Chapter 4

Non-governmental Organisations in India

In this chapter we would briefly trace the history and growth of NGOs in India, their funding sources and problems associated with funding and lastly NGOs’ relationship with the government. The overview of NGOs functioning at the national level has important implications for the area specific study of child labour NGOs in Delhi.

From an operational point of view, the term NGOs in India has been used to denote those organisations which are non-governmental, voluntary and non-profit making bodies, with a legal status such as a society registered under the Societies Registration Act, 1860 (XXI) or under corresponding State Act or Trusts registered under the Indian Trust Act or Charitable and Religious Act, 1920 or Co-operative Act or Section 5.25 of the Companies Act, 1956.1 But, the real problem is that under the 1860 law, almost anybody can register an organisation and engage in a wide range of activities. Estimates suggest that there are more than 30 lakh registered NGOs in India 2, but there is no way one can say how many of these are NGOs and how many are not.

The presence of NGOs in India is clearly visible today, than ever before, in the developmental endeavours. The international recognition to the valuable contribution of voluntary efforts in India and the resulting international funding to them, have given a boost to the process of voluntarism and a mushrooming growth of NGOs in India. An estimated 15,000, most of them with a rural focus, are actively collaborating with

external donors. The struggle of the fisherfolk against the aquafarms on the east coast and their fight against mega-industries on the west coast, the movement of the tribals for self-rule (i.e., the demand for autonomy), the dalit demands for self-respect, dignity and justice, the struggles of women to recover their dignity and rights to productive resources, the campaign and struggle against displacement and destruction as in the case of the Narmada Dam, the forging of many national and international alliances and networks to address these issues at the national and global levels, are representative of this upsurge of democratic activity in India. Thus, the role of NGOs has gone far beyond the boundaries of traditional ‘welfare’ (i.e., charity and relief) role. The changing role of the contemporary voluntary efforts in the national endeavour could not be analysed in all its dimensions, without a brief recapitulation of the history of voluntary movements in the country.

1. History of Voluntary Movement in India

In India, the history of the development organisations is linked to the history of voluntary efforts and thereby, to the history of social welfare and social reform in the beginning of the 19th century. The religious and social reform movements like “Bhraham Samaj”, “Arya Samaj” and “Rama Krishna Mission”, etc., adopted ‘reformist’ approaches to eradicate the prevalent social evils and the religious dogmas. Caste rigidity, untouchability, human bondage and inhuman treatment to women and children were some of the evil, which were deep-rooted in the social fabrics of the era. Many literary and educational societies were set up to expose the emerging middle class to secular western thoughts and ideas. Here, the case of the Ramakrishna Mission may be pointed out. It was founded in 1897 by Swami Vivekananda, the chief disciple of Ramakrishna

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Paramhansa, whose preachings in the 19th century West Bengal provided a rallying point for Social Reform Movement in India. The Mission was founded with the purpose of preparing young persons to dedicate themselves to the service of God by serving humanity. Building of skills of different trades, appropriate values and ethics and insertion into social service programmes in rural and urban areas were the strategies used for the preparation of young people by the Ramakrishna Mission.

The emergence of Mahatma Gandhi during the struggle for independence changed the complexion of voluntarism and began a process of networking of organisations under his leadership. The most decisive action, which gave an impetus as well as a new direction to the voluntary action, was Gandhiji's call for social action to end untouchability, casteism and illiteracy. He called for people's participation at the grassroots level. Gandhiji felt that 'constructive work' was distinct from political work. According to him, sooner or later all development work will turn out to be political work. This is evident from emergence of such organisations like, 'All-India Spinners Association (1925)' and 'All India Village Industries Association (1934)'. Another case in point is the Sewapuri case. Sewapuri, which is the name of a place in Varanasi in Uttar Pradesh, represents the history of unique institution inspired by Gandhian philosophy of constructive social work. The first organisation set up here was Gandhi Ashram on November 15, 1947. Inspired by the call of Mahatma Gandhi to work in rural areas, several activists of the freedom struggle settled in Sewapuri to initiate the work of Gandhi Ashram. In the initial years, it focused on Khadi and village industries, health and nature cure, agriculture and livestock. In 1951, Gandhi Smarak Nidhi was also founded in this area to promote other activities focused on eradication of leprosy, provision of sanitary facilities and promotion of basic education. Over the years, the work of Sewapuri has resulted in evolution of several principles.
of voluntary action inspired by the philosophy of Mahatma Gandhi. Non-violence and local self-reliance are the basic themes.

