

# CHAPTER- 19

## A STUDY ON THE FUNDING AND FUNCTIONING OF A NON-PROFIT ORGANIZATION

<sup>1</sup>*Sambhav Jain*

<sup>1</sup>*Student, IIHMR University*

<sup>2</sup>*Dr. Tripti Bisawa*

<sup>2</sup>*Professor, IIHMR University*

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### INTRODUCTION

Non-Governmental Organizations (NGOs) play a pivotal role in the socio-economic development of India as private, non-profit entities operating independently of the government. Engaged in diverse sectors such as governance, education, health, and poverty reduction, these altruistic organizations collaborate with communities and individuals to contribute to nation-building. Despite their voluntary nature, NGOs must operate within the legal framework of the country.

The number of operational NGOs in India has significantly increased, surpassing 3 million, with approximately 1600 officially recognized. Recognized for their vital role, NGOs have emerged as saviors for many deprived individuals lacking access to essentials like food, clothing, education, and healthcare.

Their initiatives extend to various areas, including child mental health, mental disorders, substance abuse, memory loss, etc., often implementing cost-effective care models [1]. NGOs align their efforts with the identified needs of communities, particularly addressing the concerns of women and farmers. Their involvement is integral to national development planning, directly engaging beneficiaries to achieve project success. Evaluation criteria for project success are measured by tangible outcomes and the positive impact on real communities [2].

NGOs operating in India encounter a myriad of challenges, with accountability standing out as a major concern. Ensuring transparency in their daily activities is crucial for maintaining accountability to donors, beneficiaries, and society. Instances of financial mismanagement and corruption can erode public trust, particularly when funds are primarily sourced from foreign aid, which may be inefficient. Regulatory and legal hurdles pose significant obstacles, as NGOs navigate complex frameworks involving registration requirements, tax regulations, and reporting obligations. Cumbersome bureaucratic processes and prolonged procedures for registration can impede the functioning of new NGOs. Funding constraints further strain the sector, with heavy reliance on diverse sources like government grants, corporate donations, and individual contributions. The limited availability of funds, coupled with intense competition and stringent criteria, makes it challenging for NGOs to secure sustainable support [3].

Non-governmental organizations (NGOs) in India have demonstrated impressive creativity and innovation in diversifying their sources of financing, thereby reducing dependency, and ensuring sustainability. Various channels such as foreign donations, user fees, pre-paid memberships, and

public fundraising contribute to supporting voluntary health campaigns. Notably, government support constitutes a substantial portion of their funding [4]. In the microfinance sector, NGOs play intermediary roles in the credit supply chain, acting as facilitators and brokers for microloans. The SHG-Bank Linkage Programme serves as an additional delivery system for loans, particularly benefiting those in dire need. Collaboration between NGOs, banks, and credit institutions has given rise to intermediary groups, expanding the credit delivery infrastructure, and enhancing overall involvement [5].

The evolving microcredit system in India presents multiple opportunities for Microfinance Institutions (MFIs). NGOs have played a commendable role in supporting Self Help Groups (SHGs) and establishing connections with banks. Recognizing the importance of encouraging NGOs to extend their reach into underdeveloped areas, there is a need for incentive programs. These incentives would serve as motivation for NGOs to expand their operations and further contribute to the growth of these marginalized regions [6].

### **RESEARCH QUESTION**

1. How did Open Wings Foundation generate resources for the functioning of the organization?

### **RESEARCH OBJECTIVES**

1. To comprehend and assess the process of fundraising within the Open Wings Foundation.
2. To propose enhancements to the fundraising approach employed by the Open Wings Foundation.

## **RESEARCH METHODOLOGY**

The gap analysis study was chosen to evaluate and enhance the donor conversion rates for the Open Wings Foundation. The focus was on understanding the process of donor engagement, identifying gaps, and proposing improvements to increase the effectiveness of fundraising efforts. Given the relatively small size of the Open Wings Foundation, the target market primarily included established businessmen and salaried individuals. This selection was based on the potential for higher contributions from individuals with stable financial backgrounds. To measure the effectiveness of the process, a systematic monitoring system was implemented. This included tracking responses to initial emails, the success rate of follow-up calls, and the conversion rate from potential donors to active contributors. Any bottlenecks or challenges faced during the donation process were carefully documented.

## **RESULT AND DISCUSSION**

The study had identified a significant challenge in the low conversion rate of potential donors to active contributors, particularly through email outreach, where many either did not respond or responded negatively. Positive responses varied, encompassing both immediate donations and the dissemination of information about the Open Wings Foundation. Conversely, negative responses ranged from requests for additional time to conduct personal research to outright refusals, often linked to reasons such as disinterest, economic constraints, or pre-existing commitments to preferred charitable organizations. Those who declined after personal research cited concerns about the visibility of project outcomes, an outdated online presence, and a lack of basic organizational information on the internet.

The conducted PESTEL analysis on the Open Wings Foundation had revealed key external factors influencing its operation. Political stability, government policies, and legislative changes were noted as crucial, emphasizing the impact of political dynamics on NGO operations. Economic factors, including inflation and economic growth, were recognized as influential in donor contributions, while social considerations emphasized the importance of adapting approaches to local customs and demographic trends. The role of technology in transforming NGO operations, environmental factors affecting specific focus areas, and legal compliance were also highlighted.

## **CONCLUSION**

The analysis had suggested several opportunities for improvement. Keeping the website and social media platforms up-to-date, actively engaging with the audience, and expanding visibility were identified as straightforward strategies. Additionally, the potential adoption of a business-to-business (B2B) model for partnerships with companies in various sectors was proposed to enhance fundraising efforts. The SWOT analysis had underscored the Foundation's strengths in passionate volunteers and adaptability, identified weaknesses in resource limitations and market capture, outlined opportunities in collaboration and technological advancements, and highlighted threats related to changes in governmental policies, reputation risks, and economic instability. Addressing these elements could enhance the Foundation's ability to serve society effectively.

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