisational matters and longer term change have now disappeared, making it hard to do long-term institution building work."

f. **Metrics matter:** Linked to the emergence of CSR funds as an important source of funds for CSOs, has been debate over what is the meaning of impact and how should that be measured. We take this up in the chapter on impact.

g. **Over measurement:** Another aspect of corporate money has been the pronounced emphasis on measurement. This has led to CSOs investing large amounts of time and effort in constant measurement and reporting. As one respondent said "it has become absurd to the extent that we are being asked to dig out the plant every day to check if it is growing." During COVID times, frequent and detailed reporting expectations increased (including the requirement from some corporates to share coordinates for real-time tracing of CSO fieldworkers), and respondents feared that this kind of reporting may become the norm and expectation going forward. Another respondent mentioned that their organisation had submitted 80 different reports to different donors in just 6 months. Most CSOs feel their capacities are stretched on this score, with measurement and reporting having become even more important than the actual work.

h. **Lower risk taking appetite:** The new money entering the social sector has very little risk-taking abilities. As one respondent said, "earlier the donor was driven by a philosophy, and one could try out new ideas within that larger goal." Another senior leader said that earlier we worked to find solutions to some of the hardest problems, without the filter of "working only to succeed."

i. **Geographical skew:** Most corporate funding goes to geographies which are of strategic interest to corporates, or towards the development of communities in the immediate neighbourhood of their operations. Given this, some geographies (such as the northeast) lose out despite the existence of a clear need. Another consequence of corporate commitments to select geographies has been that whereas in the past money used to go where CSOs were located, now CSOs are expected to go where the money is located. However, there were some CSOs which felt that this was a new kind of challenge that has on occasions pushed them to move to and establish themselves in new geographies.

j. **Emergence of aggregators and intermediaries:** Since funding has become specialised, requiring a multiplicity of compliances, the last decade or so has seen a rapid rise in the number and salience of intermediaries and aggregators. While the so-called 'intermediaries' have always been there in some form, we were surprised how strongly this development got called out during our interviews. There were mixed views on this trend, with most respondents feeling that this was leading to a greater distance between the actual work on the ground, and those who are supporting the work—"power and voice seem to be shifting away from local organisations to the middlemen and brokers." One respondent went so far as to caution that "the intermediaries serve the donor more than the recipient."

Case Study: Goonj

In the 21 years since its inception, Goonj has been offering a sustainable model for eliminating poverty and related issues. Goonj's direct implementation model proposes an inclusive alternative economy that ensures their beneficiaries become an equal stakeholder in the process, with a commitment to building and strengthening ground-level institutions. Their central initiative is collecting urban, unused clothes and materials, repurposing them to ensure they are good for use and making them accessible to those in need across the country. Their initiatives are not limited to distributing clothes, but also in areas of infrastructure, environment, women empowerment, and disaster relief and management.

Goonj reached out to the individual donor as a conscious strategy from the beginning, and as recent as 2017, a majority of their funding (66% in 2017) came from individual giving through crowdfunding. This was done through individual door-to-door sourcing of money and through online platforms. Though often more expensive, individual giving provides CSOs a certain amount of autonomy, and is usually unconditional. Since their main source of funding till a few years ago had been untied individual giving, Goonj feels they have been able to maintain their freedom of operation, liberty to actualize their vision, and the room for experimentation. Their funding structure has allowed them to address the needs of over 5000 Indian villages without imposing restrictions on their operations. They are a consortium of over 500 partner organisations in 27 states that work end-to-end. All of them are responsible for evaluation and implementation of needs assessment, impact measurement, and evaluation. This spirit of collaboration is another key feature of their work.

However, in 2018–19, with Goonj's overall budget increasing to Rs 30 crores, the share of individual giving fell but was still a very significant, 30-35%, of the total. And this despite the fact that Goonj has no dedicated fundraising team. Their method of attracting funds is through a direct showcasing of ground-level initiatives and encouraging the donors to physically visit their centres to understand the work.

According to Goonj, their funding structure has ensured that rather than be accountable to large donors or institutions, they have been able to put communities at the centre of all aspects of their work. The needs of communities themselves are recognised through consultation and deliberation with grassroots-organisations, community leaders, and communities themselves. Dignity and respect for people are the pillars for their work. The impact they generate in the fields of water, sanitation, livelihoods, education, environment, menstrual health, disaster management and relief, access and infrastructure has become a universally recognised model.

History of CSR in India

Corporate Social Responsibility, as a concept, has evolved over time and has meant different things in different places at different times. Despite its prevalence today across countries and the increasing importance it has, in terms of funding as well as policy, there seems to be a lack of consensus on what CSR means. However, common among these different definitions is the notion that the role of businesses in society extends far beyond generating profits (Sharma, 2009). Companies are expected to have a positive role to play within the ecosystem in which they operate. This has meant helping surrounding communities or corporate philanthropy, corporate citizenship, and a myriad other things.

Bowen (1953) was among the first to define CSR, long before CSR became the poster-child for philanthrocapitalism, as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Kumar & Kumar, 2014, p. 83). In 2012, the World Business Council for Sustainable Development defined CSR as, "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (WBCSD, 2012).

The change in language reflects some important moves that were made over the decades, such as the shift from "obligation" to "commitment." There was also a shift from acting "responsibly" and in a "desirable" fashion to making contributions to a set agenda, which is that of economic development. Over the decades, in India as well as across the world, there was a shift in the understanding of CSR, from being one of additional responsibility to an expectation, and in countries like India, a mandate. New kinds of engagement with social responsibility have come to include everything from minimising adverse impacts of their business (initiatives like carbon offsetting as done by Zomato by planting trees) to long-term community engagement in different parts of the country.

Corporate philanthropy before independence

Understanding CSR in India requires a contextual grounding, imbuing it with the richness that the specific socio-political and historical context brings. Though the mandate only came about in 2013, there is a pre-independence history of CSR in the country. The Indian tradition of corporate social responsibility supposedly originated as far back as the Vedic times. Commerce was always assumed to have a crucial role to play in the larger good and uplifting of the deprived, stemming from the concept of *dharma* in Hinduism and *zakat* in Islam. The role of religion in influencing corporate philanthropy in India has been analysed very often. Valor found that religion also plays a crucial role in corporates deciding which CSOs they will partner with or donate to (Valor, 2006).

During the early colonial period, the East India Company used corporate philanthropy as a means of establishing relationships and propagating their institutions in the sub-continent. After the 1880s, India saw a rapid wave of industrialization that fostered new wealth and indigenous industry. Traditional business families that took to Western models of industrialization—Tatas, Birlas, Modis, Shrirams, Godrej, Mahindras—were encouraged by the British in their philanthropic activities (Kassam et al, 2016, p. 112). These efforts resulted in the construction of hospitals, schools, orphanages, and promotion of arts and culture. During the Independence movement, they promoted social reforms. These families began contributing to educational institutions and CSOs. Early successful business people birthed institutionalized philanthropy in India by formalizing it within their businesses.

The Tata group, for example, has been known for its commitment to social responsibility, among other old business families. After the death of Jamsetji Tata's son, Sir Ratanji Tata, they established the Sir Ratanji Tata Trust in 1919, who left behind a large amount of wealth. The Tata group continues to remain significant in shaping Indian corporate philanthropy today[7] (Kassam et al, 2016).

The history of corporate philanthropy in India has been influenced by notions of Gandhian trusteeship and cannot be seen as a replica of Western prototypes (Pillai 2013; Sharma 2009). Gandhian trusteeship accepted private property only for the purpose of the larger social good, for nation-building and the resultant socio-economic development. It was distinct from socialism and gained support from the business community for that reason. Gandhi's influence was crucial for the role that Indian companies came to play in nation building and socio-economic development in the country (Sharma, 2009, p. 1519) between 1880s and 1950s.

Independent India

The importance of corporate philanthropy drastically reduced post-independence due to the aggressive promotion of a statist model (Dhanesh, 2015; Kassam et al, 2016; Sundar, 2000). The government took over many social welfare and developmental activities. The ideology of the time required collaborative efforts from the state, market, and civil society to make progress. In the 1950s, the large influx of foreign aid from the West, in a way, abated the responsibility on domestic philanthropy. High taxation also discouraged philanthropy in general.

By the 1960s, there was a growing dissatisfaction with the welfare and developmental activities of the state, its perceived inefficiencies. This led to increased philanthropy from businesses and wealthy individuals, as people began to look at solutions beyond the state. Post the delicensing of the Indian economy in 1991, increasing prosperity and the emergence of a pro-business environment served as crucial impetus for businesses to be more directly engaged with socio-economic development (Kassam et al, 2016).

Divergent approaches

While companies like the Tata Group, Wipro, Infosys, Reliance, etc., had established foundations even before CSR became mandatory, often the view on CSR was more akin to charity. CSR was found to be an ad-hoc activity, equated with philanthropic activities by most Indian companies (Kumar & Kumar, 2014, p. 85). As Kumar and Kumar have found, many corporations that engaged in CSR before 2013 often did not feel the need to even report their expenditure on the same. Estimates on CSR expenditure before 2013 are difficult to find.

Philanthropy was often something taken up by the women of the family, or nonworking

[7] "On 23 June 2021, Hurun Research and EdelGive Foundation released the 2021 EdelGive Hurun Philanthropists of the Century, a ranking of the world's most generous individuals from the past century. With donations worth US$102.4 billion, Jamsetji Nusserwanji Tata, founder of the Tata Group, has topped the list. Interestingly, he is the only Indian on the top 10 list." (Javaid, 2021)

members, regardless of whether they were experienced in philanthropy or not. This would be in the form of direct donations, scholarships and healthcare. As these businesses expanded, so did their philanthropic initiatives, and they became more professionalised. More family foundations, trusts, and CSOs were set up that were handled by those from outside the family. Even corporate philanthropic initiatives began being run like businesses, as evident in the move to a more short term, metric-driven approach (Kassam et al, 2016).

The model of CSR in India has changed over time. It is crucial to note that before 2013, CSR also included staff welfare expenses (Kumar & Kumar, 2014). CSR expenditure was rarely if ever included in budgets of corporations in developing countries. CSR was taken as an ad-hoc activity, lacking a systematic approach or philosophy. CSR was no different than philanthropy.

In Kumar and Kumar (2014) they cite another paper that claims the CSR spend in India for 2009–10 to be $7.5 billion (Kumar & Kumar, 2014). Kumar and Kumar's paper is the only collated data we could find which had tried to discern CSR expenditure trends before 2013. They took the top-30 listed companies on the Bombay Stock Exchange between 2001 and 2012, and analysed their CSR expenditure:

Table 6: CSR Expenditure of Top 30 in BSE 2001-12

Year	Donations (Rs million)	% of Profit
2001	711.80	0.83
2002	565.30	1.78
2003	600.00	1.42
2004	1,016.60	1.71
2005	1,635.70	0.41
2006	936.20	0.37
2007	987.20	0.33
2008	2,652.40	0.62
2009	2,401.30	0.61
2010	3,233.20	0.56
2011	3,406.40	0.73
2012	5,656.00	0.93

Though this paper focuses on the monetary aspect of CSR rather than its qualitative aspects, the different heads under which the money is allocated include: social and community services, environment and pollution Control Expenses, and Staff Welfare Expenses (Kumar & Kumar, 2014, p. 87). Moreover, out of their entire sample, none of the companies were spending 2% of the net profits on CSR. Only four individual companies were found to spend more than 1% of profits towards CSR (Kumar & Kumar, 2014, p. 91). It is these two criteria which most critically differentiate CSR from before and after the CSR mandate came into place. The Act mandates a certain amount of expenditure as well as specifies thematic areas which would count as CSR.

The Companies Act, 2013 and Successive Changes

As per Section 135 of the Companies Act, 2013, a company which:

i. Has a net worth of Rs 500 crore or more
ii. Turnover of Rs 1,000 crore or more
iii. Net profits of Rs 5 crore or more

during any financial year will have to spend at least 2% of the average net profits made during the three immediately preceding financial years towards fulfilling its CSR.

Schedule VII of the Companies Act, 2013 defines the areas of intervention that can be undertaken under the umbrella of CSR. The regulation specifies that CSR initiatives will not include activities solely for the benefit of employees and their families, nor the activities which are undertaken in pursuance of normal course of business for the company. This means that the Companies Act, 2013 distinguishes the general responsibilities that a business is morally and ethically required to carry out from additional Corporate Social Responsibility. Minimum Environment, Social and Governance (ESG) standards are distinct from CSR requirements. The Act is precise and specific on what does and what does not constitute CSR. CSR does not include:

1. "Any activities which the company does as a part of its business
2. An activity undertaken by the company outside India
3. Contributions made directly or indirectly to a political party
4. Activities that benefit only company employees (if company employees are 25 percent or less of the people served by an activity, it can be counted as CSR)," (Vasudev, 2020).

The successive amendments also have certain provisions which have the potential of changing the way CSR is being carried out in the country. First, it makes provisions for international organisations like the United Nations to receive CSR funds. A provision for 'ongoing projects', which are multi-year projects of less than three years, that companies undertake to fulfil their CSR obligations, not including the financial year in which the activity commenced. The amendment also set up a 'National Unspent Corporate Social Responsibility Fund' for any unspent CSR budgets. This fund will be used to undertake CSR projects as mandated by the Companies Act (Vasudev, 2020).

The successive amendments also require implementation partners for CSR to be registered with the central government. The CSR Committee and the Board of the Corporation have come to play an enhanced monitoring role. This monitoring and evaluation cannot be dispensed with even in the case of working with implementing partners.

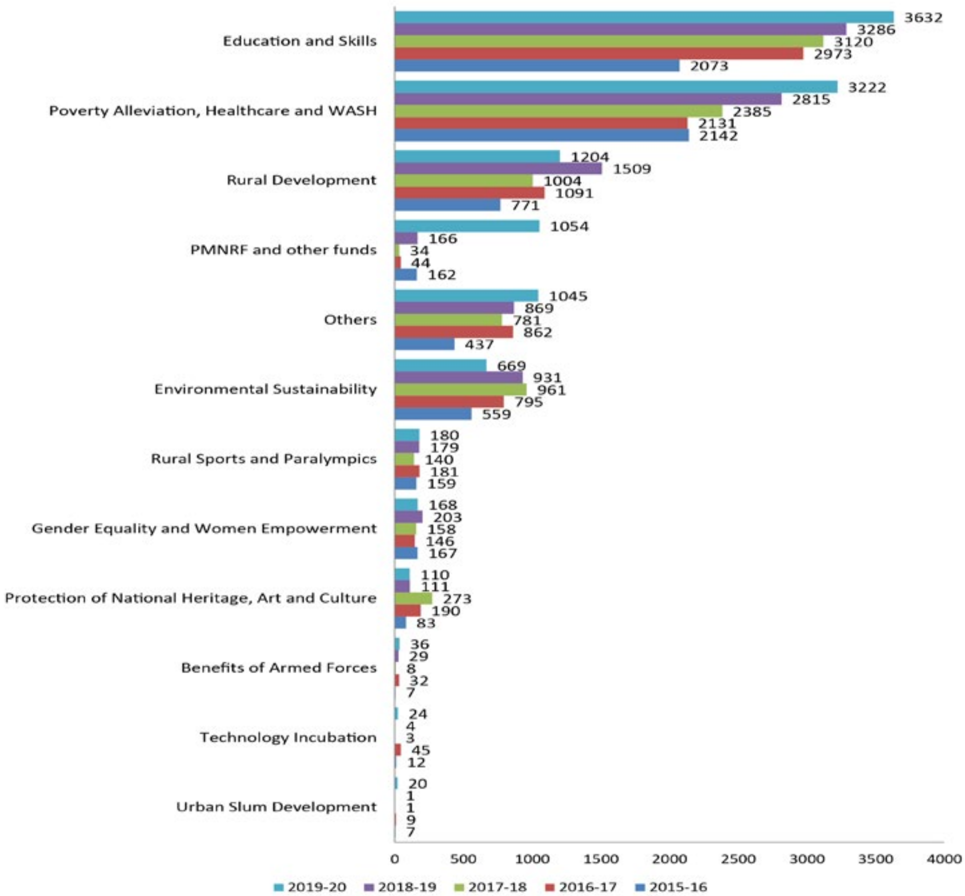
CSR funding

Out of a total of Rs 64,000 crore being spent on the social sector from non-government sources, CSR accounted for 28% (RS 18,000 crore) in FY2020 (Bain and Company, 2021, p. 4). CSR outlays of the domestic corporations and contributions of corporate charitable trusts, combined, have grown at a rate of 12% between FY2014 and FY2018. At the same time, the unspent allocated budget is also falling, from 60% (2014–15) to 22% (2018–19) (KPMG, 2020). CSR expenditure has doubled since the mandate has been brought into place. In 2014–15, the top 20 companies made a contribution of 40% of the total CSR expenditure, in 2019–20 that number came to top 20 CSR companies spending 31% of the total CSR expenditure in the country.