In the initial phase after independence, the legacy of the Gandhian era influenced voluntary action to fulfill the unfinished tasks undertaken before independence (as is evident from the Sewapuri case). The effort to further spread the khadi and village industries became not only an important area for voluntary initiatives but also of governmental responsibility. Social action based voluntary work continued in the field of welfare, relief and rehabilitation. In addition, voluntary organisations also participated in the governmental endeavour in the field of agricultural extension, health and rural development.

The next phase could be seen between the mid-sixties to early seventies. This was the period when the development model (trickle-down approach) followed by the government was critiqued. The contradictions between the rich and the poor, and the divide between the urban and rural India had increased during the past twenty years of independence. It was at this stage that alternative and integrated rural development began to be experimented with, through the initiatives taken by a new generation of people in 1968-69. The response to droughts and floods caused the motivation. For instance, following the serious drought and shortage of water in many parts of the country in early and mid 60s, a unique institution called “Action for Food Production” (AFPRO) was set up in mid 60s primarily with a view to provide drilling for water facilities. Over the years AFPRO has evolved into a technical support institution in areas of agriculture, land management, drinking water, irrigation, biogas, livestock, etc.

Part of the motivation of this period also came from the changed political circumstances with the defeat of the Congress in several state assemblies in 1967 and the gaining momentum of the students’ movement.
in the 1967-69 period. This was also the period when the 'Naxalite' movement\(^4\) surfaced and gained momentum and reached its peak in the 1969-70 period.

The next phase is the period from the clamping of National 'Emergency' in 1975, though its roots began in the 1974 J.P. movement\(^5\). This was the period when the circumstances had forced a number of people to reflect upon their experiences or look back critically at the emerging trends in the country's political process. The rise and fall of the Janata Party's government between 1977 and 1979 was quite a disillusioning experience for many. This fall out from the political process contributed to the growth in voluntary action, both in terms of quality and quantity. This was the period when more focused work with target groups, landless labourers, tribals, small farmers, women scheduled castes, scheduled tribes, also became the basis for the programme of work of NGOs.

Integrated development models soon replaced the fragmented, compartmentalised development, which was still charity and service oriented, in the late eighties. However, structural obstacles at each level of activity and the need to influence related policies gave rise to empowerment models by the early nineties. More emphasis was laid on the structural alleviation of poverty and exploitation, through sustainable development processes by integrating gender, environment and human rights concerns into the process. Together with this, many NGOs began adopting a

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\(^4\) The origins of the Naxalite movement can be traced to the struggle in Naxalbari in the late 60s. The Naxalite ideology was extreme leftism and they believed that revolution is possible only in the rural areas where there is maximum exploitation. They protested against greater concentration of land and regarded the Indian state as an imperialist state.

\(^5\) The J.P. movement under the aegis of its leader Jaya Prakash Narayan, a leading socialist of modern India played a significant role in cementing anti-Indira Gandhi forces in 1974 which eventually forged a united front in the shape of the Janata party. The movement (with its call for 'Total Revolution'), which started with protesting against corruption, ended with the demand of the right to recall (i.e., elected leaders have to be accountable to the people) from the falling Bihar government. Finally, the movement itself became corrupt.
participatory approach to strengthen self-management and grassroots democracy.

**Some Examples:** Several NGOs, in particular over the last 30 years, have played a role whereby people and ideas spread to other NGOs and became a basis for new initiatives. They may be called mother institutions. People who spend time in such institutions move out to create new voluntary organisations and thus, these mother institutions become a learning ground, and experimentation take place for another set of voluntary organisations. A few examples that may be cited here are as follows.

Sewa Mandir: Set up in 1969 by Dr. Mohan Sinha Mehta, a well known educationist of Udaipur, in Rajasthan, the aim of the organisation was to promote rural development and adult education among poor tribals of southern Rajasthan. Over a period of time, a large number of individuals worked in Sewa Mandir and moved out to set up their own institutions, some within the district of Udaipur and some within the state, and some beyond, some doing the work at grassroots levels similar to what Sewa Mandir started, some working at grassroots level but with different perspective.

