Chapter – I
EVOLUTION OF NON GOVERNMENT ORGANISATIONS (NGOS)

INTRODUCTION

In these days of Economic Liberalization, Globalization, materialistic values have assumed importance. Money, physical comforts are most sought after aspects. These have in turn created an imbalance due to increasing competition amongst Nations giving rise to new problems like climate change, sustainable development, women empowerment, civil liberties or inclusive development.

With increasing Liberalization, Globalization and de-regulation, the international forces have influenced the economic and social forces at the national and local levels, thus resulting in an increasing disempowerment and powerlessness of the people particularly, among the poor and marginalized sections of the society. Challenges of socio-economic development, education, health and welfare of the masses are the core of our “basic needs” to develop holistically. The unprecedented population growth, an unbalanced regional development and widening rural-urban disparities, increasing rate of unemployment and underemployment, malnutrition, under-nutrition, a widespread of diseases and an inadequate health and family welfare services, an inadequate availability of safe drinking water, sanitation and a poor quality of life, increasing incidences of violence against women, growing environmental degradation, pollution and the resulting Eco-crisis, growing health hazards such as AIDS at many places of the country are at great risk of not realizing its full potential.

We all know that we adopted planning at different levels immediately after independence and since then have been making efforts to bring equality for all in all aspects. To a very large extent we managed to bring about a certain changes since 1947 but we still lag behind in lot of things at the macro as well
as micro levels. Despite all efforts by the governments at various levels, national and local, through the adoption of their sound development policies, planning and programmes aiming at alleviation of poverty, improving the quality of life, there has been little impact on the lives of people particularly, on the lives of the deprived, marginalized and under-privileged sections of the society. Both development from below and from above have failed looking at the poverty statistics, crime rates, population explosion and other problems which are still rampant in India.

Modernity is also about humanism, democracy and secularism. But increasing and frequent communal strife and terrorism in the recent decades, a growing regional consciousness and a threat to the national integration are fast eroding away the social fabrics of the country. Primarily, we are a caste based society which makes matters worse. Social Problems like Castesim, Naxalism, and Extremism have hampered our growth in many ways. The alleviation of poverty, the upliftment and welfare of the neglected, oppressed, and marginalized weaker sections of the society including the women, children, scheduled castes, scheduled tribes and the other backward classes, landless labourers, artisans, poor and marginal farmers etc., are the major concerns and the greatest challenges before the country today. The Government today faces an arduous task of helping the asset-less, poverty stricken rural folks and the weaker sections, which urgently need viable economic assistance to enable them to earn their living and then help them be self-reliant.

Environmental Degradation, Human Rights Violations and Problems like Child Labour, atrocities on Women and increasing Poverty are major roadblocks for our Country. In reality most of our problems are due to misplaced priorities. Since Independence we have witnessed numerous problems being faced by common man like malnutrition, poverty, illiteracy despite number of programmes and efforts by Government which have failed to address these and thus call for designing and redesigning the programmes so that common man
should not suffer. The fact remains that if the economic progress has to serve the best of all it needs to address itself to the glaring problems.

An agriculturalist country like ours where majority still lives in villages demands a pragmatically different approach about how we see and understand development. Now, we are in a transitional phase of development and are undergoing a rapid socio-economic transformation through Industrialization and Modernism. The forces of modernization, technological changes, industrialization has been affecting the life styles and the social structures very deeply. There is fast loosening of the methods of social control and breakdown of social and familial relationships as witnessed recently. As a result, various social groups are increasingly becoming weak and the individuals are being alienated and marginalized from the society. These evil social forces have aggravated many social problems. The problems of women and children, handicapped, youth, drug addicts, urban slum dwellers, aged and infirm, beggars etc. have increased manifold and thus call for massive transformation and welfare services for these target groups.

These glaring problems of our country which we are grappling with gave rise to the phenomenon of NGOs in India. The truth is, had the Government been serious and policies would have been implemented properly there would not have been so much unrest. Since it did not happen, it gave chance to thinking individuals and intellectuals to work on for the social causes giving rise to so many NGOs. This has primarily given a clear chance of growth for NGOs to work in varied fields. Today people’s participation is no longer seen as development jargon, a value ideology or even for that matter a headline. It’s a full time course to be followed religiously. Indeed it’s a pre condition for any development programme in a participatory democracy. It’s also true that revolutions in these times take place through technology, micro finance, self-help group and legislation like RTI, MGNREGA are the most important examples of the NGOs efforts. The scope of NGOs also increases by the void left by Government in not reaching the poorest of the poor. Development of
people’s organisations, i.e. the organisations, which are controlled by the people, seems to be an effective means of the process of empowerment. People’s participation is thus recognized as an important element in the new paradigm of development i.e. Sustainable Development.

It’s a known fact that India has a long history and tradition of voluntary action. The voluntary efforts in the process of welfare and development have undergone evolutionary changes with the changing emphases of various experimental development programmes in India. In the last few decades, the growing awareness of the limitations and intrinsic constraints of the Government has led to an increasing recognition of NGOs and voluntary sector and Government has sought their greater cooperation and involvement in the process of development and in the process of nation building.