A majority (75%) of the corporates use mixed methods of implementation, i.e., through both their own foundations and NGO partners, and only 19% of these corporates solely fund implementation agencies, and only 6% opt for solely own implementation (KPMG, 2020).

The distribution of CSR funding across the country is skewed in favour of more industrialised states like Maharashtra, Karnataka, Gujarat, and Tamil Nadu that accounted for nearly 47% of the total funds in the year 2019–20. The north-eastern States, Chandigarh, Goa, Daman and Diu, and Dadra and Nagar Haveli are among the states which get the least amount of CSR funds. However, according to a KPMG study, 70% of CSR funding is allocated to a specific state, or group of states, while the remaining 30% is distributed throughout the country, making it impossible from the data alone to determine with precision where the financing was allocated (KPMG, 2020). Apart from the geographical skew, the CSR expenditure also demonstrates a clear skew towards certain themes like education, healthcare & sanitation, and rural development.

Figure 15: Thematic Area and Cumulative CSR spent between 2015-2019 (in Rs.Cr)



Source: NGOBox CSR Outlook Report 2020

CSR in Practice—As it is Unfolding

Though 2013 has been a major turning point, the mandate was more symptomatic of larger socio-political shifts that can be observed in India as well as across the world. Even before the Companies Act, 2013, we see increased philanthropic giving from IT moguls and big businesses.

The 2013 CSR mandate brought forth several new dynamics. Though 2013 has been a major turning point, the mandate was more symptomatic of larger socio-political shifts that can be observed in India as well as across the world. Even before the Companies Act, 2013, we see increased philanthropic giving from IT moguls and big businesses. Bain and Co. India Philanthropy Report 2015 details that between 2004 and 2009, the amount of foreign philanthropic giving in India more than doubled from $0.8 billion to $1.9 billion (Sampath, 2015).

According to the Bain and Company India Philanthropy Report 2019 (Bain & Company, 2019), the total contribution that domestic corporations have made to funds raised for the social sector constitutes only 5% (Rs 14,000 crore) of the total in FY18. Even if we exclude government expenditure, which continues to be the largest sources of funds, in FY2020 domestic corporations contributed 28%, i.e., roughly Rs 18,000 crore, of a total of Rs 64,000 crore raised by the private sector. Here private sector includes funds raised from private sources—individual giving, domestic corporations, and foreign funding.

The practices of venture-capital investing have seemingly pervaded this space—increased intervention by the donor, results defined through short-term measurable outcomes, emphasis on scaling up to meet potential demand (Edwards M. , 2009). Other symptoms of the same has been the emergence of new organisational forms—large corporate foundations, new types of social enterprises, and intermediary organisations. These organisations are known to function in the crevices between the two sectors—the market and civil society. They adopt and replicate principles of business while trying to address social and environmental issues.

These changes, at large, have been described by some as 'philanthrocapitalism'—a movement in which business principles seamlessly combine with the search for social transformation. It is rooted in the belief that the methods of business are superior to the methods of civil society and the public sector; thus, solutions to social problems can be drawn from how businesses operate (Edwards, 2008). The term philanthrocapitalism means many different things to many different people. There are two distinguishing features that Michael Edwards delineates:

"The first is a belief that philanthrocapitalism will generate an increasing volume of private resources large enough to compensate for a projected decline in aid from governments and NGOs…there will be sufficient money in the international system to tackle the grave problems of climate change, hunger and disease, education, and global poverty" (Edwards M. , 2009, p. 36), And,

"The second claim is that philanthrocapitalism will achieve better and more sustainable results in these areas because it privileges the market as a superior mechanism for generating large-scale economic and social change, while the traditional development industry must function on highly-fractured and bureaucratic structures" (Edwards M. , 2009, p. 36).

> **Under philanthrocapitalism, we see philanthropists behaving more like investors, and a push towards reforming civil society to become more like businesses.**

Companies Act, 2013, in a way, institutionalised these beliefs and practices—of the business as having a central role to play in social transformation. To some it suggests that the focus is shifting from 'how companies make their profits' to 'how companies spend their profit'. To others, it shows a structural mechanism that holds big business accountable to society. Under philanthrocapitalism, we see philanthropists behaving more like investors, and a push towards reforming civil society to become more like businesses. We aim to address what consequences this legislation has had on the dynamics within the social sector, and the changing relationship between CSOs and corporations.

The nature of CSR funds is quite unlike what the CSOs were traditionally used to. The nature of the organisation giving money (in case of CSR) is very different from a traditional donor whose sole purpose was to bring about a change in society in a select area/theme. Further, corporates tend to apply the same market metrics (which they are familiar with) to CSR which they apply to the rest of their company's functioning. And just as this is a new kind of relationship for CSOs, the same is true for corporates, given that most of them have never worked with CSOs, and certainly not worked with CSOs as partners towards a common goal.

CSR approaches

As the previous paragraphs show, CSR is emerging as a space with its own identity and characteristics, even if these are in terms of skews in themes and geographies. In the course of our in-depth interviews with the CSR heads of several companies, we attempted to understand their perspective on some of these core questions like—how do they decide on their focus geographies, the thematic areas, how do they implement projects (directly or in association with CSOs), what they thought about short-term versus long-term partnerships, partner selection criterion, their experience of working with CSOs and so on.

1. CSR—compliance or commitment

Several of the people we spoke with mentioned how their company had been involved in some kind of social responsibility initiatives even before the CSR Act came into place. For them, CSR legislation only made formal what was already something their company was committed to. One respondent did say that prior to the law, there was greater room to think about these programs, but the law meant the focus shifted to spending and compliances. According to one respondent who has been working in CSR for 15 years (well before the 2013 CSR law), "it was growing global regulations that led companies to begin to think about communities." At that time, engagement with CSOs was low, and mostly companies worked directly with communities. Interestingly (and importantly), for many of our respondent companies, CSR and sustainability were very much interconnected suggesting that the 'how-profits-are-made' aspect is not that dissociated from 'how-profits-are-spent' within the corporates.

2. Where to spend

By and large, companies look for alignment of CSR strategy (in terms of chosen themes and chosen geographies) with the overall business interests. While manufacturing/mining companies are more likely to be focused on their neighbourhood communities, companies in the finance, IT, and travel spaces will be more flexible in terms of geographies. The chosen themes are often such as have a resonance with the core business—both because companies want to be loved in that space, and also because the thematic alignment allows their employees to volunteer with the CSR programs. It is also not unusual to find the thematic areas connecting back with the sustainability focus areas of a company. Philanthropic foundations set up by company promoters and ultra-high-net-worth individuals do not have any of these constraints but choose their focus areas based on the founder's own preferences or world view.

3. How to spend

Many of our respondents seemed to be following mixed models for implementation, that is, they work with CSO partners and also implement directly. There were a few who had a clear preference for working with CSOs and only one who had a clear preference for implementing directly. The decision seems to be driven more by convenience than philosophy. Many corporates feel that CSOs have the requisite subject expertise and hence choose to work with them. But most often this choice does not come from a larger philosophical imperative of investing in civil society institutions. When the corporate is choosing to directly implement, it is because they could not find a suitable partner, but also (as stated by the corporate with preference for direct implementation), because they do not want to take any compliance risks (assumption being that the risks are higher if someone else is implementing). However, as one respondent put it, "issues of control and trust are the reasons why people choose to implement directly." Trust, or the lack of it, was one theme that kept coming up repeatedly throughout our conversations.

4. Partner selection processes

Given how much is often said about mismanagement in the CSO space, we tried understanding from the corporate perspective what they felt about governance in CSOs, and more importantly how did they choose the right agency. Two interesting points emerged from these conversations. One, almost all corporates agree that good governance is much more than good systems and while they all rely on due diligence frameworks of one or the other kind, they also concur that the selection of the right partner requires knowledge about the quality of leadership (most important), the CSO teams, and how they work in the field. Many of the corporates also use a variety of ways to combine both the mechanical due diligence with a more qualitative 'sense of the organisation.' but unfortunately, most corporate responses to how partners are selected are in terms of a metric or score card, somehow making the process appear to be more mathematical than it actually is. The other interesting point that emerged was that even though the popular narrative is replete with stories of fraudulent CSOs, all our respondents' experiences with CSOs had been mostly positive, with just a few cases of parting of ways due to unethical practices.

5. Time horizon

The point is often made that CSR tends to look for low-hanging fruits and for projects that will yield results in the short run, to the detriment of issues that will yield results only in the long run. However, from our conversations we got the sense that if corporates pick projects of a certain kind, it is less to do with the time horizon and more to do with measurability. And in their own way, corporates are also finding ways to convey an assurance of long term to their partners. This may not be in the form of long-term contracts, but certainly in terms of repeated short-term contracts. Some others also said that these are evolving relationships and it takes time for mutual trust and confidence to grow.

Case study: Axis Bank

Corporate social responsibility as a long-term partner

"We don't fund successes; successes happen because we provide funds," is the ideology for CSR at Axis Bank Foundation (ABF). Axis Bank plays a role in the CSO space through both direct implementation through Axis Bank Foundation (registered under the Bombay Trust Act), as well as by funding CSOs for implementation.

Their commitment to funding long-term projects (no less than 5 years) is a noteworthy approach for investments in development. Corporate timelines often stand at odds with the amount of time it takes to affect real change in the field. As many of the interviewees informed us, the work of CSOs is directed towards making generational change. However, corporate funding usually comes with a shorter time frame and set outcomes. These time frames are rarely sufficient to see impact. In such a scenario, reporting on 'impact' actually becomes focused on outputs, inputs, and outcomes, rather than impact itself.

Axis Bank Foundation's philosophy is particularly interesting because instead of "demanding" a pre-determined outcome, they aspire for a certain kind of process for community development that helps strengthen the sustainability quotient for the desired outcomes. Thematically, long-term consistent funding enables better risk management at the implementation level. Further, they consider their role as a patient catalytic funder that helps leverage and unlock significant monies such as credit, various government schemes, and formal collaborations with other philanthropic funds for the program. Starting 2018, it is committed to support 2 million rural families improve their livelihoods by 2026. Presently, it works in 28 projects with 22 NGO partners.

The funding model is designed not only to build the capacity of the community, but that of the CSOs as the key driver for the development agenda. This along with the value of the knowledge, systems, and processes developed by the CSOs over a long period of time are key risk mitigants. The program design and funding negotiations are based on the needs of the community and what it would take to sustain them. Difficult questions are encouraged rather than going for the low-hanging fruit. Since the money comes to them annually, the fiscal management is done on their part to fund long-term projects, and serves as a model for CSR when looking to fund CSOs.

While describing an "ideal" CSR-CSO partnership is beyond the scope of this research, stories like that of Axis Bank Foundation is an important example of the multitudes of partnership dynamics that have emerged as a result of the Companies Act, 2013.

6. Metrics and monitoring

This is probably one aspect of the corporate approach to social interventions on which there is maximum debate. However, if frequent reporting and constant communication (which seems to be the hallmark of CSR) was something that CSOs are most unhappy about, several of the CSR functionaries themselves have also begun to recognize the need to do it differently. Several of our respondents said that there is merit on both sides—measuring the measurable and also thinking of the intangible. The way forward should be to arrive at a middle ground which can build on strengths of both the arguments—"the answer may not be to move away from metrics but to create another set of metrics, which can do justice to both sides." Yet, others felt that better communication between for-profits and not-for-profits may help in bridging these gaps.

7. Intermediaries

Finally, another striking development of the last few years has been the emergence of aggregators and intermediaries. The CSOs are more troubled by this and feel that it actually even goes against the desire of greater communication and understanding between the CSOs and CSR. However, for corporates, intermediaries appear to provide another layer of scrutiny (and hence comfort).

Case Study

EdelGive: What do the intermediaries do?

EdelGive is the philanthropic arm of the financial service firm Edelweiss with the ambition to bridge the gaps in the corporate/philanthropy with the CSO sector. They are a grant-making organisation that helps the high-net worth individuals and other donors manage their philanthropic giving by funding and supporting the growth of small to mid-sized grassroots NGOs committed to empowering vulnerable children, women, and communities (Hurun Report, 2020). Even though they are highly attached to their parent group, Edelweiss only forms 45% of their portfolio and the remaining is managed funds of Indian as well as international donors.

When the Companies Act Amendment of 2013 introduced CSR as a mandate, there were a lot of mixed reactions in both corporates and in CSOs. At the same time, each sector spoke a different language when it came to Development (with a capital D) (Lewis, 2019). This gave rise to a lot of confusion, and often incomprehensible common ground for corporates and CSOs to engage with each other. The "schedule-based" reporting systems of corporates were incongruent with the reporting mechanisms of the CSO sector and so were the compliance requirements. EdelGive works to bridge the chasm between the two.

The two-pronged approach of EdelGive aims to manage the funds that individuals and institutions are willing to give but lack the bandwidth or understanding of the CSO sector. This fund then goes to providing financial as well as non-financial support in the form of building capacities in small and medium sized CSOs. They also create linkages to other funding sources for their partners. Currently they fund 43 organisations, and on-boarded 30 organisations during covid.

Their methods of selecting an implementing partner are highly mixed. For them, there are gut-feel like informal decisions on organisation motivations and goals. It's not just the project that determine money-related decisions, but their motivations, purpose and vision. Ideology compatibility is important, making use of core competencies of each partner and backing up the project with numbers at the back-end.

For the measurement of impact, they have a team with a decade of experience in monitoring processes. They make a distinction between:

- Project level impact: Before the grant is made, they make sure the understanding on impact is mutual between them and organisations. They establish the intended outcome and the theory of change for the project.
- Portfolio level: This is based on the three themes of education, livelihoods and women empowerment.
- EdelGive's impact: This is an organisational level impact measurement influence, advisory, and work multiplication in the sector.

Their work is available online and subject to public scrutiny, they ensure transparency in funding and impact measurement.

Organisations like EdelGive perform an important function of hedging the risks that the funder faces. They take it upon themselves to ensure that the funds are used wisely even acting as guarantors of grants. The fiscal management on their part is similar to a bank, taking money from different sources and utilising it with their competencies in different projects.

The landscape of giving has changed. Philanthropists are much younger, corporate social responsibility is mandatory, and regulatory requirements in India make it difficult for a large proportion of the grassroots organisations to access these funds. While it may seem like intermediaries widen this gap even further, they could also become spaces that enable connections between givers and doers.

EdelGive through its recently launched Grassroots Resilience Ownership and Wellness (GROW) fund will enable large funders to collectivise and give to 100 small and mid-sized NGOs. If empathetic structures are thoughtfully created, there can be immense value in a responsible intermediary.

Impact

What is impact?

Impact measurement helps CSOs assess their activities to demonstrate competence, to establish legitimacy, seek public approval, and to secure funding. 'Impact concerns long-term and sustainable changes introduced by a given intervention in the lives of beneficiaries. Impact can be related either to the specific objectives of an intervention or to unanticipated changes caused by an intervention; such unanticipated changes may also occur in the lives of people not belonging to the beneficiary group. Impact can be either positive or negative, the latter being equally important to be aware of' *(*Blankenberg, 1995). The OECD-DAC Glossary defines impact somewhat similarly as 'positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.'

From these definitions, it is clear that there are both intended and unintended consequences of a program which should be counted as impact. There is a common anecdote which talks about how a toilet construction program may have the intended impact of reducing open defecation and thereby reducing water borne diseases, but may also have the unintended effect of adding to women's water fetching burden (in villages which have no running water supply). It is, therefore, important to identify, recognise and differentiate between impact in different contexts and over time, and to correctly identify the metrics which would capture the impact over a period of time.