Social Work and Research Centre (SWRC): It was set up more than 30 years ago in Tilonia, Rajasthan. SWRC was based on Mahatma Gandhi's concept that knowledge, skills and wisdom found in villages should be used for their own development before getting skills from outside. Several youngsters from all over the country came to SWRC, Tilonia to get a feel of rural development and many were encouraged to go back to their own regions and states and set up similar institutions. By early 80s, many SWRC's were functioning in states like Himachal, Haryana, Orissa, Tamil Nadu, Rajasthan, etc. They all carried the name of SWRC initially and after a period of time changed their name and identity. But SWRC, Tilonia was
the base from where they learnt some ideas about rural development.\(^6\) Self Employed Women's Association (SEWA): SEWA started as part of a larger trade union – Textile Labour Association – in Ahmedabad, Gujarat, representing the textile workers in that city. Its initial work was organising women workers and initiating struggle for improving their situation. After an initial period of work in organising and struggling for the cause of the women workers, SEWA began to recognise the importance of initiating some developmental efforts, like cooperatives for credit, production and marketing activities in several areas of women's empowerment. The initial work of SEWA in the 70s became so visible and innovative that many other organisations in different part of the country wanted to imbibe its philosophy and perspective in their own work. They sought affiliation with SEWA, and also got registered as SEWAs in different parts of the country like Delhi, Uttar Pradesh, Bihar and Madhya Pradesh.

These and many such organisations have, therefore, contributed in significant ways in propagating certain ideas and approaches to working with issues of development as well as the very concept of voluntary organisations. These could be seen as pillars around which a whole generation of people working in voluntary organisation has evolved in India.

2. Sources of Funding

Historically, voluntary organisations have acquired funding mainly from non-institutional sources, like funding in the form of donation from the community, richer sections of the society or from philanthropists, etc. In the post-independence era, the non-institutional funding has been

\(^6\) Recently (Oct 2000), the Barefoot College, Tilonia, in Rajasthan was conferred the Germany-based 2000 Nuclear-Free Future Solutions Award, for its remarkable work in training ordinary rural men and women in fabricating, installing, repairing and maintaining sophisticated solar energy lighting systems in cold and hot deserts and tribal indigenous.
limited. The NGOs are greatly dependent on institutional funding sources, i.e., from both the private institutions (like socio-cultural and religious institutions) and government funding. The two most dominant sources of funding to NGOs in India today have been international sources/foreign contribution and the government funding.

**International Funding:** Foreign contributions in India are defined as 'the donation, delivery or transfer made by any foreign source of any article, currency or foreign security'. The flow of foreign money to the NGO sector is regulated in India by a legislation, called the Foreign Contribution and Regulation Act, (FCRA), that was passed in 1976. For receiving any kind of assistance from the international donors, the NGOs are required to register under the FCRA, under the Ministry of Home Affairs, Government of India (GOI).

The foreign source of funding is divided into the following categories:

1. **Bilateral Institutional Funding:** It includes aid from agencies, department and ministries of the developed countries such as USA, UK, Japan, Sweden, Denmark, Norway, Canada and Australia etc. For instance, Canadian International Development Agency (CIDA), Danish International Development Agency (DANIDA), Department of International Funding for Development (DFID), Norwegian Agency for International Development (NORAD), Swiss Development Cooperation (SDC), United States Agency for International Development (USAID), and the like. Bilateral funding is made available to NGOs under the approval of the GOI for the specific programmes and largely regulated by the GOI.

2. **Multilateral Institutional Funding:** This comprises of funds from various agencies of United Nations institutions like World Health Organisation (WHO), United Nations Educational, Scientific and Cultural
Organisation (UNESCO), United Nations International Children’s Emergency Fund (UNICEF), Food and Agriculture Organisation (FAO), United Nations Fund for Population Activities (UNFPA), United Nations Development Programme (UNDP), International Labour Organisation (ILO), United Nations Environment Programme (UNEP), etc. the other multilateral institutions like the World Bank, International Monetary Fund, also provide funding to the NGOs, in India under the overall supervision and regulation of the Government. It is mainly project/scheme based. This type of funding is very limited and is confined largely to the major NGOs in India.

3. Another category of international funding support is from the solidarity groups, international trade unions, etc. of the developed nations. This type of funding is mainly confined to the issues relating to human rights, women and child development and environment and the like. The Bhopal Gas disaster is an example where several solidarity groups in the developed countries raised resources to support local action in India.

