
Funding Problems in DES

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Abstract

Rajasthan in India is home to many arts and crafts. This case study throws light on problems faced by the Jutti craftsmen of Pataudi. This craft is a traditional craft practiced by the men and women of the household. The case discusses their socioeconomic status, and the social stigma attached to their community. The case study will also serve as a close identification and analysis of the work done by the craftsmen, the challenges they faced, their present issues, and societal concerns that are putting barriers in the way of hampering their growth.

Key words: *Patodi, Artisans, Jutti, Leather, Tradition*

Decision Situation

Mr Srinath Singh, the founder and Secretary of the Development and Education Society (DES) was pondering over the future course of action for the organization. He had nurtured the organization for 25 years, but never had been the situation so difficult. Funding opportunities were drying up. There was also the pressure of meeting the operational cost of the organization. Good people had been leaving one by one. If the situation continued, he would have to shut down the organization. But what would happen to the villages where he operated? The area was still backward in terms of overall development. People of the area needed constant support of the organization. But in the absence of funding, Mr Singh would not be able to meet the basic costs of organization. His family members had been insisting that he take over the family business. In that case, he would have to shift his focus, and DES would not sustain. If he continued managing DES, it would be a drain on his personal wealth.

Origin of DES

Srinath had graduated from a renowned university from Rajasthan in 1993 with Political Science honours. While his friends looked forward to competitive examinations and business, he had

different ideas. During his college days, he had visited a few non-governmental organizations (NGO) based in Udaipur. It may be noted that Udaipur was known as the hub of NGOs and many well-known social workers and development professionals operated there. Interestingly, almost all the NGOs' interventions were concentrated in and around the nearby blocks of Udaipur city. The peripheral districts and blocks hardly received any attention. While Mr Singh was inspired by the renowned social workers, he was convinced that he should start such an organization that addresses the need of the left-out areas particularly for the tribal villages of peripheries of Udaipur district.

Being from a well-off family, who had a number of established businesses, Mr Singh had no compulsion to take up a job. He was from a joint family, and there were other people in his family who would take the family business forward. When he shared the idea of initiating a social work venture with other family members, they did not object. His father donated an amount of INR 10,000 to him and said, 'This area is very backward in terms of education and health. I would be happy if you could start something.'

DES was registered under the Societies Registration Act, 1860 in Udaipur district. In 1965 Udaipur district got divided into two, and the Rajsamand district was carved out of it. The area of operation of DES was in the newly formed district. Under these circumstances, it provided an opportunity to new NGOs like DES. The organization articulated its vision as: *All round development of tribal and backward communities and empowerment of women in South Rajasthan.*

To meet this goal, the organization operated through village institutions and ensured that in running its programmes, it has adequate representation of women and backward communities. The core belief in the organization was that it would play the role of a catalyst while the community drives the development interventions.

Initial Years

DES started working in different areas: Education, Health, Natural Resource Management, and Women Empowerment. Out of the donations made by local people, the initial activities like awareness generation were conducted. A few other NGOs were also working in the area. Soon, these NGOs became the flag bearers of voluntary activities in the newly formed Rajsamand district. The district administration noticed these initiatives and sought their help in implementing various programmes.

In the meantime, DES established a primary school in a remote village. Mr Singh believed that there was lack of quality education in the area. Rajasthan was relatively weaker in literacy, and the tribal areas of Rajsamand lagged further behind. Poor children were not charged any fees. From

others, the school collected fees enough to meet its operating cost. But its societal contribution was immense.

In the year 1996-97 the district administration sanctioned large scale watershed development projects as part of which five NGOs including DES got one project each. It was a INR 20-lakh project to be implemented over four years and at that time it was a substantial amount. Mr. Singh made all kinds of efforts to make the project successful. He, along with his team, would often camp in the villages for weeks altogether. The organisation also received some state government funded projects for carrying out awareness generation programmes. By 1998, the organisation was fairly known in the district.