The literature on impact evaluation often boils down to a dichotomy of 'soft-hard', 'quant-qual' type of studies (Crawford & Pollack, 2004). The 'hard' quantitative approach involves putting an emphasis on extensive data collection methods such as structured questionnaires, medical tests, automatic counters (e.g., people entering a building), socio-metric analysis, GIS (generation and analysis of GPS maps), MIS on inputs and outputs data. On the other side, the softer qualitative approach focuses on in-depth interviews, participant observation, case studies, video or audio recording, photography, group interviews (e.g., focus groups, community meetings), etc. While there is overlap among the two through mixed methods, there is an increasing inclination/tendency towards recognising causality establishing, data-centric Randomized Controlled Trials (RCT) as the 'gold standard' with respect to impact assessment. UK's Department for International Development (DFID) lists five kinds of impact assessment techniques—experimental, statistical, theory-based, case-based, and participatory.

Of late, there has been an increased emphasis on outcomes and "value for money". But the term "construct validity" implies that what is the final objective is not what is being measured. The notion of impact appears to be almost becoming about fulfilling certain output indicators. The new data-techniques available in the field of social science that have laid a strong emphasis on causality remain largely only used by researchers and universities (Cameron, Mishra, & Brown, 2016). Although methods like difference-in-differences (DD), instrumental variable estimation (IV), randomised controlled trials (RCT), regression discontinuity design (RDD), and propensity score matching or other matching methods (PSM or OMM) explain causal linkages in outputs and outcomes, they need a thorough understanding of the difference in the two which is often missing in a lot of the impact assessments. This is perhaps another reason for the emergence of the new class of intermediaries that seem to bridge the impact perspectives of the two sectors.

Another key issue in impact assessment is what needs to be considered as impact. It is particularly important to address the difference between inputs, outputs, outcomes, and impact. IPA guidelines describe outputs as the products or services produced by program activities i.e., the deliverables. This means that the distribution of clothes, or conducting after-school classes, the activities measurable by process evaluation are the outputs. The outcomes, on the other hand are the intended results of the change it seeks to create, and finally the impact is the changes the intervention intends to make. The great chasm in impact evaluation is when organisations measure the inputs and outputs i.e., distribution of goods and services as an impact of their work and the actual impact is taken for granted.

Of the people we interviewed, several interviewees mentioned how increasingly outputs are being used in the name of impact. However, one interviewee also pointed out that sometimes for NGOs, the process may be the outcome because it is the effort that counts. Another respondent mentioned there is a superficial or performative approach to deeper issues. As one respondent put it "People spend all their time ticking off boxes rather than understanding how they have actually made a difference?" This happens not due to organisational ignorance, but also due to the funders' reluctance, lack of audience, lack of manpower among other things. One respondent spoke about organisations only looking at impact which is One Mile Wide (how many people you reach) but missing the impact that is One Mile Deep (quality of change in people's lives) which cannot always be measured. An interviewee pointed out the interesting paradox in impact assessment that since conversation around impact is more necessary and more frequent, it has become mechanical. On the other hand, impact for some has become about a deeply held belief. Another respondent mentioned that impact measurement is a natural progression to the growth of an NGO and how the impact space has become even more convoluted for the new organisations who are forced into the numbers game at an early stage.

According to one industry professional, the biggest impact an organisation can make is mobilizing communities, getting people together, and starting a dialogue. When communities are able to come together, they can chart their own path to development. A good impact assessment addresses how their intervention influenced the lives of the communities in enabling them to engage with their surroundings better. This could be directly or indirectly linked to the intervention. The community's ability to take initiative and to feel empowered to act constitutes the real impact of the organisation. One respondent mentioned that when organisations talk about impact they miss out on the community's own perception, and the importance of letting the community speak for itself. One respondent, who works with individuals with learning disabilities, said that a change in aspirations of the beneficiaries cannot be expressed in the form of a metric. Some respondents were also cognizant of the fact that social change is not a linear process, it is like a web; one organisation will not be able to bring about change.

There are various ways/levels of reporting impact; an NGO needs to measure the impact on the internal assessment, the individual impact, and the overall organisational impact. Household focused approach is often not commensurate with an ecosystem approach.

At the same time, the increasing pressure for CSOs to show impact at scale has become an unnecessary burden. One respondent pointed out that large scale change can only happen at the government level and not by individual CSOs, no matter how much they try. This viewpoint says that the real focus of CSOs should be to come up with innovative solutions to social problems, testing out what works, and not focus on assessing impact at scale.

Different perspectives

The understanding of impact assessments differs between CSOs and corporates. In India, a key difference in approaches is that of the frequency and duration of assessment. It is because there is a mandated CSR requirement for the corporates, there are increased restrictions imposed on CSR managers that trickles down to CSOs, holding them to corporate reporting mechanisms when the variables of measurement and motivation to assess are entirely different. When it comes to showcasing how CSOs impact the communities they work in, a large part of the disconnect stems from the way quantitative and qualitative factors are addressed. There seemed to be a consensus from both the non-profit side as well as the corporate sector that CSR measurements tend to be mostly focused on short-term results. However, it is not just an expression of a lack of understanding on the part of corporates, but also because CSR is embedded within a larger corporate system and rhythm which believes in constant measuring and tracking. One corporate respondent pointed out that the CSOs have not done enough to educate the corporates on what it takes to bring change. At the same time, corporates also pick-and-choose short term easily measured projects. Another viewpoint emerged as one corporate respondent put it, “Corporates do worry about long-term impact, though their ability to do the same may sometimes be different.”

One respondent mentioned that there is an exponential expectation to impact. Running the operations is overlooked compared with expanding when reporting impact. The impact framework involves documenting the work of CSOs in order to manage resources, projects, risk, and individuals associated with the organisation (both external and internal). This often involves assessments of the question of “quality of life” of their beneficiaries rather than the provision of goods/services. Bear’s (2013) study of auditing processes has brought out how formal audit processes often obfuscate social relations and power dynamics. CSR and impact reporting has a tendency to do the same. By not giving due acknowledgement to the complicated and nuanced nature of social issues, impact has the potential to be counterproductive or futile. A large part of our conversations with CSO leaders was around the negligence of the qualitative aspects of impact. Policy and legal work is one such area. A respondent pointed out that CSOs working in advocacy aim to induce behavioral change or systemic change that eventually could manifest in policy and legal frameworks to be revised. Funding for such projects has continued to fall, if there were any from CSR (and philanthropy), owing to factors like non-alignment policies of corporates and so on. Moreover, the corporatisation of CSOs has minimised the willingness of CSOs to undertake work that confronts structures of power. Neither are such changes reflected by impact metrics. As one respondent put it “an organisation with five crores may use that funding to clean five ponds, but another may use it to mobilise institutions and facilitate government action to work on 500 ponds," but the latter is less likely to receive corporate funding.

While there are notable deviants to the rule, corporations largely operate under the assumption that overheads must be reduced to a minimum and their funds should be entirely channeled towards programs. This assumption overlooks the funds required to create capacities of CSOs so that they can sustain themselves for longer durations of time and bring about maximum impact (Bridgespan, 2021). There is also an "investment" perspective that most CSRs tend to have and the return on investment in the form of the quantitative impact of work. There is, therefore, a large chasm in the understanding and reporting of impact among the two.

An interviewee reflected on the impatience to see change among the new funders that is not grounded in reality. One respondent calls the desire to measure impact in a very detailed manner as "missing the forest for the trees". Kelly et al have shown that "empowerment of the most disadvantaged takes time and requires a long-term focus…has implications for developing and supporting partners for the long term, and recognises that seeking short-term outcomes may not lead to empowerment" (Kelly et al, 2004, p. 698). The excessive pressure imposed on annual reporting and short-run impacts has become an added cost with no net benefit. One interview revealed that extensive reporting mechanisms impose very high overhead costs for the CSO, sometimes even more than the funds received. This is perhaps one of the major reasons for the emergence of a new class of intermediaries that seem to bridge the impact perspectives of the two sectors. The intermediaries seem to "formalise" the impact evaluation mechanism to suit the interest of the corporate reporting norms, while CSOs become an extension of them.

Construct validity

> **The interesting paradox in impact measurement is that the real goals of the intervention are often missed out in the intervention altogether!**

The increasing shift of CSOs towards service-provider roles is also coming to be reflected in the conversations that surround transformation and on-ground efficacy of their work. The infamous term "impact" denotes primarily what services, assets, or infrastructure the CSO provides, rather than denoting what transformation they have been catalysts for. Impact goes beyond understanding the number of toilets built or the number of blackboards provided. The interesting paradox in impact measurement is that the real goals of the intervention are often missed out in the intervention altogether! For instance, if we are trying to eliminate open defecation, the way to understand impact should be by understanding how many people have stopped practising the same and have taken to using various sanitation facilities. The number of toilets built in the country cannot accurately tell us whether these toilets are actually being used or not (Coffey & Spears, 2017). Hefty claims are made regarding the elimination of open defecation in India whereas, the reality discovered by field researchers is that toilets often remain unused due to caste stigma, among other problems.

This has been termed as "construct validity". The notion implies that what is the final objective is not what is being measured. For instance, loan recovery rate in the Grameen Bank example was not a sufficient indication of women empowerment (Karim, 2014). The notion of impact has increasingly come to mean fulfilling certain output indicators. The new data-techniques available in the field of social science that have laid a strong emphasis on causality remain largely only used by researchers and universities (Cameron et al, 2016). Although methods like difference-in-differences (DD), instrumental variable estimation (IV), randomised controlled trials (RCT), regression discontinuity design (RDD), and propensity score matching or other matching methods (PSM or OMM) explain causal linkages in outputs and outcomes, they need a thorough understanding of the difference in the two which is often missing in a lot of the impact assessments.

Secondary review of impact reporting

Amitabh Behar (2020) writes that this whole drive to "maximize impact" comes from a decontextualised, assembly-line understanding of social change which discounts the intricacies and convolutions of social change. Let's take the example of interventions in education. An interviewee told us that the job of a teacher goes far beyond teaching in the classroom. Interventions in the classroom were aided and facilitated by having a holistic understanding of the community—how well-off is the community, what is their opinion on educating their daughters, the caste composition, village dynamics etc. Having impact metrics that only ask about learning outcomes by focusing on percentage increase in grades, or merely focus on attendance inadequately capture the actual impact an intervention may have made. There are myriad anecdotes of how teachers have gone beyond their means to aid the education of students, and the pandemic has seen a rising number of these incidents. In fact, education is one such thematic area of intervention, as an interviewee told us, where it is far easier to capture "impact". Thematic areas such as gender empowerment or livelihoods are far more complicated and thus, trickier to enumerate. Organisations like Transform Rural India, Dhan Foundation, with their annual reporting, have established extensive impact reporting systems that focus on a theory of change, linking all things discussed above.

The entrance of new type of organisations has changed the face of the sector but has also benefitted communities. Though the market is able to provide the service, it takes away from the spirit of the original task, the notion of social change comes to be de-radicalized and depoliticized.

However, the merit of these market solutions is undeniable. At times, CSOs themselves have created spaces for the intervention of the market and businesses. The entrance of new type of organisations has changed the face of the sector but has also benefitted communities. Though the market is able to provide the service, it takes away from the spirit of the original task, the notion of social change comes to be de-radicalized and depoliticized. The truth of the matter is that such short-term interventions are required to be neck-and-neck with longer-term, structural solutions. Providing micro-loans, or selling water-bottles at a lower price to poor communities is not a solution for the elimination of poverty or a substitute solution for drinking water-supply. It does, however, increase a person's resilience and provides water to them, satisfying immediate needs and buying the time to create infrastructure for more robust solutions. A large number of solutions, microfinance for example, originated as stop-gap solutions. Microfinance, in particular, opened up an area of intervention that had not previously even been considered. The idea that even the poorest should have access to financial services was revolutionary in its own way. However, from being transitional solutions, they have become the vanguard for neoliberal development (Elyachar, 2002). From being a means to increase the resilience of the poorest, it has become the poster-child for poverty eradication.

What makes for good impact?

A crucial part of our study was on understanding from organisations how to create 'good impact' once we have been able to deconstruct the idea of impact itself. All the cumulative efforts of the CSOs, intermediaries, local individuals, and funders are aimed to achieve positive social outcomes in the form of impact. What we heard as the factors that contribute towards good impact include:

- **Contextualised systems, not just replicating models:** One of the biggest criticisms of state-led development has been its monolithic view of society. The lack of contextualization, even today, often creates unintended social outcomes. Kaushik Basu's comparative study of the Indian and Chinese economies drives home the point that due to political factors and a vastly different history, economic measures that drove China's success could not have done the same for India. Therefore, replication of models of development have been futile or counterproductive. No two societies are ever identical. While there may be multiple ways to address the needs of a community, how well a program does is determined by the impact it creates. Affecting a long-lasting impact requires a nuanced, deep understanding of the problem as well as the community. As as one respondent put it, "stamina from the NGO" to dig deeper into the social context, human behaviours and community responses is what is needed. By implications, that also means questioning replication being the litmus test of success in every situation.

- **Trial and error**: There are countless ways to approach just about any social problem. Societies that CSOs operate in are heterogeneous where implementing projects that are suitable to the context means going through a process of trial and error. For example, women's empowerment can be achieved through job trainings, financial literacy, representation and in many more ways. Many in the development space are of the opinion that the best way to uncover what works is to keep trying multiple ways, knowing that some methods fail. There is, therefore, no straitjacket set of factors that would bring good impact, given that complex social interactions form the theory of change. Moreover, the trial and error method is crucial to implement projects in the face of unique challenges and unique social systems. One funder mentioned that the onus is on the funders to make it clear that it is okay to fail and provide enough cushion for course correction. Often funding partners are perceived to be unaccommodating to reporting failures and CSOs may end up hiding them.

- **Process view of social change**: One respondent said that non-profit organisations focus more on what needs to be done and how to do it, rather than what it will lead to. Contrarily, present discourses surrounding impact obsess over results and outcomes. Process versus outcomes seems to have become a binary, whereas in conversations all respondents agree on the necessity of both. This is why non-profits place so much importance on a long-term vision. Even a simple program like building toilets could either be done as toilet building intervention, or one that builds ownership of communities in the process of building toilets. While the short-term visible outcome in both cases may be a toilet, but the chances of the toilet being used and maintained by the community are much higher in the latter case. However, the latter approach, even if not visible, requires an investment of time and resources. However, the respondents felt that an emphasis on process has now shifted to the margins.

The ability to think deep and work long term is what brings societal change and there needs to be a greater recognition of it. This extends to long-term funding also. When organisations do not have to worry about funding all the time, they are able to focus their energies on the real work of bringing about change.

- **Social changes during intervention**: There are complex interactions of various social factors that take place during the course of any program. Changes often taken place while the project is being executed—change in local community dynamics, new legislation, disasters—that could derail the original plan. Impact metrics should ideally not only make provision for contingencies, but also allow for social change and regular social processes. This is also one reason why mere expansion of processes does not work in the sector as different regions have different contexts. COVID-19 serves as a great example. According to the World Economic Forum, the pandemic has derailed the achievement of gender equality by a generation. We need impact metrics which look at progress under such circumstances rather than the achievement of a pre-determined outcome. Though such goal setting agreeably streamlines efforts, it also obfuscates the complexity of the work in a dynamic setting.

- **Community participation:** The movement toward participatory change has been on the rise. As interviewees pointed out development projects and social interventions have often ignored the aspirations and needs of the local communities. Contextualised understanding of impact requires taking into the folds of project planning the needs of the community, as opposed to imposing universalistic models of social change. Ensuring that organisers belong to the community brings about an ownership from the community and is a bottom-up approach that a healthy democracy needs. A famous anecdote that we heard several times in the interview was of the hand pump that was installed in a village. Intuitively, putting a hand pump in the middle of the village seems like an easy way to ensure access to clean water for the community. The practical implications of it were far more complicated than could have been imagined by someone from outside the community. Since the hand pump was installed in front of the house of the chief of the village, caste stigma prevented the lower castes from accessing the pump. Fetching water, traditionally the responsibility of the women of the household, allowed them to also socialise—an underrated liberty. The location of the pump, thus, curtailed their freedom. The shift in the impact space makes it imperative that the community be seen as the primary stakeholder and change maker, while the intervening organisations merely act as catalysts. Roping in local people and hearing local voices can help in each step of the intervention, from needs assessment to impact measurement, mobilising to monitoring. It allows for double barrelling of accountability where the organisation is accountable to community, and the involved community members are accountable to the organisation.