4. International NGOs: Private NGOs of the developed nations primarily the European and American institutions, foundations, like the Ford Foundation, the Rockefeller Foundation, provide support to the NGO sector in India. Some examples are: Action-Aid, Cooperative for American Relief Everywhere (CARE), CARITAS, Christian Children’s Fund (CCF), Helpage, Indo-German Social Service Society (IGSSS), Oxford Committee for Famine Relief (OXFAM), and the like. By and large, the major source of international funding to the voluntary efforts in India by the NGOs, comes from international non-governmental sector.

The thrust areas of the major international funding have been in the sectors like women and children, health and family welfare, education,
environment, rural development, science and technology. Though international funding brings new initiatives, new ideas and approaches in a wide range of areas, however, the international funding has certain limitations. Firstly, it is temporary in nature and for a short duration action oriented projects. As a result, the NGOs work in an atmosphere of uncertainty about the continuation of their projects.

An important issue relating to foreign funding is that of the influencing of the agenda of voluntary organisations by representatives of foreign funding agencies. In different points of time, different issues (such as issues of education, health, women and environment), have take primacy in the eyes of NGOs, partly because they were accorded priority by the funders. In specific sense, many a times the representatives of foreign funding agencies tend to influence openly and directly the programmes and activities of the NGOs, many a times inconsistent with the realities on the ground. The emphasis on AIDS projects is a good example. The paranoia over AIDS in the west has led to a concern about AIDS in India, which has a large number of HIV cases. Though, the concern is necessary, but the focus is largely on sexual practices and condom distribution, which is important. But what is more important in India is that a large number of people in India face the danger of AIDS through blood transfusions and contaminated injection syringes. And this hardly gets any attention, since the Western nations already have safe practices in operation where things like blood transfusion, or even simple things like administering injections are concerned. However, we do not have such safe practices, and an AIDS programme, conceived in the West, does not reflect our reality.

NGOs, being less bureaucratic and more efficient compared to government agencies, are largely being used by the international donor agencies to fund directly. For instance, with the gradual withdrawal of the government from the social service - health, education, nutrition, water
supply, etc – and subsequent privatisation of these sectors, the NGOs are being looked upon as ‘efficient implementers’ of many components of the Structural Adjustment Programmes. The World Bank is encouraging NGOs to run these projects, in India. This involves a risk of NGOs becoming subcontractors at the expense of developing local capacity to deal with the problem. But the scenario is not so bleak. Many NGOs have raised their voice against the Bank and many of the changes in the policies of the World Bank, e.g., disclosure policy, environment policy, rehabilitation policy, have been the result of intense campaigning and lobbying by the NGOs and activists, in which many Indian activists and groups (for instance, Narmada Bachao Andolan) took part.

With so much money being pumped up, the NGO sector has increasingly come to resemble the private sector. Increasing fund flows make it easy for some to consider the development option without the pressure of a frugal lifestyle. People come here driven by moneyprospects rather than by commitment to a cause.

Money does not only define the joining of this field, increasingly it is also tending to define the project itself. So, instead of first spending a lot of time working in a community, and through that figuring out what their needs are and then designing solutions which are appropriate to that particular community, this process is now turned upsidedown. In this upside-down version of development work, people who have a certain interest in the field go for whatever project funds happen to be available for.

At the same time, the foreign funds also do not come without any strings attached and in some cases; it comes in with certain preconditions that have little connection with poverty. Here the case reported in a local newspaper7 may be pointed out. It was reported that a top US development

agency forced the Uttar Pradesh government to spend its foreign aid on a particular community. Although, it was argued with them that in a mixed population area it will be difficult to confine to only the poor upper castes, but the agency did not heed. It argued that a poor upper caste person is more likely to catch up with his well-to-do brethren and become ‘consumer’ than the lower castes.

There are sceptics who perceive a hidden agenda in the ‘big business of giving’. Claiming that India has belied the global expectations of a thriving, expanding market, they think the war the developed world is waging on poverty is aimed at bolstering the purchasing power of the people and increasing the number of consumers exponentially. And all is being done to have more buyers for foreign brands.

Criticism aside, the foreign sources of funding has led to availability of funds for innovation and experimentation, since much of the government funding is tied to schemes and programmes. Below is discussed the different types of government funding and the problems associated with them.