Globally, the UN General Assembly in its 52nd session declared the year 2001 as International Year of Volunteers (IYV). The proclamation of IYV is in recognition to the vital contributions of the volunteers to recognize their achievement in the past to facilitate them for the outstanding work done in the field of volunteerism. To ensure that the full potential and contribution of Voluntary Organizations (VOs) is realized, the fullest possible communication and cooperation between national, state & local governments and Non-Governmental Organizations (NGOs) should be promoted in institutions mandated and programmes designed to carry out various schemes. International organizations like Amnesty International, Oxfam, Friends of the Earth, etc. are the organizations best known for their relief, educational, lobbying, human rights, health, employment generation, and poverty reduction activities. Today, NGOs are important partners in the process of development and are an inalienable part in the contemporary scene. Their involvement is not only seen in the implementation of governmental programmes but also in the process of formulation of public policies and even in the enforcement of social legislation as is evident since last many years.
The particular increase in the number of NGOs have shown the scope of their work and the willingness of people to work at the grass root wherever Government has failed to deliver not because it lacked resources but the implementation was not done in the right spirit. And obviously this vent got filled by NGOs in particular which gave rise to their phenomenal increase over the years.

The researcher tried to trace almost every aspect related to NGOs starting from the concept of Social work and moving on Volunteering efforts in India and so on. An attempt has been made to bring out a real picture inspired by the works of various Scholars, Authors; etc. Careful evolution has been traced to arrive at the present status and what the future holds for us. Various questions like How NGO are formed? How NGOs act as Civil Society Actor? And How NGOs can be Agents of Change have been tried to be answered.

EVOLUTION OF NGOs

Various well know studies, research efforts, and concepts given by leading authors, field researches have been used and duly acknowledged to derive a balanced piece of work in tracing the evolution of NGOs in India. Basically the genesis of NGOs lies in the long tradition of our Social work and Volunteerism which is deeply rooted our culture. So, in order to understand anything about the NGOs first we need to trace the imprints of Social Work and Volunteerism in the Indian history. The history of NGOs which is deeply embedded in the way of voluntarism in India may be broadly divided into the following eras:

1. Voluntarism in the early phase up to Nineteenth Century
2. Era of Social Reform Movements
3. Voluntary Efforts during Second half of the Nineteenth Century
4. Gandhian Era
5. Post Independence Era
1. Voluntarism in the early phase up to Nineteenth Century

Charity, philanthropy, serving the needy and helping one’s fellow men were the great virtues valued in our culture since time immemorial. Philanthropy and individual acts of social service have, historically, been the main forms of voluntary activity in India. All Indian religions be it Hinduism, Islamic, Sikhism, etc have emphasized charity as the basic need for serving humanity. According to R.C. Majumdar in ancient and medieval periods “the kings, merchants, landlords and various corporate organizations vied with one another, according to their means for helping the cause of religion. This took various forms, such as founding temples and monasteries, making endowments for their maintenance, construction of residences for the monks, and making permanent deposits with appropriate guilds for the supply of food, clothes and other requisites of wandering ascetics of temples and monasteries.”

Religion has been the backbone since our Ancient times. All religions have taught temperament and social service as the main building block of our social fabric. “The religious institutions such as temples, Matths, dharamshalas, etc., later became the centers of social service on an extensive scale. The joint family, caste or Village Panchayat also provided for the care of the aged, physically handicapped, chronically ailing and mentally deficient. Among Muslims rendering help to less fortunate is an essential feature of Islam, as is evident by the payment of zakat or poor tax by every Muslim.”

Another scholar further added that “The giving of alms, the feeding and care of destitute, were considered acts of religions merit. The temples gave shelter to the homeless. Social institutions also provided mechanisms to meet the needs of the old, the sick and other helpless sections of the community. The joint family provided for the care of aged members and for the physically handicapped, the chronically ailing and the mentally deficient. Caste and

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1 Majumdar., R .C., Social Work in Ancient and Medieval India in History and Philosophy of Social Work (Bombay: Allied Publishers),1962,p.22

community councils were often responsible for individuals in need of help. The economic system itself was governed by social customs and the feudal employers did care for their employees though in a paternalistic way.3

During the Buddhist period, “The Kulavaka Jataka tells us that the Bodhisattva or the future Buddha was born in a noble family in Magadha (South Bihar). While he was a young man he gathered round him thirty young men of the village, and induced them to do work for the public good. They used to get up early and rally forth, with razors and axes and clubs in their hand. With their clubs they used to roll out the way all stones that lay on four highways and other roads of the villages; they cut down the trees that would strike against the exiles of chariots, rough places they made smooth; they built causeways, dug water tanks and built a hall.”4