- **The people involved:** A large section of the non-profit sector credits organisational success to their leaders and to the quality and dedication of people working there. The importance of strong boards and overall governance was also mentioned as a factor. A good and sound board plays a crucial role in giving an organisation the ability and the confidence to try out multiple things, take difficult decisions and above all, stay true to their vision. Another aspect of good impact is an enabling environment that facilitates freedom of thought and action, where CSOs are not constantly looked at with suspicion. The major influencing factor of impact is implementation and employees are key to that.

- **Other variable that influence impact according to our respondents were:** perceptions of opinion leaders in some communities that goes out to the larger issue of trust in the sector, a sound needs assessment process, the trust of funders, proper implementation, expertise of the CSO that also translates into the longevity of the CSO, self-sustaining solutions, good monitoring processes, self-generated accountability, and the use of technology for monitoring, evaluating.

We are not suggesting that the notion of 'impact' be discarded; rather the first step should be to rearticulate what impact really signifies. What is termed as impact is a reductive and watered-down version of the larger social change CSOs are attempting to bring about. The prevailing notion of impact seems to be more focused on what can be measured in the short run, by implication setting easy-to-achieve targets.

In trying to discern the variables of good impact, we often asked our interviewees how impact was related to governance. Many were unsure whether there was a causal relationship between the two. Some were of the opinion that the relationship between impact and governance depended on the nature of governance. Though governance is not the only variable that brings about impact, it is an important one nonetheless. Some believe that good governance allows an organisation the human resources, time and resources to create impact. In the next chapter, we will try to address what 'good' governance really means.

SEWA (Self Employment Women's Association): Impact

SEWA aims to empower women through full employment and self-reliance, so that they have agency in respect to their surroundings. SEWA's definition of full employment is when the individual has work security, income security, food security, and social security, which includes healthcare, childcare, insurance, pension, and housing at the household level. A key aspect they consider is the ownership of assets in the form of savings, house, licences, cattle, etc. Self-reliance, on the other hand, comes with the agency that a woman has at both individual and community levels in terms of decision-making abilities, as well as through the economic channel of generated income. Their key aim is to promote economic security among the most precarious segments of society, the female informal workers with very little or no capital, and make them self-reliant and self-sustaining. This process of empowerment does not make women "receivers" of aid but agents of change, thus making change exponential, sustainable, and generational.

The work that SEWA does for the representation of informal workers in the country is far-reaching but consequentially difficult to measure. Their impact is substantial, even if they do not represent them in the form of metrics. Since their inception, their impact measurement has been based on 11 key quantitative and qualitative questions since their inception. These questions try to quantify the concepts of welfare, health, and employment of the members:

- Have we created employment?
- Have we increased income?
- Have we ensured better food and nutrition?
- Have we safeguarded health?
- Have we provided childcare?
- Have we created or improved housing?
- Have we generated assets?
- Have we increased our organisational strength?
- Have we generated workers' leadership?
- Have we become more self-reliant, individually and collectively?
- Have we learned to read and write?

From the beginning, they have randomly surveyed 100 members from all states to highlight other factors of welfare. They also do a periodic assessment, sector-wise, of livelihoods, social status, status, etc., in family. Their impact is not calculated on a project-by-project basis but on the basis of all projects leading to the fulfilment of achievable goals measured through their impact indicators.

Another key area where they generate impact is policy change. As informal workers have almost no cushion of security like the organised sector, their work in influencing policy for the welfare of such workers is crucial. For instance, SEWA's effort in 2004 National Policy on Street Vendors guaranteed legal status, social security, and legitimate hawking zones. Such a change can only happen in the long term and through consistent advocacy work. Measuring this kind of change becomes difficult due to its long-term nature. At the same time, it is one of the most far-reaching in terms of impact.

SEWA exemplifies how CSOs map their impact since inception, even if there is no external funder requirement to do so. Instead of an evaluation of a particular program, impact is measured as changes in the overall outlook of an individual's life. As the space for unrestricted funding is gradually shrinking, it is important to recognise that CSOs have historically been able to make policy changes through the funders who believed in their vision, rather than predetermined outcomes.

Governance

What is governance?

Governance, in essence, is accountability of an organisation as well as a framework of its goals and mission. This is the simplest and minimal understanding of governance. Questions regarding accountability and transparency are omnipresent in literature on CSO governance as well as in discourses surrounding CSOs.

The CSOs have traditionally emerged from ideas of voluntarism and philanthropy. Therefore, the questions of formal accountability and governance, though pertinent, only appeared relatively late, sometime around the early 1990s (Baums & Anheier, 2020) when the work of CSOs started attracting large amounts of funds, and they became increasingly institutionalised. This interest in governance of CSOs developed in tandem with that of corporate governance (Baums & Anheier, 2020). CSO governance has been influenced by governance theory that addresses political science oriented governance as well as corporate governance (Baums & Anheier, 2020). The idea of governance in CSOs has not only become reductive, it is arguably also much stricter than what other sectors are subjected to, businesses as well as the government.

> **Moreover, there are hardly any statistics that testify to the reputation of CSOs being untrustworthy or poorly governed. Even anecdotally, our interviewees could report less than a handful of incidents where funds had been misused or other such unscrupulous practices.**

The burden on CSOs to prove their credibility and exhibit themselves as 'well governed' has only increased over time. Understanding governance of CSOs requires discerning larger discourses surrounding development and the role of the sector in it all (Mishra, Biswas, & Roy, 2005). Moreover, there are hardly any statistics that testify to the reputation of CSOs being untrustworthy or poorly governed. Even anecdotally, our interviewees could report less than a handful of incidents where funds had been misused or other such unscrupulous practices.

An Ernst and Young report on compliance and fraud mitigation in CSR in India surveyed over a 100 companies that carry out CSR initiatives. A questionnaire was circulated to these organisations. According to this report, 13% of the respondents said they are aware of unethical behaviour pertaining to CSR projects, by either employees or implementation partners (Ernst and Young, 2020, p. 8). Only 8% of the respondents said that they were aware of complaints regarding fictitious expenditure incurred during the execution of CSR projects (Ernst and Young, 2020, p. 8).

Why is governance important?

Given the nature of the civil society space, for a long time the work of CSOs was taken to be inherently "good", without adequate questioning its role. Michael Edwards, formerly a part of the Ford Foundation, agrees that the work of CSOs has suffered due to their tardiness, lack of accountability, lack of focus, and high transaction costs (Edwards M., 2008, p. 22). The incorporation of business principles has been a value addition in many ways. It is not unreasonable for a donor to inquire whether their money has been put to good use. Moreover, robust governance systems ensure that an organisation stays true to its vision and values, while its strategies and s adapt to changing context and times.

However, dominant ideas of 'good' governance and impact are today shaped by business principles. Edwards emphasises that the solutions to all the problems of the sector does not lie in trying to make CSOs function like businesses (Edwards M. , 2008). CSOs have the reputation of showing little or no accountability (Moore & Stewart, 1998, p. 334). Philanthro-capitalism and the advent of CSR globally pushed CSOs to formalise their processes and structures in ways they had neither expected, and perhaps not desired before.

As with any organisation, CSOs too require accountability and strong governance systems to be able to maximise their potential for transformation. However, often accountability and governance came to mean merely compliance and fussing over formal procedures. Frequent corporate mismanagement in itself should be reason enough to question the predominance of this framework. Big corporations have hardly been role models for accountability in the sense of compliance and procedural formalities, as well as in the sense of human rights, working conditions, and environmental impact.

Solutions to the challenges of the social sector do not have to inevitably originate from the business world. Imposing business models on CSOs has led to a new set of problems. Accountability of CSOs has to originate out of their own experiences, rather than replicating practices of the business world. Amitabh Behar proposes that accountability of NGOs must not be founded on the reality of corporate management but on the reality "of the '*karmabhoomi*' of civil society organisations, in coherence with non-profits' vision and mission" (Behar, 2020, p. 2).

Till date, a large number of CSOs function on a small to medium scale. The growth or scaling up of CSOs is often analogized to that of small businesses (Moore & Stewart, 1998; NGOTips - Fostering Effective NGO Governance, 2011). Capacity building of CSOs has been showcased as a matter of importance to donors (Venkatachalam et al, 2021). The study done by Bridgespan (Venkatachalam et al, 2021) highlights the "systemic deprivation" of the CSO sector as a whole. It argues that the preoccupation of donors with reducing indirect costs and focusing only on project implementation has hindered CSOs from building resilient systems and being able to sustain themselves. Capacity building and other indirect costs, though equally important for carrying out programs, have been side-lined. The Bridgespan report suggests closing the indirect cost-funding gap as one of the solutions to building resilient CSOs.

The role of trust

Another solution that the Bridgespan report puts forward is reviving the norms of multi-year partnerships between NGOs and funders. This provides both sides a sense of security. Partnerships formed and extended on a yearly basis have been seen as transactional in nature. Moreover, working with the same donor was found to be six times cheaper than having to look for new donors and creating new relationships (Casais & Santos, 2019, p. 4).

Collaborations that transgress sectoral boundaries are premised on mutual trust (Jing & Hu, 2017), like that between non-profits and government or between non-profit and for-profit organisations. Earlier when the main source of funds came from philanthropists and retail giving, the dynamics between the donor and the CSO were inherently one of trust, built through a personal relationship. As these collaborations become more transactional, ways to establish credibility also expanded far beyond personal relationships and social networks.

The emergence of professional intermediary organisations testify to the waning trust between donors and CSOs. More importantly, it testifies to the changing conversation surrounding governance.

Case Study

Paul Hamlyn Foundation: Methods of selecting a partner

Set up in India in 1992, the Paul Hamlyn Foundation (PHF) has been running an Open Grants Scheme to fund grassroots organisations in priority geographical areas, giving grants to local CSOs for health, education, support for people with disabilities, shelter, and other social development activities. Their overall goal involves reaching vulnerable and remote areas through building institutional capacities.

Their annual spending of about Rs 22 crores is used to fund approximately 70 non-profits to address gender inequality, arts and cultural activities, to draw out difficult social issues or conservation projects that focus on localised solutions considering the local environment and economy. Each grant size varies from Rs 20-35 lacs, which makes up a significant share for their partners' funding.

Our CSO respondents mentioned how increasingly funders have a focus on scale and metrics when selecting an implementation partner. In such a scenario, the PHF represents the efficacy of traditional methods of partner selection and engagement.

Despite the relatively small team, PHF's methods of selecting a partner are intuitive and personalised. The nature of organisations they work with are highly localised and often small in terms of institutional capacities. Their metric for evaluation initially is to interact with the ground-level teams and understand their needs rather than 'one-size-fits-all' metric system that evaluates costs and benefits rigidly. The team ensures that one person visits the communities to understand their proposed solutions and support their work rather than setting pre-conceived goals for a state or region. So, when the initial decision to choose partners takes place, their approach is to sit down with the CSOs and understand the localised conditions, their limited resources, and the solutions. The human connection, informal conversation, community connect, and critical thinking of the local problems become the key pillars to their decision-making, rather than communication over visual mediums or in data terms.

In the words of their director Sachin Sachdeva, "PHF exhibits the culture of feeling for the vulnerable but thinking cognitively to address why the vulnerabilities were created in the first place." Their involvement as a funder is also reflected in their monitoring mechanisms. They do not look into any particular methodologies of implementation or interfere with the plans that their partners have. Their priority is to facilitate the programs that the partners wish to implement rather than to involve themselves in the implementation process.

When asked about the failure of partnerships, they spoke of a breach of trust by only two organisations in the last decade. From our conversations, similar trends emerged even when the methods of selection were highly formalised and metric-driven. It is important to note that for PHF, the failure of projects is not synonymous with failure of the partnership. The partnership goes beyond the limits of projectised methods of working, and gives its implementation partners space for experimentation.

Another key aspect is the long-term nature of their partnerships. Their impact evaluation happens through a '2+3+2' model where they examine the projects at the end of the second year, then three years later, and finally after another two years thereon. The evaluation process allows significant space for reporting failures, course corrections, and liberty to organisations to take risks. They are also known for facilitating transition to other funding organisations through recommendations, capacity building, and other knowledge-creating means. The most important indicator used for evaluation is how the communities have changed and evolved and the role of the organisations in facilitating that change. While monitoring of finances also takes place every year, activity monitoring is done through occasional visits to the field by the consultants in charge, and through narrative reports. The number of PHF visits to partners is a factor of the capabilities of the organisation, the complexity of the work, and the concerns emerging from the report received.

What we found

Governance in the CSO space often gets flagged in conversations as an area of concern. We, therefore, wanted to understand from both our civil society and corporate respondents their understanding of governance and how they go about looking for 'well-governed' organisations. What was the process they followed to ensure that their implementation partner would be the right fit? Our respondents concurred with the literature on the centrality of mutual trust in this process. During this collaborative process, a substantial effort is expended in establishing common ground between the for-profit and the not-for-profit. The trust that emerges during this process comes from outlining a common purpose.

Nonetheless, our respondents reported that stereotypical perceptions often hinder productive conversations and smooth implementation between the two parties (Jayaraman et al, 2018). The corporation tends to be suspicious of the organisational mechanisms of the NGO, and the NGO is suspicious about corporate intentions (Jayaraman et al, 2018).

The mandate has provided a good opportunity for CSOs and corporates to share knowledge and expertise. Edwards (2008) noted a viewpoint that was echoed by some of our interviewees too. It is not only corporates that can offer managerial insights and best practices to share with CSOs, but there is also much that they can learn from CSOs. That corporates encourage their employees to volunteer for projects with CSOs is often spoken about. But what we also learnt in the course of our interviews was how corporate staff members became more patient and appreciative of working with people from diverse backgrounds after working with a CSO on a CSR project. One respondent went so far as to say that she became a better boss and a manager due to CSR, which brought her in close proximity with CSOs and exposed her to work cultures different from a corporate culture.

Has there been a change in the understanding of 'best practices' since the mandating of CSR?

CSR opened a whole new stream of funding for NGOs and it was only expected to increase in importance in lieu of reduced public expenditure and stringent regulations on foreign funds (c.f. Bain and Company India Philanthropy Report, 2019). The increasing dependence on CSR funds, the high compliance and reporting requirements, and the preference for more tangible and measurable kind of work, was likely to result in the survival of only certain types of organisations. Further, the increasing regulation of CSO funding has resulted in rights-based organisations finding it harder to survive.

In the Indian context, it is often said that the mandating of CSR has 'professionalised' CSOs. CSR brought in a corporate vocabulary and management systems such as Project Management Systems, quality checks, technology supported monitoring mechanisms, etc. (Mahajan, n.d.). However, according to most of our respondents, none of these factors helped to improve governance in the non-profits.

Apples and oranges

Formal governance structures that have proper financial management, an effective board, and adequate internal controls to keep a check on compliances is usually seen as the archetype for 'good' governance in CSOs. Similarly, Mahajan's (2002) framework on good governance rightly highlights the importance of having board members coming from diverse social and professional backgrounds—from various communities, from the social sector, government, as well as corporates. The presence of individuals from corporate backgrounds has undeniably been a value addition since they brought expertise into the sector.

However, the presence of individuals from corporate backgrounds has had a disproportionate influence on the nature of non-profit boards as well as the sector at large. These individuals, coming from managerial backgrounds, tend to be inexperienced in the work that CSOs undertake and are entirely detached from the local contexts of communities. Additionally, the alacrity with which even CSOs have taken to these managerial techniques and corporate leaders has signified a distrust in the techniques and leadership of non-profits (Behar, 2020) The uncritical adoption of these techniques has impoverished the work of CSOs by being reductive about its complexity and the richness of the resultant transformation.

The governance standards that CSOs are being held to are flawed. These frameworks have been born in corporate contexts but indiscriminately adopted in CSOs. Someone from a CSO thought that the work of the CSOs is such that a little ambiguity will always remain and must remain. Since the DNA of for-profits and not-for-profits is divergent, governance and accountability standards need to be rooted in the context of each sector, and adaptation from one to the other can only work to a certain extent. CSOs themselves have happily replicated governance structures, sans resistance or questioning. Many of the newer organisations taking birth in the social sector are rooted in the way business functions, making many CSO leaders anxious about these trends.