**Government Funding:** In pursuance of its policy to support and encourage voluntary efforts, the government at the central level has initiated the programmes providing financial assistance to NGOs through grants-in-aid. The basic purpose of grants-in-aid is to encourage and promote NGOs in India and particularly in the areas where government action is rather limited. At the central government level, grants-in-aid are given to NGO sector by various departments and ministries such as Ministry of Human Resource Development; Ministry of Rural Development; Department of Education; Department of Women and Child Development; Department of Youth Affairs and Sports; Ministry of Welfare; Environment and Forests; and Science and Technology and so forth.
A certain limited funding is available with the State governments and at the local institutional level. At the local level, funds are provided largely through the District Rural Development Agencies (DRDAs), Zilla Parishads, Panchayati Raj Institutions, etc.

Besides, many governmental agencies like National Children’s Fund, Central Social Welfare Board, Council for the Advancement of People’s Action and Rural Technology (CAPART), and so on provide funding to NGOs. They are for specific purposes and in a limited scale.

The government funding however, has many intrinsic limitations. They are available for specific schemes designed primarily in accordance with the policies and priorities of the government. It is rarely that a proposal evolved by an organisation on its own receives funding from the government.

At the same time, government funding is limited since the amount of funds available may not provide the overhead, administrative and running cost of an organisation. It can only partially cover the overall financial requirement of the organisation.

Bureaucratisation and control over mechanisms of funding have considerably undermined the autonomous functioning of NGOs.

One of the major constraints of government funding is the procedural delay in timely release of funds. Besides, grants-in-aid sometimes impose conditions for a matching contribution from NGOs working at the grassroots level, which very few can afford to make as a result of this, only reputed and large scale NGOs that can afford such matching grants, have monopolised a major chunk of government funds.

The small NGOs working at the grassroots level, with much of social commitments, dedication, often face a serious financial crisis in their
endeavour. Some of them may not be aware of the different funding schemes of the government, while others may lack knowledge of basic objectives, procedures and requisite documents, rules and regulations involved therein. The latter may result either in submission of an incomplete application by them or a poor design of project proposal, thereby, contributing to a procedural delay in releasing of funds by the government.

The NGOs studied in Delhi also face some of the above-mentioned constraints. They are discussed in chapter 5.

Thus, the issue of funding of NGO sector has become increasingly critical. On the one hand, there is concern related to dependence on external sources of funding - government as well as foreign funding. (Several attempts are being generated to secure alternative ways of financing, as devised by the organisation called Street Survivors of India, discussed in chapter 5). On the other hand, the question of autonomy of NGOs and the issue of funding has been raised. The NGOs sector in India currently faces the challenge of ensuring their autonomy, on one hand and securing a viable and sustainable funding base, on the other.

3. Government vis-à-vis NGOs

There is considerable presence of the state in the existence of NGOs. First, voluntary organisations are subject to laws of incorporation be it as a registered society or a trust or a cooperative society. Second, voluntary bodies being non-profit in character, have to seek formal exemption from income tax which subjects them to regular check by tax authorities. Third, those NGOs, which undertake to implement government, sponsored welfare and development programmes have to satisfy the authorities about their constitution, managerial capability, accounts, annual reports, etc. Besides, their non-political, non-communal, non-sectarian character has to be
certified. Also, they have to enter into a written agreement as prescribed by the government and have to abide by such conditions as the authorities may have laid down. These conditions usually include submission of audited accounts and progress reports. Some NGOs even invite or accept some official representatives to be on their programme or management committees for maintaining effective contact, coordination, and cordiality and often to ensure day-to-day support.

Then there are some voluntary organisations, which raise funds for their work not only from Government by also from outside the country. They have to follow addition prescribed procedures, namely either obtain prior government approval for receiving a foreign grant or if already registered by the Home Ministry under the FCRA 1976, they have to abide by rules governing the receipt and utilisation of foreign money.

Part of the reason behind the government’s desire to have greater control over NGOs stems from the ‘activist’ nature of some of the groups. One major argument on the relationship between the government and NGOs was that there was no opposition to NGO activities as long as its programmes were restricted to various welfare programmes. But the moment any of their activities started jeopardising the local mafia on the contractor-criminal-politician nexus (as it happened in the case of Sanjoy Ghosh), NGOs started receiving threats. This was found true in my study of NGOs. Those NGOs, which are doing reformist role of provision of non-formal education, recreation and health care, have a smooth sailing with the government and local authorities: However, those engaged in release and rescue of child labour e.g. Bandhua Mukti Morcha, come in constant clashes with the local authorities and police, as will be discussed in chapter 6.