Political Change and its effect on DES

The operational area of DES had a unique political context. Every five years, the ruling party would change. Probably, people wanted a change every time they were not happy with their representative. It was like a bi-party contest invariably. Fortunately for Mr Singh, when he started the NGO, the local politician was in his favour. He did not have any political affiliation; however, a few other NGO promoters had such contacts. In fact, some other NGOs got government projects due to political recommendations. One such NGO was run by an active politician from the ruling party.

In 1999, the state saw political changes, and a new government came. With such changes, a powerful leader from the new government came to power. He was against the particular opponent who ran an NGOs. Under the influence of the newly elected politician, the district administration stopped release of funds to all NGOs in the districts. Some government departments, who were interested in taking over the projects, added fuel this conflicting situation. The NGOs made a lot of efforts to restore the project, at least for the sake of the benefit to the community, but it was of no use. They even went to court, but it was not no avail. The said politician, in the meantime, had become a minister. He often would say that these NGOs were run by illiterate people, and they were not fit to implement the high-technology projects.

Mr Singh faced the brunt of the stoppage of funding. All of a sudden, the activities were stopped. The local community, which was benefitted because of the project, was also affected. For about two years, DES had to manage without any project funding. In the meantime, half of the staff had to leave because there was no regular payment of salary. Mr Singh raised some funds from local donors, but that was not sufficient to hold his employees for long.

At this point of time the state had a large multilaterally funded project on poverty alleviation funded in which NGOs were supposed to play an important role. Again, because of the political

pressure, these NGOs were sidelined. Interestingly, an NGO, that had no experience but had proximity to the said minister was allotted the project. This arrangement did not work effectively and in three years it came out to be a big failure. Finally, the government involved some NGOs, including DES, in implementing the poverty alleviation project. The project was implemented by DES during 2004-08.

Back to Active Presence

In the meantime, the organisation implemented an SHG programme, joint forest management training project, water and sanitation project, and some awareness generation programmes. The decade of 2000-2010, in a way was the most fruitful phase for the organisation. During this time, Mr. Singh tried to raise funds from some other sources too (the organisation so far depended on government funds only). A summary of projects implemented by the organization is given in Appendix I. The funds included two components: 1) the cost of programmes such as training, awareness generation, physical interventions, etc, and 2) the administrative costs of implementing such programmes – i.e., salary, travel, and other costs. Ordinarily the administrative and personnel costs comprised about 10 to 20 percent of the total funding, and the proportion of such costs ranged from programme to programme. The programmes with physical interventions required higher amount of administrative costs.

During this period, the organization not only received funds from various sources, but also received accolades from different quarters. The organization was honoured by various government departments, district administration, and people's representatives.

The organization had an established structure to implement these projects. In 2007-08, when the organizations had well-running projects, there were about 30 employees and about 50 village level volunteers. The employees have been drawn from the project area itself, and they report to Mr Singh through the concerned programme coordinators. The organizational strategy and structure are presented in Appendix II.

Implementation problems

Fund release from the government has often been irregular. This was found even when the organization showed proper progress. For a small organization, it became difficult to maintain cash flow under these circumstances. Most of the time, there is no valid reasons given for such erratic nature of fund release and as a result the community is unhappy. The functionaries of DES found it hard to explain.

The government projects demanded enormous reporting from the NGOs, but the project administrators did not look into the concerns of the implementing agency. Projects are time bound

ones, but the NGOs work with the people in the long run. Such problems create a bad impression of the NGOs among the community.

At times the organization had to face corrupt officials too. Around 2015-16, DES was asked to implement two large watershed projects in different districts. By that time the organization's major projects were already over, and it was looking for new funding. The projects were huge and could have provided a cash flow of about INR 35 million in the next five years. On these premises the organization agreed to implement these projects. However, upon initiation, it was found that the project was full of red tapes. There was no autonomy – even for purchase of small items it had to go through the process of tendering. Many of its payment were held up and the payments were never released. The nodal agency would often recommend suppliers from which DES was forced to purchase the materials. Further, a technically qualified team was recruited and stationed in the project area, that had huge costs.