What is 'good' governance?

a. Self-regulation is one of the most important ways for this sector to improve their accountability while retaining autonomy and its core characteristics. Establishing 'Self-regulating Organisations' should be the starting point for 'good' governance. Moreover, standards of 'good' governance should be composed by those working in CSOs and those having experience in the sector.

The current construct of governance does not consider accountability as a relationship between the organisation and the beneficiary groups.

b. The current construct of governance does not consider accountability as a relationship between the organisation and the beneficiary groups. CSOs are typically involved in activities that do not directly benefit the funder. The beneficiaries, i.e., target groups are not always in a position to demand that accountability from them. It is rare to see an interface between the donor and the target groups (Wanyama & Kiryabwire, 2014). In fact, this fractured accountability is a good starting place to work on governance innovations in CSOs, and a place where CSOs have indeed been innovative in the past as well (social audits being just one example of such an innovation).

c. The idea of accountability should also be extended to the communities that CSOs work with. Communities should also be included in governance processes and accountability mechanisms, as done through beneficiary board representation and social audits. Such practices can be adopted more often, along with finding new methods.

d. All ideas of 'good' governance that came through in the interviews were rooted in the democratic ideals of decision-making, and the necessity of devolving an understanding of good governance away from being board-centric. Participatory decision-making and autonomy were common underlying themes across notions of good governance in the interviews. The decision makers should be diverse, can even be employees. This makes decisions more sustainable and robust. It is rare to find board of directors who alone have been crucial to shaping the operations or vision of CSOs, yet, governance assessments are more often than not restricted to board-level procedures and compliance. Therefore, the ideal board usually maintains a delicate balance between being involved and detached.

e. There is a lack of engagement of most boards with the organisation at the micro level, and there are very few board members who understand the nuances of the work at the local level. This is partly due to an increasing number of board members from corporate, and also privileged backgrounds, who lack experience in having worked with communities. At the least, there should be provision for systematic education for board members.

f. It is ambitious to think that 'good' governance is measurable. Organisations that only include compliance in its purview, do not include relations and intentions within the organisation. Therefore, an external observer is rarely a good assessor of the quality of governance. We heard some of the old style donors and corporates talk of partner-selection processes that can last for months. They talk to a cross section of employees, visit the field, talk to other donors, or take feedback from the beneficiaries. What goes on within the organisation—the conversation, debate, and flux—is crucial to understanding the nature of the organisation.

g. The goal of 'good' governance is to ensure that the organisation stays on track in terms of its vision and values. The relevance of the organisation's vision should be evaluated every decade to see if it continues to be relevant, or requires course-correction. The vision of the organisation should not be limited to just that of the leadership. If the vision of the organisation matches the vision of all stakeholders, it indicates that there is unity and the purpose of the organisation has percolated far and wide.

h. Governance is more than maintaining the hygiene of the organisation and more than just the functions of command and control. Good governance includes strategy, and working towards values and goals of the organisation. It means clear communication within the organisation and of the CSO's work. Therefore, 'good' governance is not done through formal structures. It is something that is intrinsic to the functioning of the organisation, to the relationships within the organisation.

Case study

SEWA (Self-Employment Women's Association): Model of Governance

SEWA, set up in 1972, is India's largest women trade union with a membership of over 1.9 million female informal workers. Their work has reached seven South Asian nations, earning them recognition from many international organisations including the International Labour Organization (ILO). SEWA has influenced many national policies regarding micro and small enterprises, rural development, minimum wages, unorganised work, and security at work.

The story of SEWA is a testament to governance principles for voluntary organisations. Their principle of "sustainability campaign" is aimed to make SEWA self-sustaining. They follow a decentralised model facilitating its members to build and manage various forms of independent organisations including producers collectives/ service provider's groups, co-operatives, for profit and not-for profit companies that directly link up with the economic mainstream. Currently, they have under 4,000 SHGs, 110 cooperatives, 15 economic federations, and 3 producer companies under their ambit.

The self-sustaining model is centred around the members and their problems. Initially the members give a small member fee, then a shareholding fee and once the income from the work starts coming in, they start saving through seeding and bring in matching grants with a key focus on market viability. SEWA also generates income from the members as they pay for the services they receive. Their members include labour and service providers, vendors and hawkers, home-based workers, and producers. Since 2015, SEWA adopted the membership management system that digitized SEWA's membership data.

SEWA's own members constitute 80% of the staff working for them and for each leadership position in their trade committees, executive committees, and elected councils, there is a rotational democratic process every three years, with a limit of three terms. This ensures balance of power, accountability, and representation within their work, and strengthens the feedback loops on the scope for improvement. Each leader is enabled to develop leadership skills through the academy and their goal is to represent the members and facilitate the growth of the organisation. Another key achievement to note is that the ratio of the lowest to the highest paid worker is no more than 1:4, so that there is no top-down approach to work while keeping their administrative costs low. Such a decentralised self-governing approach that allows its members to hold the leadership in check through a democratic process, making the members the owners and managers of the initiative is a great example for good governance.

Purpose-driven leadership

Wallestad (2021) of BoardSource delineates four principles of "purpose driven leadership" in CSOs. The corporatisation of CSOs and the reduction of governance to mean just accountability has also resulted from an undefined purpose of the board. What good governance means is organisation and being mission-specific which makes it all the more important to demarcate what role the board is expected to play. Is it is to merely assure compliance or to raise funds, or is it to further the objective of the organisation as a whole.

According to BoardSource's study, 'Leading with Intent', non-profits in the U.S.A are plagued by four issues. Our inference from interviews and literature review is that non-profit boards in India also suffer from similar issues (Amitabh Behar has written on the same in various articles):

a. Preoccupation with Fundraising
b. Disconnect with Communities (c.f. Behar 2020)
c. Myopic view of the eco-system
d. Overwhelmingly homogenous in composition when it comes to racial/ethnic diversity

The idea of a purpose-driven board propagates the idea of downward accountability, i.e., showing responsibility to the communities that these NGOs work for rather than to the board, donors, state, etc. It espouses putting the purpose of the organisation at the forefront and striving for the best social outcomes rather than organisational interests. Purpose-driven leadership, with an adequate eco-system view is fundamental to good governance.

The role of the community

Our interviewees had raised the importance of having board members who understand the larger picture. However, in India particularly, there continues to be a belief that anyone can contribute to the running of a non-profit (Behar, 2020). A number of our interviewees were aggrieved by this unsystematic approach to non-profit governance. Some of them felt that even if board members did not have adequate experience, 'good' governance requires them to at least have received systematic exposure or training before being included on the board of a non-profit.

When boards are composed in a way that they are completely disconnected from the communities, it reflects a disconnect of the CSO from the communities as well. Boards can go beyond, and some have, by inviting feedback and opinions. They need to pass the microphone to the groups whose lives are most affected, and invite the target groups to be part of the board. There are some well-known organisations who do this, SEWA being one example.

Some organisations routinely undertake social audits which is the practice of inviting members of the community to provide their feedback on the programs being run. The institutionalisation of social audits first took place with the implementation of the National Rural Employment Guarantee Act (NREGA). These can be useful in not just deterring corruption and exposing loopholes but they have actually helped in redressing individual worker grievances (Pande & Dubbudu, 2018). The process of social audits start from collecting all records of intervention and scrutinising them. Then comes a survey—prepared and administered across the geographical area and to conduct spot inspections. Creating more awareness about the intervention is also part of the process through which communities come to know of the original intention, exposing loopholes and weaknesses. Based on these various steps, the communities are in a position to raise questions in the public hearing or *jan sunwai* (Mathew, 2018). Along with providing an alternative form of evaluation of the efficacy of interventions, the process of social audits makes room for CSOs as well as governments to be directly answerable to citizens and communities. The audit is followed up by remedial action.

"Compliance bogey"

Devising a system for good governance has to start by understanding the soul and nuanced nature of CSO-work, through a knowledge of what constitutes responsible and thorough work. In watching the brushstrokes, the larger picture seems to be neglected. Though this battle is one that has to be fought at a much larger level, at the level of the board, it has to begin by segregating it from the way businesses operate.

According to someone who has been a part of the sector for decades, "this compliance bogey will kill the sector". Invaluable resources and labour hours are now spent on procedural formalities. Some believe that the practice of listing on the stock exchange, having to report every quarter, has also come to pervade the social space. Yet, the importance that is given to CSR by corporates and in their boardrooms still leaves much to be desired.

None of our respondents who had worked in CSOs for a long time agreed that the sector lacked adequate governance. Though they agreed that there are unscrupulous organisations, their numbers are far less than is commonly perceived. One CSO leader reported having worked with 750 organisations in the span of 40 years and facing governance issues with only about 40 small NGOs (roughly 5%). The role of narrative was emphasised: partnerships often fall apart due to differences in philosophy and ideology, rather than governance or compliance issues. Many CSOs show stringent compliance standards, and have done so for decades.

This narrative and the trust deficit often puts disproportionate burden on the CSOs to prove their innocence. One respondent in particular was especially aggrieved by this excessive scrutiny—"If we don't maintain the cash book for three days, it comes back in the form of mismanagement of cash in the accounting audits." CSOs are now subject to far more scrutiny than the government or businesses.

A few bad apples have resulted in tarnishing the image of the whole sector, viewing it with suspicion, and tightening regulations. Moreover, a large variety of organisations have been registered as societies, trust, charities etc. They are a mix of CSOs that work in the social sector as well as other organisations including prayer committees, festival committees, resident welfare organisations, sports clubs, etc. Only a handful of these are engaged in the work of social transformation. The databases which are relied on for the accounting of the number of CSOs in the country have brought together organisations of different sizes—from those with one or two employees up to those with 500 employees. Even the regulatory framework has been vague and ambiguous nor has it changed since its inception despite the seismic shifts in the sector.

CSR leaders and granting agencies claim that they had hardly, if ever, dealt with unscrupulous CSOs. Those organisations that have inadequate governance in place are often those that lack the capacity to do so. Most CSOs in the country are medium to small-sized, making setting up elaborate systems a strain on scarce resources.

Yet, CSOs seem to be stuck in an awkward situation where on the one hand, their systems are being put under scrutiny for not being robust or transparent enough. On the other hand, the resources for CSOs to build such systems are depleting. The emphasis on impact as well as trust deficit means donors of all kinds are apprehensive of money going to organisations rather than straight to the beneficiaries. The latest blow being the FCRA amendment which puts a cap on administrative expenses that can be apportioned out of foreign funds. The significance given to institution building seems to have been lost and the role of CSO has become instrumental, a mere service provider. There are some corporate donors though who work towards capacity-building of CSOs, but they are exceptions.

Corporates felt that CSOs need to improve their ability to communicate their needs and perspectives. One CSR leader reported that they face no issues with CSOs on procedures and compliance. They complain only when it comes to substantive governance, which includes asking deeper questions. Despite significantly more energy being spent on compliance and formalities now, many CSOs reported having lesser autonomy to enforce their vision. For the smaller CSOs and those doing intangible work, this may turn out to be an insurmountable challenge.

All our interviewees concurred that the use of technology could certainly help in improving the work of the social sector, as long as it was combined with people-oriented solutions and the spirit of the work was preserved. Measures like increasing the use of technology, social audits, and having diverse boards can certainly improve governance and accountability, but all the respondents were emphatic that good governance is far more than compliance and procedures.

Case Study

Lemon Tree: Spirit of collaboration

Lemon Tree Hotels have developed a business model that involves not just shareholder as an important stakeholder, but also the society and environment at large. They describe their driving principles through the three P's: Profit, Planet, and People that guide their approach to day-to-day business activities. The Profit motive is self-explanatory and primary for any business entity that seeks to maximize its profits through the nature of their services. The second 'P' emphasizes the focus on sustainability in the construction of their buildings and operations with respect to three key areas: energy, water, and waste. The third principle strives to positively impact people through inclusive recruitment and training for people with disabilities (PwD), physical or intellectual, or those from economic and socially marginalized backgrounds (ECOSOC).

Outside of monetary support, they have consciously made efforts as a corporate entity, to bridge the gaps amongst scattered CSOs. Their engagement with CSOs is two pronged. The first kind of engagement is seeking out potential employees belonging to the aforementioned categories. The second type of engagement is the sensitization of their own employees on disabilities – what disability means and how to navigate the work environment, making it conducive for PwD and their meaningful participation. This area of work is considered a niche, both within the corporate as well as the CSO space. CSOs working for PwD are fairly dispersed, and often lack a national reach.

Lemon Tree saw this as an opportunity to build effective communication channels for their partners, facilitating inter-state collaboration, preparing common standard practices while giving space for each CSO to bring their distinctiveness to the table. Given the limited reach of many CSOs that stands at discord with the vast geographic presence of their hotels, Lemon Tree often face difficulties in the recruitment process. They began encouraging major partners to share resources that they had developed with smaller organisations that could benefit from the network and wisdom of veteran CSOs. In turn, the major CSOs were able to increase their network and reach larger audiences. The new partner CSOs learn from the competencies of both the veteran CSOs and the corporate environment at Lemon Tree, and Lemon Tree benefitted in achieving their goals for recruitment. Their legally-mandated CSR practice as well as recruitment practices have impacted the lives of their employees who have a demonstrated increase in empathy, patience and emotional intelligence due to working with their Opportunity Deprived Indian (ODI) colleagues. This reflects in their managerial prowess and customer-handling as well as their personal lives and job satisfaction.

Another key takeaway is that their use CSR funding is also to facilitate the requirements and expertise of specialized CSOs, rather than achieving pre-determined outcomes. This enables CSOs to work to their own potential, and not be limited by reporting outcomes. Lemon Tree has been unique in their they way their CSR responsibilities are not entirely removed from the regular functioning of business. Their CSR obligations and ESG policies are closely related. This emerged from a certain sense of altruism of the founder of the franchise, as well as the implicit belief that their business should represent the nation. Somewhere the idea of businesses contributing to nation-building, that originated during pre-Independence, also is significant in the case of Lemon Tree's sustainability practice.

Significant Developments/Disruptors During Our Study

While not in the original scope of this study, Two developments that occurred while we were undertaking the study were the changes announced by the government in Foreign Contribution (Regulation) Act (FCRA) in September 2020, and the overall COVID situation, which has had a defining impact on the priorities in the CSR space and how both for-profits and not-for-profits function in the social sector.

Therefore, we spent some time during the interviews discussing the fallout of these two developments, although this was not part of the original scope of the study. In this chapter, we briefly share the key insights from these conversations.

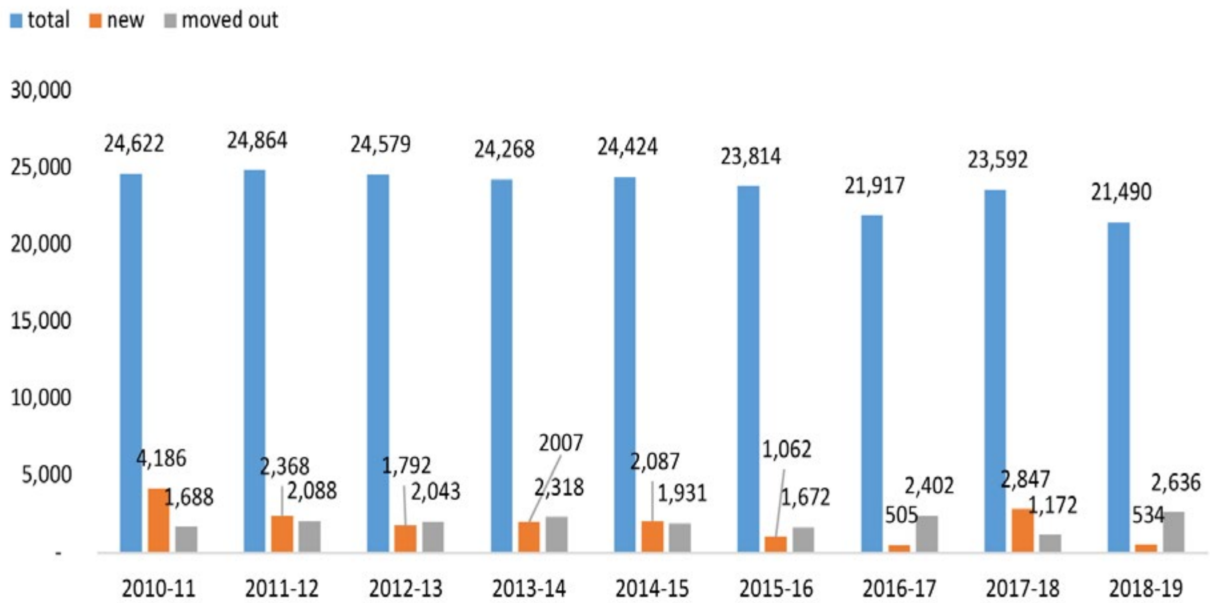
1. Foreign Contributions (Regulation) Amendment Act, 2020

Trends in FCRA

Of the 1.14 lakh CSOs registered with the NGO Darpan in March 2021, only about 20% have an FCRA certificate. Year by year, there have been shifts in the size of foreign grants and donations received by FCRA-registered CSOs. In the last 10 years, on average, about 45% of organisations did not receive any foreign funding, 42% received up to Rs 1 crore, and less than 13% received more than Rs 1 crore in each 12-month period.