Thus, as stated earlier, the government has not taken a hostile attitude towards all NGOs. With NGOs that do not challenge the existing
power relations, the government has taken a cooperative stance. This becomes clear from the following account of the involvement of NGOs in national development by the government.

After independence, the government of India identified certain areas for state intervention such as health, education, etc. and assumed limited responsibilities in sectors like social welfare. The government provided support to NGOs to undertake projects for the benefit of women, children, and youth, handicapped and destitute through the Ministry of Social Welfare at the central and state level and through government sponsored autonomous bodies.

In the First Five Year Plan, NGOs were identified as social service organisations, particularly in the field of care, protection and rehabilitation of the disadvantaged. The National Institute for Public Cooperation and Child Development (NIPCCD) was established to institutionalise government efforts to promote NGOs in the country. NIPCCD concentrated in the area of training voluntary workers, supporting NGO activities and promoting liaison between government and NGOs. As of now, NIPCCD has become the apex body for training functionaries, and to coordinate, monitor and evaluate the Integrated Child Development Services Scheme of the government, besides expanding its work on the handicapped and women.

The Third Five Year Plan characterised the NGO action as an aspect of public cooperation. The National Advisory Committee for Public Cooperation (NACPC) came into existence in 1952 with the twin objective of assessing the existing programmes in connection with national development, and advising the Planning Commission in this area on an ongoing basis. Soon, it was found that NACPC had representatives mostly from national NGOs and many of the member NGOs did not even have grassroots activity. As the public cooperation got institutionalised, NACPC
gradually lost its credibility in the eyes of small and comparatively new NGOs.  

In 1953, the Central Social Welfare Board (CSWB) was set up under the Union Ministry of Social Welfare with the objective of providing financial assistance, coordination, training, technical guidance, consultancy and promoting NGOs engaged in activities for women and children. In order to reach out to the local NGOs and to respond spontaneously by way of processing applications for grants speedily and releasing funds in time, the CSWB established state level Social Welfare Advisory Boards. And evaluation of CSWB has recorded that it has been reduced to a fund-disbursing agency of the government. This is mainly because; CSWB’s objective of providing technical guidance in the form of training, supervision, and consultancy to promote and coordinate voluntary action was not attended to.

From the middle of the Sixth Plan, there have been a number of initiatives at the government level to institutionalise a dialogue between the government and NGOs. In this connection, the then Prime Minister had written to all the Chief Ministers in October 1982 with a suggestion to establish consultative group of voluntary agencies to widen the role of NGOs in the implementation schemes under the twenty point programmes. It was envisaged that the periodic meeting of such group would give useful feedback on actual implementation of the programmes and help in sorting out difficulties affecting the work of NGOs. Although, it was a constructive initiative, very few states formed consultative groups. Whenever the groups were formed, the regular meetings were not held because of the absence of proper perspective in the bureaucracy to accept NGOs as an alternative to government strategy to reach out to the rural poor besides, the government

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policy to help the NGOs was not made clear to the concerned government officials. Thus, the move on creating consultative committees of NGOs at the state level met with a natural death.

Another most significant move in the field of government-NGO relationship has been the revival of the People's Action for Development India (PADI), which was created as a forum where representatives of national level NGOs with grassroots level rural development work could give feedback to the government. The mandate for PADI was to promote voluntary efforts, channel foreign and national government funds for implementing rural development programmes, and above all protect the interests of the NGOs in the country. In 1983, the Council for the Advancement of Rural Technology (CART) was set up to improve the conditions in rural areas through innovation and diffusion of appropriate technology with the help of NGOs. In 1986, the Council for the Advancement of People's Action and Rural Technology (CAPART) was created, merging CART and PADI, which retained the basic objectives of CART and PADI. CAPART was promoted as an autonomous organisation under the Union Ministry of Rural Development. It is considered to be one of the large funding bodies in the country. Besides, providing financial assistance to NGOs for executing government designed rural development programmes, CAPART gives grants to NGOs to design projects and to work in rural areas in the field of voluntary action, rural development and rural technology.