As the organisation did not receive funds for the project, he was not able to pay the salaries of employees regularly. He had to divert funds from other projects to meet these costs. However, it was getting out of his hand. At this point of time, an official of the nodal department told him that he should outsource the project to the departmental officers who would implement the project at 80% of the budget and offered pay him 10% of the project cost. Frustrated, Mr Singh decided to withdraw from the project.

Looking for funding opportunities

Initially, DES had received a fair amount of donations from the locality. The organisation was registered under Section 12 (A) Income Tax Act as part of which the organisation was exempted from income tax. Registration under Section 80G of Income tax Act made the organisation eligible to receive donations, and donors would get some income tax rebate. The organisation was also registered under the FCRA which made it eligible for receiving foreign funding agencies. But despite these efforts, the organisation could not get any international funding. Mr. Singh would often say that the funding agencies were biased against small NGOs. According to him there was a cartel that accessed such funds.

He also conceptualised a very innovative project and got the provision of 35 (C) as part of which the donor would get tax substantial income exemption (50% of the amount of donation would be deductible from taxable income). Against the expectation, he still did not get any funds. Of course, he received a few calls from some unscrupulous elements, mostly business houses, who were

ready to donate huge amount of funds but wanted a substantial amount to be paid under the carpet. Mr. Singh refused all such offers and gave up the registration.

Fund Crisis

The school run by DES was operationally self-sufficient, and it did not require external funds. However, it also did not add any surplus to DES. Being in a remote location, the organization had to charge fees sufficient to run the operating costs, but it would be too much to expect anything higher. For other developmental activities, the organization had primarily depended on government funds. About three-fourth of funding was from government bodies, and only about 12% was from public donations and contributions, and the rest were from funding agencies or service fees (Appendix III). Due to bureaucratization, such projects had become difficult to implement. Further, the government also had a preference to implement such projects on its own rather than implementing the same through the NGOs.

The overall funding environment for NGOs had started being gloomy for the NGOs. The government was slowly turning to have a negative attitude for the NGOs, and in particular, it came upon heavily towards the foreign funding. A lot of restrictions were added in the foreign funding mechanism (Sabharwal, 2020). Although DES did not have any foreign funds, the environment seemed to be inconducive for running of social development projects. It was not just for DES, many other NGOs found themselves in a difficult situation.

While the costs of running the organization was increasing day by day, Mr Singh found it difficult to arrange funding. During 2015-16, he had to arrange some funds from his own pocket to meet the salaries of staff. Government funding had become uncertain, and funding agencies were almost absent. Funding uncertainty and government has been seen across the country (Mishra, 2016). In the last three years, the organization has not received any government or external funding, the only source of funds was charitable donations – including the contributions made by Mr Singh himself.

He called a trusted advisor, who had helped him on a few occasions. The advisor suggested that he could look for corporate social responsibility (CSR) funds too. But CSR funds were not easy to get. Unscrupulous companies asking for commissions have been reported (Narayan, 2015). Companies with CSR funds had their own area of operations, and many of them liked to fund projects in such designated areas. There were some public sector units operating in DES' area of operations, but such companied did not like to fund the NGOs. They rather preferred to transfer such funds to government funds to avoid audit objections. Although the government denies the diversion

of CSR funds going into government projects (Economic Times, 2019), there has been reports that PM-CARES funds has received INR 2105 crores from CSR funds of public sector units (The Wire, 2020).

Dismayed, Mr Singh seriously thought of withdrawing from the project and closing down the operations of the NGO. His family business (hotel business) had got a successful investment recently and he thought he should rather focus on that. That would serve the purpose of retaining his staff members and paying their salary would be no problem. However, would the employees be able to cope with the new tasks? That was still a question. In any case, there are only five employees left in the organization. Also, what would happen to the communities, who have depended on DES' support?