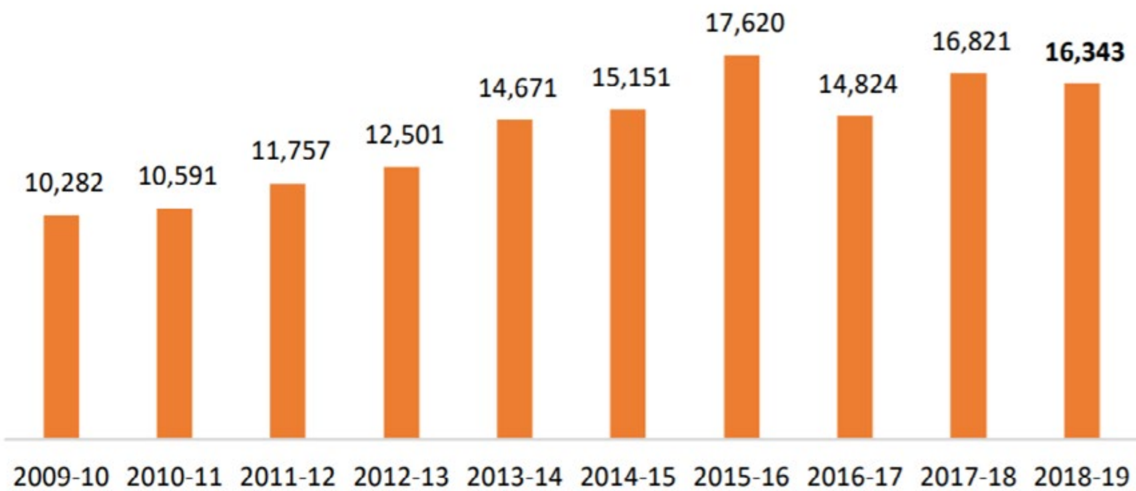
As per data from the Ashoka Centre for Social Impact and Philanthropy (2020), the funding has grown by 60% since 2009, even though it has seen fluctuating trends. Increasingly, we are seeing CSOs drop out of the FCRA database and the numbers of those that enter have been falling steadily. In the last nine financial years, the number of CSOs that exited the FCRA database in a given year was the highest for 2018–19 (2,636), exceeding new registrations (534) in that same 12-month period. In contrast, in 2017–18, new FCRA registrations (2,847) had exceeded the number of removed registrations (1,172).

Figure 16 : Number of FCRA registrations over the years



Source: CSIP, Estimating Philanthropic Capital in India

Figure 17: Increase in Foreign Funding Over the Last Decade



Source: CSIP, Estimating Philanthropic Capital in India

The total amount of money that CSOs receive through FCRA has increased by just 58% over the last ten years. That means an average increase of just 5.8% per year, and this growth rate has been even slower since 2014–15 (average y-o-y growth of 2.9%). To put this into perspective, we see that philanthropic funding has increased at an impressive 21% per year between 2013 and 2018, and corporate funding has grown by 12% per year during 2014–18.

Foreign Contributions (Regulation) Amendment Act, 2020

Governments in developing countries often look at development agencies/CSOs funded by foreign entities with suspicion because of the political pluralisation they are likely to bring (Bratton, 1989). This view implies that foreign aid would undermine state legitimacy and impede the development of state capacity. Blair & Winters suggest that if aid weakens state-society relations, it is largely because of its effects on state institutions rather than its effects on citizen attitudes or behaviours (Blair & Winters, 2020).

In India, this distrust was at its peak during the Emergency. This lack of trust was manifested in the passing of the Foreign Contribution (Regulation) Act (Government of India, 1976) which placed restrictions on individuals in the public sphere like political parties, legislators, media personnel, and public servants. During that period civil and political rights organisations were prohibited under the pretence that they were attempting to overthrow the government with the aid of the foreign donors. The Act has since come a long way. The later 1984 amendment, made it mandatory for CSOs to register themselves with the Home Ministry, ask for prior permission of the central government before accepting any foreign contribution, and gave the central government the power to audit accounts of people, organisations, and associations they found suspicious (Casemine, 2021).

In 2010, this act was repealed and the new FCRA was enacted introducing even more stringent provisions. This included changing the FCRA license term from permanent to 5 years, which ultimately led to the cancellation of registration for approximately 11,319 CSOs in 2015 (Press Trust of India, 2017), limiting the amount of money that could be used for administrative expenses (50%), and essentially, reworking to expand the definition to include "organisations of a political nature" like trade unions, student unions, youth forums, forums based on caste etc., especially those that focus on governance accountability, giving the central government the power to suspend the accounts of organisations they deemed suspicious for 180 days. One respondent, in one of our long, detailed interviews, pointed out that around that time, the government was adamant on being driven by the growth narrative, the consensus in the public sphere was that India would no longer be aid-dependent and the crackdown on foreign-funded CSOs began. Another respondent said that the irony of the situation was that while foreign investment in business was being actively scouted and encouraged, foreign funding to CSOs was being tightly controlled. In 2012, government cracked down on CSOs protesting against the Kudankulum nuclear power project by freezing their accounts.[8]

[8] https://www.dailymail.co.uk/indiahome/indianews/article-2107832/Government-cracks-whip-NGOs-fuelling-protests-Kudankulam-nuclear-power-plant.html

In the summer of 2014, a classified Intelligence Bureau (IB) Report[9] to the government was leaked identifying several foreign-funded NGOs as "negatively impacting economic development". The claim was that organisations that demand accountability on projects like Par Tapi Narmada River Interlinking Project and the Delhi-Mumbai Industrial Corridor were "growth-retarding campaigns" aimed to discredit India on the global front. Their argument was that organisations that argue for the rights of the displaced communities were funded by foreign organisations to restrict Indian growth in certain sectors.

The latest set of amendments to the FCRA which were passed in September 2020, include some key changes such as the following:

- **Ban on sub-granting of FCRA funds:** The earlier provisions allowed a CSO with an FCRA certificate which received foreign funds to transfer them to another CSO which also held an FCRA certificate. This allowed CSOs to collaborate and come together on a single project, to implement projects jointly, and minimise the need for signing multiple similar contracts. However, the 2020 amendments to the FCRA have put a complete ban on this kind of transaction.

- **Administrative expenses capped at 20%:** The FCRA earlier allowed for up to 50% of the donor funds to be used for meeting CSOs' administrative expenses. This limit has now been reduced to 20% of total funds.

- **Aadhaar requirements:** The new Section 12A in the FCRA, provides that any organisation seeking permission, registration, or renewal of registration must provide:
  - o the Aadhaar cards of all its office bearers, directors, or key functionaries as an identification document; or
  - o a copy of a passport or an overseas citizen of India card in case of foreigners.

- **New FCRA accounts:** The law earlier required organisations to set up one designated bank account to receive FCRA funds, but the 2020 amendment makes it mandatory for every such FCRA account to be opened only with the main New Delhi Parliament Street branch of the State Bank of India.

- **Suspension of certificates:** The amendment increased the limit of days for which government can suspend an organisation's registration certificate (on grounds of suspicion) from 180 days to 360 days.

These recent amendments in the FCRA have generated a lot of anxiety and unease in the non-profit sector. According to the Voluntary Action Network India (VANI), the amendments are a "death blow" to development relief, scientific research, and community support work of the NGO community as it prohibits collaboration.[10] One NGO leader mentioned how there was a lack of dialogue and the logistical nightmare of moving bank accounts from all parts of the country to a centralised bank in Delhi, especially given the pandemic. Another respondent spoke of how the CSOs stepped up to help with food and shelter during the migrant crisis, but instead of being recognised for their immense

[9] https://indianexpress.com/article/india/india-others/foreign-aided-ngos-are-actively-stalling-development-ib-tells-pmo-in-a-report/

[10] https://thewire.in/rights/fcra-amendment-ngo-sector-impact-grassroots-activism

humanitarian efforts, they had been 'rewarded' by this amendment. We felt a strong sense of being let down among the CSOs, while several corporates we spoke to were not impacted as severely.

Implications for the social sector

One respondent summarised the impact of the amendment so far: "Some very small organisations, who only worked through sub-granted donating, are even struggling to find resources for next month's salary cheques. And then there are others, who are not affected by these changes as much. The surrealness of it are the multiple realities being inhabited by various organisations simultaneously."

The restriction on sub-granting/ transfer of funds along with the cap on administrative expenditure are two main reasons for the discontent with the FCRA amendments. The sub-granting rules prior to the amendment state:

"No person—who (a) is registered and granted a certificate or has obtained prior permission under this Act; and (b) receives any foreign contribution—shall transfer such foreign contribution to any other person unless such other person is also registered and had been granted the certificate or obtained the prior permission under this Act."

This means that only organisations that had an FCRA approval from the central government would have been able to receive sub-grants. This renders the lack of transparency argument meaningless, as there was already enough transparency in the transfer of foreign money. To put this in perspective, in 2018–19 out of a total of 21,490 FCRA-registered NGOs, 4,107 organisations (19%) reported receiving FCRA funds via sub-granting or local transfers from other FCRA-registered NGOs (Centre for Social Impact and Philanthropy, Ashoka University, 2020). One respondent mentioned how the worst affected segment would be the small CSOs with their limited capacities, as both COVID and the FCRA amendment have led to big shocks in how they receive funding. This amendment is likely to make organisations compete with each other for funding. They will now not only compete for corporate money but also not be able to share the funding they receive from foreign institutions, thereby undermining the level of collaborative efforts that are seen in the development sector. During the interviews, while some CSO leaders believed that small CSOs will be the worst affected, other felt that the bigger CSOs, who acted as sub-granters, would be adversely impacted in a more significant way.

Administrative expenses include travel, rent, capacity building, and much more that are not only crucial but critical for the smooth functioning of the sector for a while now. There is a rising cognizance among non-profits of how building capacities is increasingly being overlooked in the development sector (Bridgespan, 2021).

A Bridgespan report notes that indirect costs made up between 21% and 89% of direct costs. Indian donors are normally tight fisted about these expenses, which foreign donors used to be more understanding about. One respondent spoke from experience during COVID, "We tried to reduce FCRA funding but domestic philanthropy did not step up." This clamping down on administrative costs, it will impact institution building. Such changes in the pattern of funding may lead to reducing the CSOs into mere implementing agencies to run s for goods and services. This 20% limit is also likely to change the nature of projects that are able to receive foreign aid. Administrative costs vary with the kind of interventions—hardware (brick-and-mortar) kind of interventions are likely to have lower administrative costs than software (institution/capacity-building) interventions. So, putting this cap on administrative costs tilts things in favour of certain kinds of projects. Another respondent said, these "attacks" on funding are geared towards a specific kind of CSO. In essence, there are certain projects and organisations (for instance, advocacy and research-focused organisations) that are bound to have higher overheads simply because of the nature of their work. Such organisations will now have to look sources for funding. More importantly, the motive for the amendment was the strengthening of compliance, transparency, and accountability in the receipt and utilisation of foreign contributions as well as facilitate genuine CSOs working towards the welfare of society. A cap of 20% on administrative costs can neither ensure compliance, nor does it have any positive linkages with transparency or accountability. So, the motive for such a decision is rather questionable, especially coming from the central government that spends 8.15% of GDP on salaries alone (Gilani, 2017).

Registration requirements have caused concern for organisations as 93% of FCRA CSOs are registered outside Delhi, and may not necessarily have had an account in Delhi. They will now have to open a bank account in the capital. As of August 16, 2021, out of 22,427 CSOs with active FCRA licence, CSOs who have operationalised SBI NDMB account could range from 3,616 (16%) to 8,575 (38%) and can continue receiving fresh FCRA funds. Other 13,852 (62%) were yet to open their SBI account or get their FC-6C approved and will not be able to receive fresh funds post April 1, 2021 (Develop Aid Foundation, 2021).

Respondents largely agreed that CSOs are increasingly turning to domestic funding as foreign funding has not only became scarce but also because of the way it is being increasingly scrutinised. The new FCRA is being regarded as a deterrent to the functioning of a sovereign republic, aimed at "killing" the voluntary sector (Bhatnagar, 2020). Many respondents were aggrieved at the disproportionate effect of this regulation on smaller CSOs who rely solely on sub-granted foreign funds. This will also have a disproportionate effect on far flung regions, for example, the North-eastern states, as one respondent pointed out.

II. COVID-19

The major part of this research was carried out amidst the pandemic. Apart from the limitations it imposed on our research methodology, there were sweeping shifts taking place in real-time.

At a societal level, the requirement of CSOs was most obvious during COVID, their engagement with communities being one of their biggest strengths. Those organisations not directly involved in COVID relief were nonetheless fighting collateral damage—increased incidents of domestic abuse, livelihood crises, filling the gaps in education due to closure of schools, etc. According to a Report a third of the CSOs they surveyed had not received any additional funding for COVID-related work. At the same time, they reported increased cost of core operations, that were not covered by relief funding, if they received any (Centre for Social Impact and Philanthropy, 2020: 6). 30% of the organisations were certain of their survival only upto 6 months. These CSOs expressed concerns regarding the negligence of issues that will have long-term complications due to the heightened emphasis on immediate relief work. Thus, despite the aggravated need of civil society as sharply evidenced during the pandemic, this was also the time when CSOs got adversely affected by budget-cuts.

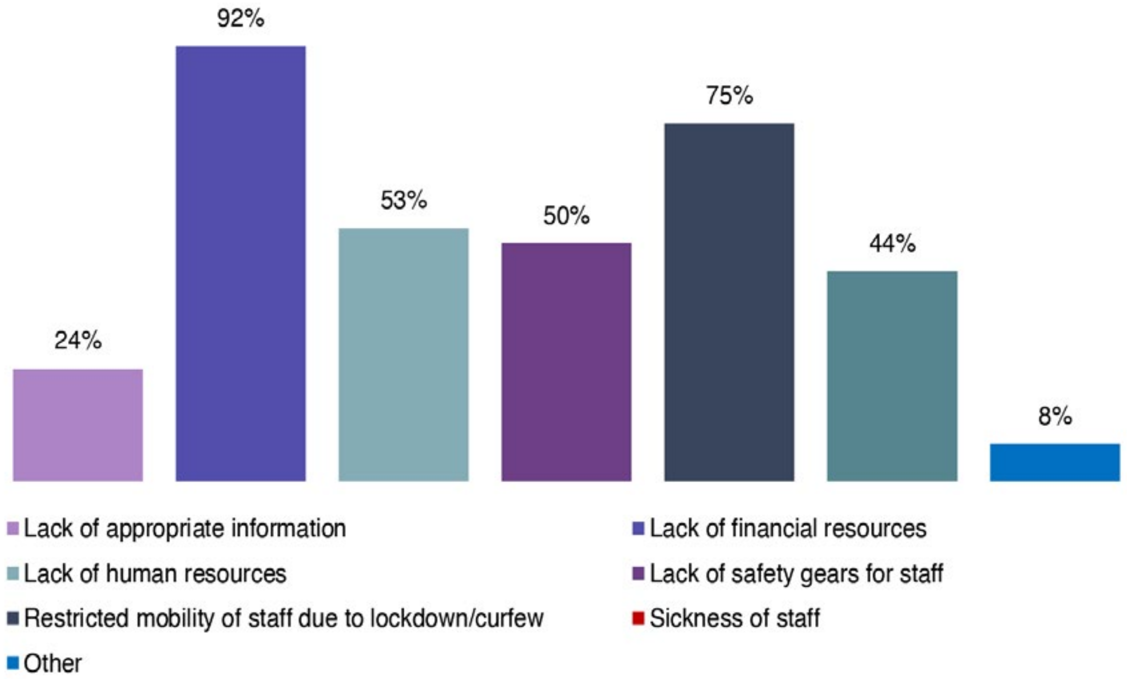
Money was diverted towards immediate relief and government funds. Apart from the crisis that challenged the very survival of organisations, there were a series of changes that dealt severe blows to the sector—"From cancelling nearly half of all FCRA licenses in 2016, to introducing onerous compliance rules that might annually jeopardize nonprofit licenses, multiple policy changes have straightjacketed the work on nonprofits in recent times" (Vora, 2020).