In 1986, on the initiative of the Consultant (Voluntary Agencies) to Planning Commission and CAPART, a draft proposal to establish a Council for Rural Voluntary Agencies and Code of Conduct through an act of Parliament was put forward for discussion. This move was linked with the Seventh Plan document on NGOs and the government’s intention to involve NGOs in implementing anti-poverty programmes in rural areas. It was
envisaged in the Bill that the NGOs would themselves regulate affairs and establish for themselves a code of conduct, which will become the basis for their own accountability. As a result, NGOs seeking government funds do not have to go through the rigid procedures of getting their proposals cleared by various ministries. This created a lot of debate in the NGO sector. The city based large NGOs were in the forefront of gathering support to reject the move. The group favouring such a move has been arguing that it will bring an end to the dependence on foreign funds, will give equal weightage to the small, medium and large NGOs, and will create a platform to sort out differences between NGOs and the government. The other group argued that a statutory base for the Council and the Code of Conduct was against the spirit of voluntarism, affecting the independence of NGOs and their capacity to project the critique of government policies and programmes affecting the marginalised sections. It was feared that it would lead to more bureaucratisation of NGOs. The issue met with a natural death, on the face of strong opposition from this section of the NGO sector.

Thus, over the different Five Year Plans, the government perspective towards the NGO sector changed from government planning for the NGOs and funding schemes, to government encouraging the NGOs to plan for themselves and advancing financial assistance to them, which is a very positive trend. Recently, our President K.R. Narayanan, in his address to Parliament, said that the new government's development strategy will rest on a 'triad': the government will provide a strong policy and regulatory leadership; the private sector will bring dynamism and efficiency to the economy in a competitive environment; and local democratic institutions and the civil society will be encouraged to bring about enthusiastic participation of the people in the development process. However, it was not indicated how this is intended to carry forward.

Thus we cannot be very hopeful of the future of the NGO sector, since for over a decade now, governments have been professing the
importance of civil society but precious little has been done to empower them.

The government has not made any headway towards evolving a coherent policy to this sector. Of the prevalent laws devised for the voluntary sector, there are three Acts that serve to curtail the activities of the sector, namely, FCRA, Societies Registration Act and the Income Tax Act. As mentioned earlier, FCRA was promulgated during the Emergency period to monitor and ensure that foreign funds are not used for anti-national activities. But in reality the Act has been used to keep the NGOs under control. The threat perception has now changed and it is not appropriate to restrict the free-flow of foreign funds to the sector on the grounds that it could be used for anti-national activity. It is all the more so if one compares the actual amount of funds coming to the NGO sector - barely 1 percent\(^9\) with the funds that are going to the corporate sector. With the liberalisation of the economy, the functioning of the corporate sector has been made easier, since FERA (Foreign Exchange Regulation Act) has been scrapped and the companies in the corporate sector not having to apply for licensing anymore. However, the cumbersome registration process under the FCRA is still mandatory for the NGO sector. Although, it is true that NGOs have misappropriated the foreign funds, yet the fact remains that misappropriation of funds cannot be controlled by any rigid Act. The important issue is not to monitor foreign funds but to monitor anti-national activity, whether it is undertaken with foreign money or national currency.

The Societies Registration Act is outmoded, and as for the Income Tax Act, the only NGOs it mentions are charitable trusts, thereby completely ignoring the voluntary development organisations which are engaged in development issues, and which too should be exempt from

\(^9\) According to Anil Singh, Director, VANI, which is working to create a conducive environment for the smooth functioning of the NGO sector
paying Income Tax. The definition of Income for NGOs is not at par with that in the private sector, still in the NGO sector, all receipts are treated as incomes. The government feels that fiscal incentives to promote civil society will be used by business people and others to siphon off their ill-gotten gains. Although, this has been true in some cases, yet the answer does not lie in strangling this sector.

A government truly interested in the civil society would provide tax incentives for Indians willing to fund local institutions as all governments in the western countries have done. This will help and encourage India's civil society to move away from foreign funds. Institutions, like Greenpeace International, raise millions of dollars from the public every year for their work. In 1994, individuals in the US donated $105.1 billion (Rs. 4,20,000 crore) to the country's NGOs.10 India's middle class is also growing rapidly and can be encouraged to give funds for literacy, anti-poverty, community mobilisation, social welfare and environmental efforts. The government must create this financial framework.

If the government really wants to encourage the civil society, the government must develop a very healthy respect for the NGOs— in fact, for democracy and plurality itself — and learn to dialogue with it. An environment has to be created for the government and NGOs to accept each other as equal actors in the development process, which will prepare them to listen, learn and act on a mutually agreed path.

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