It was going to be a difficult decision for Mr Singh. Closing down the operations was the way out. But he felt that his 20 years of effort would go down the drain. Turning to family business would save the day, but the kind of regards he received from community would not be available now. He would end up like an ordinary businessman.

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Exhibits

Exhibit 1: Projects Implemented by DES

Duration	Name of the project	Particulars	Amount spent	Funded by
1996-2002	Watershed development project	Implemented in four villages covering 2000 ha area including interventions like drainage line treatment, construction of check dams, anicuts, pasture development, and plantations. Also included training and institution building works.	INR 35 lakhs	Government (routed through District Rural Development Agency)
2001-02	Joint Forest Management Training programmes	Conducted six training programmes including 95 trainees on issues including role of forest management committees, guidelines,	INR 2.00 lakhs	Government (routed through
2001-02	Afforestation and Eco-development project	Plantation of 50 ha area	INR 5.00 lakhs	Government (received directly)
2001-02	Drought Relief work	Supply of drinking water to drought affected area of 8 villages	INR 0.50 lakhs	Helpage India
		Nadi desiltation in three villages	INR 2.50 lakhs	CAPART/ARAVALI
2007-08	Drought Relief work	Rainwater harvesting structure (Tanka)	INR 3.00 lakhs	State government
2003-06	Total sanitation campaign	Awareness generation on household and personal hygiene, sanitation facility in schools in 44 villages	INR 5.00 lakhs	State government with support from UNICEF
2002-04	Primary Education Project	Primary education to girls and boys aged 5-14 years though active role and participation of their parents,	INR 5.00 lakhs	Lok Jumbish Parishad (A government agency)

		village institutions through innovative approaches and methodologies – 33 villages of Chittorgarh district		
2004-05	Crash course for educational deprived girls	100 girl children participated in the programme	INR 1.5 lakhs	State government
2002-05	Self Help Group (SHG) management programme	25 SHGs under Swarna Jayanti Gram Swarajgar Yojana programme including income generation	INR 2.5 lakhs	State government
2003-08	Poverty Alleviation programme	Formation and management of 264 common interest groups, income generation, capacity building in 66 villages	571 lakhs (20% was organizational cost, rest was for the community)	State government with support from World Bank
2007-08	Health	Awareness generation activities on reproductive and child health, Safe Motherhood, Better Nutrition and AIDS in 125 villages	INR 4.5 lakhs	Voluntary Health Association of India, and UNICEF
2011-15	Watershed development project	Watershed development in 2 districts covering 10,000 ha area	INR 350 lakhs (partially realized; closed in 2014-15)	State government

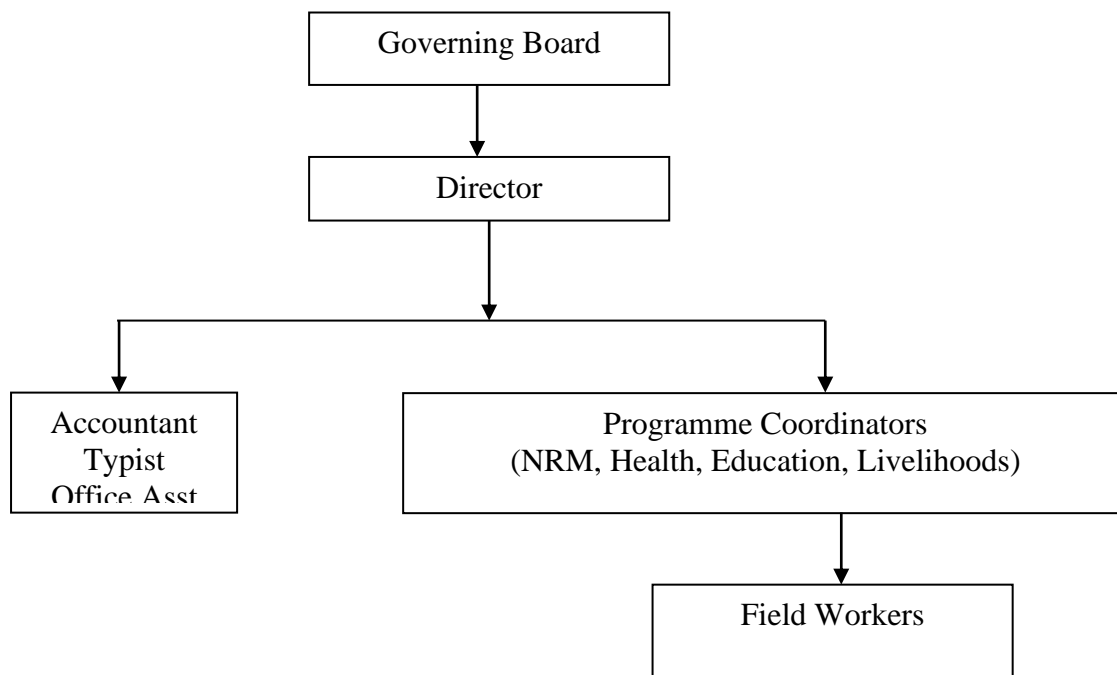
Appendix II: Organization Structure and strategy of DES