During the initial months of lockdown, many villagers who had migrated from cities, were able to obtain sufficient food due to the public distribution system (Shekhar, 2020). With the sudden return of migrants to village, the pressure on rural resources also increased drastically. Many organisations, inlcuding those of some of our respondents, had begun conserving organisational resources early into the pandemic, since monetary support was expected to dwindle with time (Shekhar, 2020). As early as March 2020, there were instances of corporates withdrawing from signed contracts with CSOs and channelling the funds to government and other relief efforts.

A study published by PRIA asked CSOs the kind of challenges they faced during the pandemic. The first graph below talks about the internal challenges faced by CSOs at the organisation level. Though issues were wide and varied, 92% of the organisations reported having trouble with finances (Bandyopadhyay et al, 2021, p. 25). Other issues included restricted mobility (75%), lack of human resources (53%), lack of safety gear for staff (50%). External challenges included lack of donor support and flexibility (78%), availability of relief material in the market (53%) and lack of cooperation from local administration (35%) (Bandyopadhyay et al, 2021, p. 25). Out of the 577 CSOs, 54 saw fatalities among staff, while 205 reported sickness among staff due to COVID-19 (Bandyopadhyay et al, 2021, p. 25).

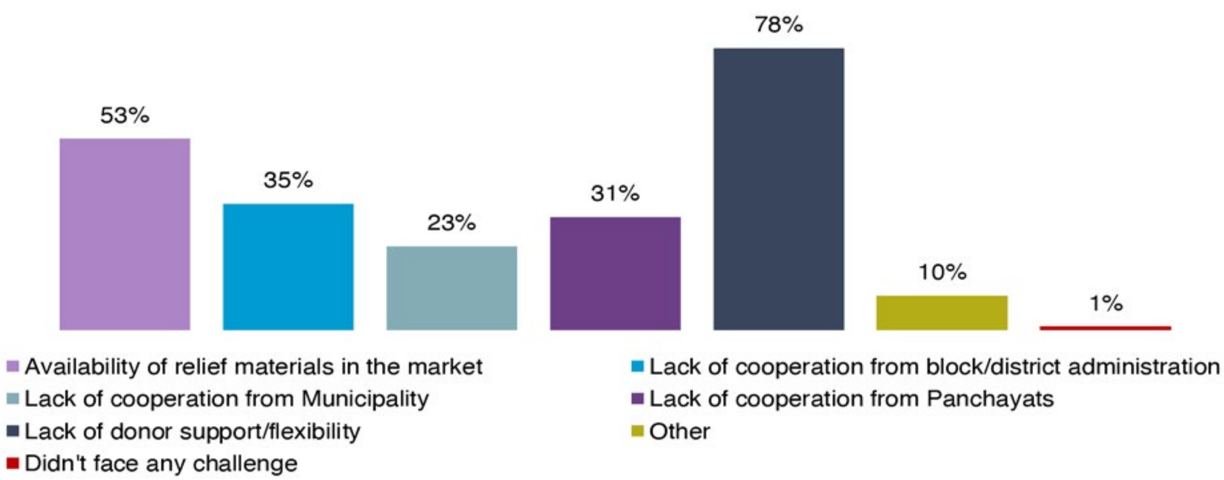
The second graph below talks about the external challenges faced by CSOs. The most common problem that organisations faced was the lack of donor support/flexibility. Out of a total of 392 responses on this, 78% of the CSOs faced this issue (Bandyopadhyay et al, 2021, p. 25). Another common issue was the unavailability of material in the market (53%), and lack of cooperation by district and block administration (35%) (Bandyopadhyay et al, 2021).

Figure 18: Organisation Challenges Faced by the Respondent CSOs (n=405)



Source: PRIA Report CSO Support to COVID-19 Affected Families (Bandyopadhyay et al, 2021, p. 25)

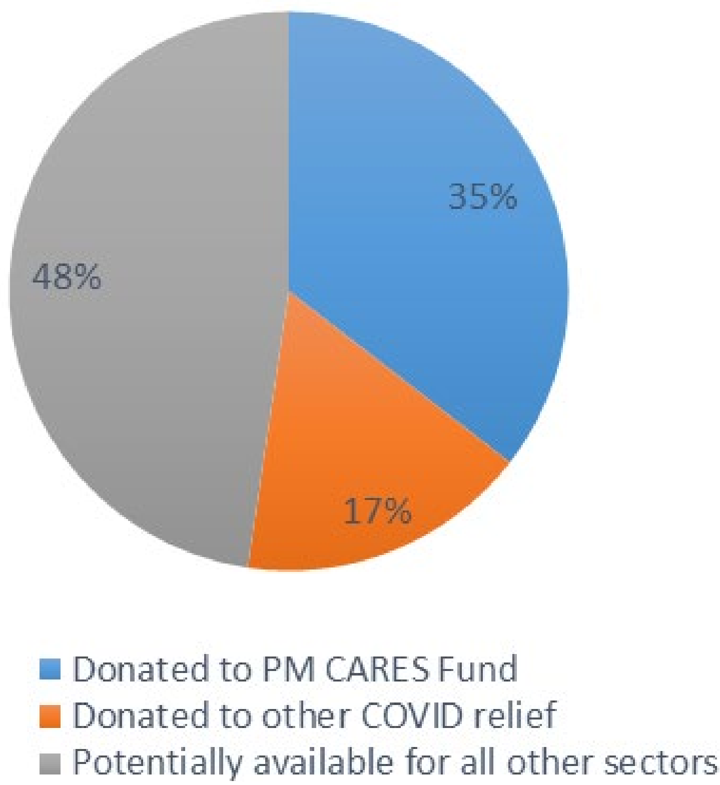
Figure 19: External Challenges faced by the Respondent CSOs (n=392)



Source: PRIA Report CSO Support to COVID-19 Affected Families (Bandyopadhyay et al, 2021, p. 25)

The uncertainty regarding the future of the sector is high. According to Sattva's India Data Insights, the overall annual budget outlook for CSR for 2020–21 is forecast to be roughly Rs 15,000 crore (based on average of 2016-2019). Out of that Rs 5,324 crore to PM CARES and Rs 2,529 crore to other COVID relief have already been allocated, leaving Rs 7,147 crore potentially available for all other sectors (Shekhar, 2020).

Figure 20: Annual CSR Budget Outlook for 2020-21



Source: Sattva's India Data Insights

As the Ministry of Corporate Affairs reports (Shekhar, 2021), CSR contribution towards education declined from Rs 5,718 crore in FY2019 to Rs 5,244 in FY2020. The numbers for rural development fell from Rs 2,309 crore to Rs 1,885 crore, and for environment sustainability from Rs 1,293 crore to Rs 1,199 crore during the same time period.

Figure 21a: Rural Development

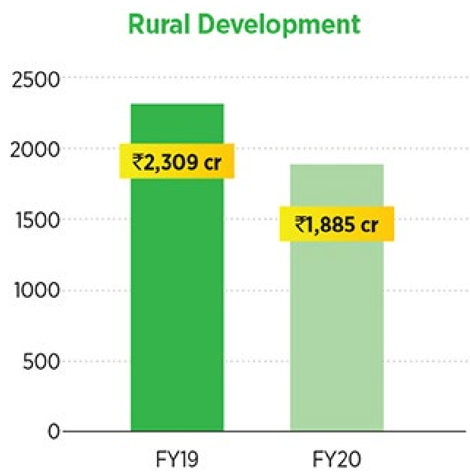


Figure 21b: Education

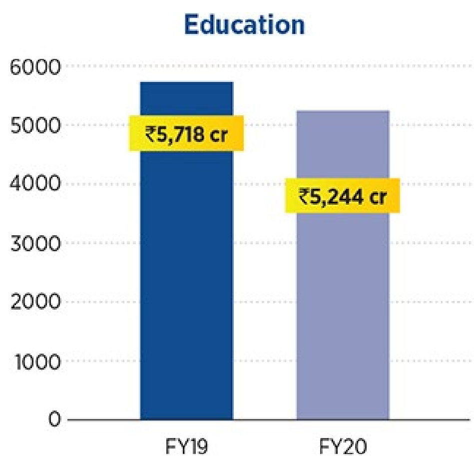
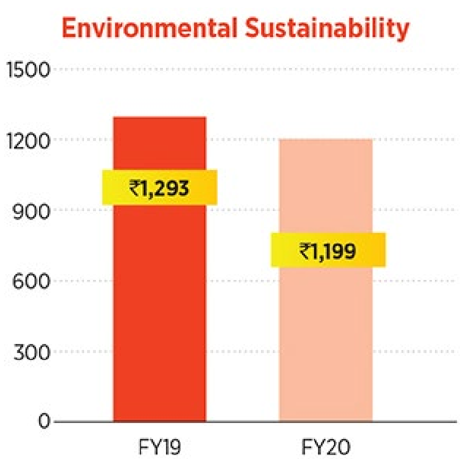


Figure 21c: Environment Sustainability



Source: (Shekhar, 2021)

What our respondents had to say: The corporate perspective

We heard both versions from our respondents. Depending on the industry, there were those who said that their outlay had been affected, and also those who said that they had protected their CSR budgets, in fact increasing them in several cases, given the COVID relief urgency. We also heard of interesting practices—one of the corporate respondents said that as a policy, their company always sets aside 5% of its CSR budget for disaster relief. This means that in the event of any disaster, they are able to respond immediately, since both the budget and board approvals already exist.

However, we also heard from some corporate respondents, especially those from hospitality and travel sectors, about how badly the business had been affected, and in turn CSR. An interesting observation made by another respondent was that the COVID crisis affecting businesses and in turn affecting CSR budgets/approaches has shown how the CSOs are no longer insulated from market risks.

Almost all our corporate respondents spoke of likely shifts in sectors, geographies, and maybe even approaches. Some of these shifts can also be considered positive from the CSO perspective. For instance, some of our respondents felt that post-COVID, we may see more CSR money going into research (which has till now been almost negligible). Almost everyone spoke of health becoming the new preferred sector, and education suffering a severe setback. In terms of geographies, some respondents felt that COVID may lead to corporates focusing more on urban poverty, since the migrant crisis starkly highlighted that dimension.

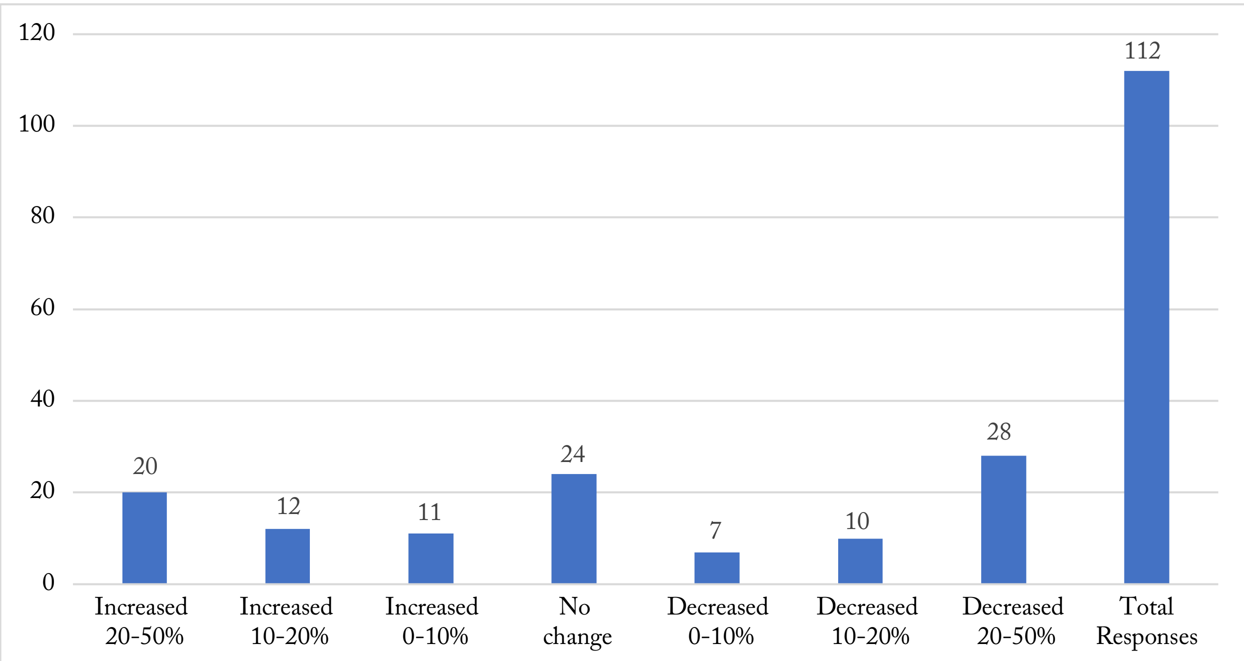
As regards approaches to work, only a few of our respondents had given money to PM Cares, and most respondents felt that even if money had moved in that direction, it was not going to be a long-term shift (except for PSUs, for whom it may become a preferred choice). Another interesting aspect of approach brought up by a respondent was that technology may come to play a bigger role in CSR, both in monitoring and also in implementation. One of our respondents raised the issue of long-term versus short-term funding. The former is usually not very common in the CSR space, though some corporates had been attempting to do so. There is concern that given the sudden industry setbacks (and the resultant CSR budget setbacks), some corporates may become more reluctant about long-term CSR funding.

Lastly, we heard from some respondents that COVID has triggered individual philanthropy in a big way, and one hopes that the sector can help strengthen that trend. Some of the respondents cautioned that the CSOs should not consider CSR funds as a permanent source, since these will always be vulnerable to strong externalities (as the pandemic showed so clearly).

The CSO perspective

The effect of COVID-19 was manifold, CSR being just one. COVID-19 was vastly different from any other disaster, in that, it was not confined to any particular geography or population, but the entire country was adversely impacted. According to our CSO respondents, COVID impacted CSOs in two ways: funding, and the work and mission of CSOs. The funding aspect was also discussed with corporates.

Figure 22: Extent of impact on funding 2020-21 against 2019-20

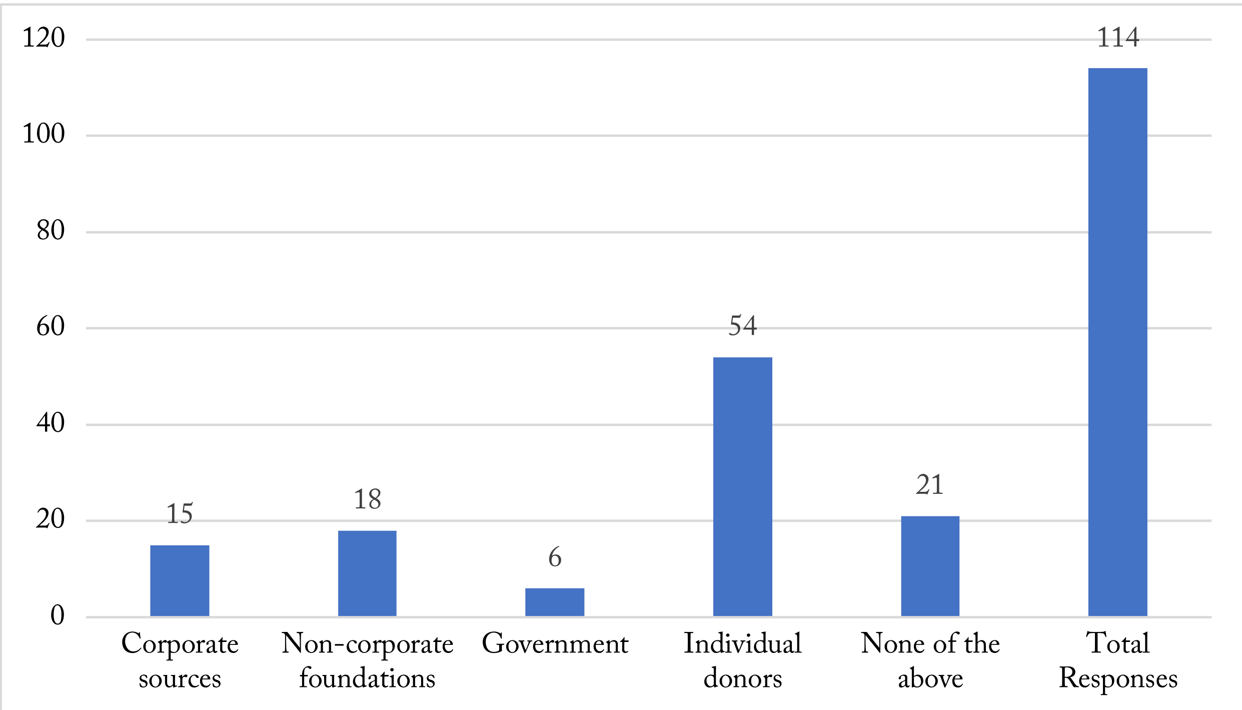


Source: CSEP Survey on the NGO and CSR Landscape in India 2021

According to our survey, the number of organisations that saw an increase in funding from FY2019 to FY2020 were roughly the same as those that saw a decrease in funding. Out of 112 responses, 39% saw an increase in funding, 40% saw a decrease in funding, and 21% said there had been no change. This could be because of increased flow of funds for COVID relief. This could also indicate that our sample was not representative of the really small organisations, possibly because any such online survey in English, in itself, creates a selection bias that works against the very small local CSOs.

According to our in-depth interviews, already scarce resources available to CSOs further dwindled, affecting small and medium organisations the most. Some estimated that as many as 30% of the small CSOs may permanently close down as a result of COVID and its financial implications. However, as mentioned earlier, individual giving picked up strongly during this period. According to the survey we conducted (114 responses), corporate sources constituted only 13% of the COVID Relief funds received by CSOs. The top category was individual donations, at 47%.

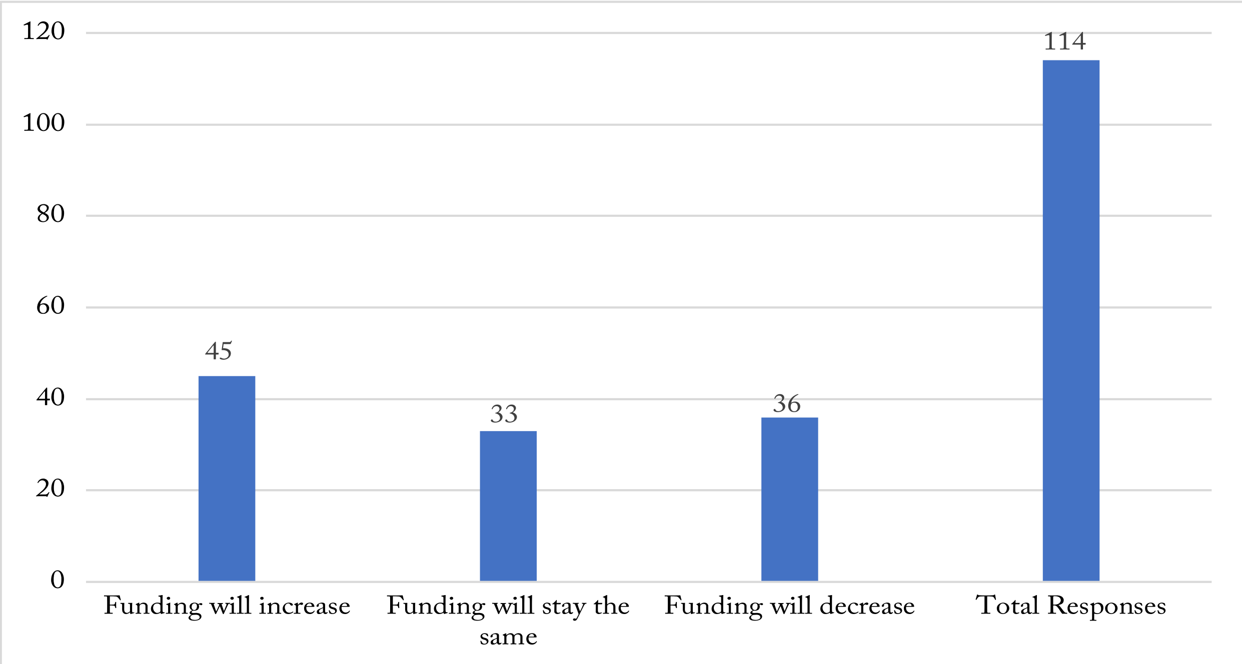
Figure 23: Sources of COVID Relief Funds Received by CSOs



Source: CSEP Survey on the NGO and CSR Landscape in India 2021

We had also asked participants in our written survey about their estimates for funding in FY2021-22, and one-third of them already knew that their funding would decrease. Another third reported that the expected funding will remain the same.

Figure 24: Estimated Changes in Funding for FY2021-22, compared to FY2020-21



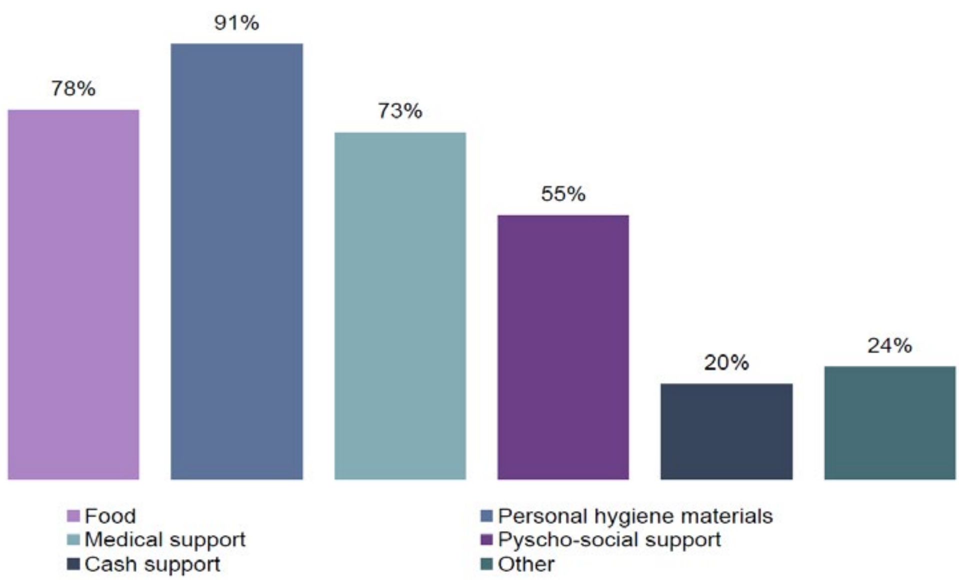
Source: CSEP Survey on the NGO and CSR Landscape in India 2021

Most of our in-depth interviews had been conducted during the first wave of COVID, and many of the respondents were not clear how the funding would play out. Nonetheless, they were anxious and anticipated a precarious financial situation for the next few years. Many CSOs had already begun tightening their belts.

On the issue of work and mission of CSOs, we heard two narratives. While there were organisations that spoke of a silver lining in terms of COVID having pushed them to add new dimensions to their work or triggering innovations that happened due to the constraints imposed by COVID, there were many who spoke of the sudden shift in focus (from education to health) and the loss of direct community engagement. A lot of the work in the social sector depends on spending time with people and interacting with communities. The national lockdown made it much harder to reach communities, creating problems for organisations working in remote areas of the country. Though mobile- and internet-based reporting made it easier to meet reporting requisites, the fundamental nature of the work was affected.

A report published by PRIA details the kind of COVID relief work that was taken up by CSOs, collected through a survey of about 500 organisations (Bandyopadhyay et al, 2021, p. 18). 91% of the organisations out of a total of 420, reported being involved in providing personal hygiene products to families; 78% worked towards providing food, and 73% were providing medical support (Bandyopadhyay et al, 2021). Other kinds of COVID-related responses included psycho-social and cash support. Thus, the CSOs were doing varied and far-reaching work at the frontline.

Figure 25: Support Provided by the Respondent CSOs to COVID-19 Affected Families (n=420)



Source: PRIA Report CSO Support to COVID-19 Affected Families (Bandyopadhyay et al, 2021 p. 18)

Organisations are worried that COVID may leave a lasting effect, in terms of expectations surrounding CSR work. There would be increased expectations in terms of quick reporting. The kind of work that was already marginal and largely ignored by CSR, would further lose the attention of corporates.

Organisations are worried that COVID may leave a lasting effect, in terms of expectations surrounding CSR work. There would be increased expectations in terms of quick reporting. The kind of work that was already marginal and largely ignored by CSR, would further lose the attention of corporates. Even the most popular thematic area of work, education, has begun losing out to health, livelihoods, and other COVID relief work. According to our respondents, CSOs working in education have had to struggle the most.

Given the precarious nature of funds for many smaller organisations, the future for these CSOs has also become uncertain, though there are new openings. One is the overall increased giving-sentiment in the country. Another is the emergence of new opportunities such as making masks and PPE kits, strengthening of decentralised supply chains, training in cooking and baking for home delivery, online vegetable stores, etc. Narratives on the 'Great Reset' also shed light on the environmental crisis in a way that was unprecedented.

All our primary research was conducted during the first wave in 2020. At that time, there was no expectation that the second wave would be far worse. The suffering from the first wave continued and was also exacerbated. What lies in the future and how COVID has changed the course of history for the social sector is still uncertain and unfolding.

Conclusion

The last decade, especially since the enactment of the CSR laws, has seen the coming together of the for-profit and not-for-profit worlds, in a collaborative relation of the kind that had not existed before, at least not on the scale and the frequency with which these are now happening. While the long-term impacts of these shifts will be evident in some more time, in principle one can only say that there is enormous potential in this new dynamic relationship. Without doubt the corporates have begun to influence the discourse and approaches in the social sector, but also equally, without doubt, the influence is mutual, even if unequal at this point.

There is a need to arrive at a common language, to develop greater mutual respect, to understand the limitations (and strengths) of each other, and there is need to invest in the other. For us, as researchers, the exercise was fascinating and exciting. Even as the CSOs face multiple larger challenges at this time, and even as there is tension in these new relationships, we still found enough basis for optimism. But it will require both sides to keep moving towards a shared purpose.

Finally, we would like to end with this quote from M. K. Gandhi — "*When in doubt, choose change. I cannot say whether things will get better if we change; what I can say is they must change if they are to get better. There is nothing permanent except change. I alone cannot change the world, but I can cast a stone across the waters to create many ripples.*"

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Annex: List of Interviews

Following is a list of the people we had interviews with during the research process. All names have been published with prior written consent. For those who did not consent, their names and organizations have been withheld. The views expressed by these individuals were personal, and do not in any way represent the opinion of any institution or organization.

S. No.	NAME OF INTERVIEWEE	ORGANISATION	DESIGNATION
1	Apoorva Oza	Aga Khan Rural Support Programme	Chief Executive
2	Ronak Shah	Seva Mandir	Chief Executive
3	Anish Kumar	Transform Rural India Foundation	Co-Founder
4	M.P. Vasimalai	DHAN Foundation	Executive Director
5	Dr. Y.V. Malla Reddy	Accion Fraterna	Director
6	Vijay Mahajan	Rajiv Gandhi Institute for Contemporary Studies	Chief Executive
7	Rajesh Singhi	IBTADA	Executive Director
8	Anshu Gupta	Goonj	Founder
9	Liby Johnson	Gram Vikas	Executive Director
10	Ajay Singh Mehta	Vidya Bhawan	President
11	Mihir Bhatt	All India Disaster Management Institute	Director
12	Reema Nanavati	SEWA	General Secretary
13	Binoy Acharya	Unnati	Founder Director
14	Sudarshan Iyengar	Action Research in Community Health and Development	Academic
15	Dr. Suraj Jacob	Azim Premji University	Visiting Faculty
16	Jagdeesh Rao Puppala	Foundation for Ecological Security	Chief Executive
17	Sunil Kaul	The Action Northeast Trust	Founder and Managing Trustee, former CEO
18	Biraj Patnaik	National Foundation for India	Executive Director
19	Puja Marwaha	CRY	Chief Executive

20	Jagadanand	Centre for Youth and Social Development	Co-Founder
21	Amitabh Behar	OXFAM	Chief Executive
22	Tinni Sawney	Aga Khan Foundation	Chief Executive
23	Sachin Sachdeva	Paul Hamlyn Foundation	Director – India
24	Jyotsna Lall	Aga Khan Trust for Culture	Director Programmes
25	Rajiv Khandelwal	Aajeevika Bureau	Founder
26	Mathew Cherian	CARE India	Board Chair
27	Nandkumar Seksaria and Harsh Seksaria		Philanthropist
28	Shashaank Awasthi	V-shesh	Founder
29	Corporate Respondent		Vice President, CSR
30	Priyanka Singh	Interglobe Foundation	Former Head
31	Pratyush Kumar Panda	Ambuja Cement	Head of CSR
32	Aradhana Lal	Lemon Tree	Vice President - Communications and Sustainability Initiatives
33	Geeta Goel	Michael and Susan Dell Foundation	Country Director
34	Naghma Mulla	EdelGive Foundation	Chief Executive
35	Corporate Respondent		Head of CSR
36	Rajesh Ayapilla	Coca-Cola	Director - CSR and Sustainability for India and South West Asia
37	Avilash Dwivedi	Tata Projects	Head of CSR and Trustee
38	Pranav Kothari	Educational Initiatives	Vice President – Large Scale Education Initiatives
39	Dhruvi Shah	Axis Bank Foundation	Chief Executive
40	Corporate Respondent		Head of CSR
41	Tasqeen Macchiwalla	Azim Premji Philanthropic Initiatives	General Manager
42	Manisha Singh	Nokia	Head of Corporate Communications and CSR
43	Sridhar Iyer	E&Y Foundation	Former National Director - CSR
44	Monika Jain	Bharat Aluminium Company Limited	Head of CSR

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About the authors

Neelima Khetan is a Visiting Fellow with CSEP. She is a senior CSR and Social Sector expert, with over three decades of leadership experience with both non-profits and corporates. She has been the Group CSR Head for Vedanta Group, where she provided oversight and guidance to the CSR efforts of 11 business units of the Group, located across India and Africa. She was also Vice President, CSR at Hindustan Zinc, which is among the Top-20 CSR spenders of the country.

Prior to this, Neelima was the Director, CSR and Sustainability for Coca Cola India and South West Asia, where she led the company's CSR/Sustainability programs across 6 countries in South Asia. Neelima has long experience of the social sector, having held leadership positions like – India Country Director of the American India Foundation and Chief Executive of Seva Mandir (where she worked for over 2 decades leading a variety of rural development initiatives in the field of education, health, environment, women's empowerment, and community institutions). She was also the Acting Director of the Institute of Rural Management, Anand (IRMA), from June 2006 to May 2007.

Neelima has served on the Boards of several non-profits and academic institutions. She has also served on many Central and State Government Committees, including the Land Reforms Committee of the Government of India and the Task Force to suggest Decentralized Funding Mechanisms to the Planning Commission. Neelima holds a Master's in Rural Management from IRMA and a Bachelor's in Commerce from Shri Ram College of Commerce, Delhi University.

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Angira Shukla was an intern with CSEP. She is a Master's student at University of San Francisco for International and Development Economics program. She found an interest in Development Economics and Policy during the time of her undergraduate at Ramjas. Her previous experience has been in social entrepreneurship, impact evaluation and research. She joined CSEP freshly out of college to explore dimensions of social policy and how it intertwines with impact measurement. Her research interests lie in Human Development, Political Economics, and Environmental Policies.

Mallika Anand worked as a Research Analyst in the Economic Growth and Development vertical. She has done her Bachelors from Sri Venkateswara College in Delhi and Masters from the London School of Economics and Political Science. Though she identifies as a sociologist, her curiosities transgress disciplinary boundaries. Her research interests include sustainable development and inequality.

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