To meet objectives, the organisation has formulated a strategy that could be outlined as follows:

- Before initiating any activity in an area, a general body meeting of the village is convened, where the issues of the villages and possible interventions are discussed and identified.
- The interventions are implemented through self-help groups and village committees
- Representation of women and backward communities are ensured in the aforesaid committees
- Actual development work would be done by the villagers and DES will play the role of a facilitator

DES works under the guidance of the governing board that makes the policy decisions. The governing body included eminent civil society members, people's representatives, and retired professors and bureaucrats. Mr Singh was the Member Secretary as well as the founder Director of the organization. The operational activities are implemented by a team of functionaries and the Director heads it. Most employees were recruited from the project area, while experts such as engineers and agriculturists were recruited based on the project provisions. Figure 1 depicts the organization structure:

Figure 1: Organisation Structure



Appendix III: Funding outlay over the years (in lakh rupees) – excluding the revenue from school

Year	Annual outlay in INR million	Source of funds				Remarks
		Government grants	Grants from funding agencies	Service fee*	Donations	
1996-97	1.95	1.40	0	0.40	0.15	Mainly watershed development programmes
1997-98	1.80	1.30	0	0.40	0.10	
1998-99	3.80	3.00	0	0.70	0.10	
1999-2000	1.95	1.50	0	0.35	0.10	
2000-01	1.30	0.50	0.70	0	0.10	
2001-02	1.35	0.50	0.75	0	0.10	
2002-03	2.30	1.30	0	0.80	0.20	
2003-04	2.50	1.25	0	1.00	0.25	
2004-05	3.00	2.50	0	0.25	0.25	Main source of fund was the poverty alleviation project
2005-06	3.50	3.20	0	0	0.30	
2006-07	5.00	4.60	0	0	0.40	
2007-08	4.80	4.40	0	0	0.40	
2008-09	4.20	3.80	0	0	0.40	
2009-10	5.50	4.80	0	0.30	0.40	
2010-11	6.30	5.00	0	0.90	0.40	
2011-12	5.65	3.25	1.00	1.00	0.40	
2012-13	4.75	4.25	0	0	0.50	Main source of fund was the watershed project
2013-14	3.50	3.00	0	0	0.50	
2014-15	3.00	2.50	0	0	0.50	
2015-16	3.20	2.70	0	0	0.50	
2016-17	1.50	1.00	0	0	0.50	
2017-18	0.80	0	0	0	0.80	Substantial Donation in these years was from Mr Singh himself
2018-19	1.00	0	0	0	1.00	
2019-20	0.90	0	0	0	0.90	

* **Service fee:** in the initial years it came from the subcontracting of recruitment of government project; in the later years it came from the repair and maintenance of pipelines (drinking water project).