In Ancient and Medieval India, "Voluntarism in early days had its genesis in charity, philanthropy and relief activities. In ancient and medieval India, charity on a voluntary basis outside the religious channels operated freely and extensively in the fields of education, health, cultural promotion and soccour in crises during natural calamities such as floods, famine, droughts, and epidemics. The voluntary efforts in the early phase were limited in scope and were marked in rural and community development such as digging wells and tanks, planting trees etc. The history reveals that the responsibility of assisting the individual-in-need was shared by the community and the rulers. The kings and the chiefs used to provide free kitchens during famine and shelter to homeless. The directives of the emperor were restricted to the rules of Dharma Sastras. Religion emphasized on the value of charity, philanthropy and mutual help. The developed welfare-statism was evidenced during the Maurya and Gupta empires. The state would come to the rescue of the community in extreme contingencies of helplessness. The kings responded with royal charity doles during out breaks of famine and natural calamities. The voluntarism

4 Majumdar., R .C, op.eit.,1962,p.17
found its most human expression at the time of natural calamities. The communities pooled their resources to help the needy. Philanthropy was widespread and the philanthropists came forward with their ardent belief in ‘dhana dharma’. During the colonial period, voluntary efforts received a boost with new religious, cultural and social surroundings. The Laissez Faire policy of the British Government in economic, religious and social matters left no other avenue of development open to the ‘natives’ than resort to the ‘self-help’ form of voluntarism. Schools and colleges were established by educational societies set up by English-educated natives and affluent businessmen, traders and zamindars. In terms of scope and coverage in development activities, Laissez Faire occupied the largest portion followed by voluntary action through philanthropy, association and individual actions, while the state intervention was minimal during this phase.”

Thus this clearly depicts the way community saw social service as common duty of all.

2. Era of Social Reform Movements

Social reforms movement era was the most important turning point in the history of our Nation. This was the time of true awakening when social reformers took the courage to work in different direction to change the dogmas practiced so far. “Voluntary action gave new form to the emergence of reform movements in India. The introduction of Western ideas and Christian faith by the end of the Eighteenth Century precipitated the widespread emergence of religious and social reform movements in India during the first half of the Nineteenth Century (1800-1850). It’s worth mentioning here that “Social reformers like Raja Ram Mohan Roy, Ravindranath Tagore, Dayananda Saraswathy, Iswara Chandra Vidyasagar, Kesava Chandra Sen, Ram Krishna Paramhansa, Sayyed Ahmed Khan, and Swami Vivekananda had focused their

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social action strategies against the rigid social evils and practices like Sati, Child Marriage, prohibition of widow remarriage and other caste-directed practices etc. The social reform movement was spear-headed by intellectuals like Raja Ram Mohan Roy with the formation of Atmiya Sabha in 1815 in Calcutta, which was one of the earliest voluntary associations in India. Associations like Brahma Samaj (1828), Dharma Samaj (1830), Widows Remarriage Association (1850) and many literary and educational institutions e.g. Royal Asiatic Society (1834), Dhyan Prakash Sabha (1840), took shape at this time. One religion, one caste and one God were the voice of various associations. During this period, the voluntary organisations based on a ‘reformist approach’, were striving for the eradication of social evils, religious dogmas, caste rigidity, untouchability, human bondage and inhuman treatment to women and children which were deep rooted in the social fabrics of that era. So this was the true awakening period for igniting the minds of people which later on shaped our freedom struggle to a great extent.

The work of the Christian missionaries that began at the end of the eighteenth century, took concrete shape in augmenting the voluntary action during this period. In the beginning, missionaries had confined their activities to purely evangelical work. Historically, American Missionaries started schools in Naga villages as early as 1830. The spirit evoked by reform movements had inspired voluntarism in this phase to work for the rights of deprived, marginalized and backward classes of society in different regions of British India.

3. Voluntary Efforts during Second half of the nineteenth Century

More organized voluntarism was marked during this phase “The other hallmarks of this period were the failure of the first war of Independence in 1857 and establishment of the Indian National Congress in 1885. The spread of nationalist consciousness and emergence of self-help as the primary focus of sociopolitical movements largely influenced the course of voluntarism. The

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6 Ibid.
7 Ibid.
period during second half of nineteenth century witnessed a process of further consolidation and institutionalization of social and religious movements and a large number of reform associations originated in different parts of the country, attracting many people to voluntary work. The establishment of the Friend-in-Need Society (1858), Prathana Samaj (1864), Satya Shodhan Samaj (1873), Arya Samaj (1875) further consolidated the reform movement and also the voluntary movement in India. The other prominent organizations which emerged and inculcated voluntary spirit for the service of the poor and the neglected in this period were The National Council for Women in India (1875), Indian National Social Conference (1887) etc. Literary and educational societies and associations became a widespread phenomenon during this period. The voluntary organizations received growing importance and the process of greater institutionalization prompted the enactment of the literary, scientific and charitable organizations. The enactment of Societies Registration Act, 1860 was another hallmark of voluntarism during this phase of history. The Ram Krishna Mission founded in 1898 was actively involved in many amelioration programmes. Apart from literary, educational & health care services, missionaries’ organized tribal’s to protect themselves from exploitation and land alienation and they defended them especially regarding their rights of land tenure and land services. Uplifting the poor, conscientising them, establishing hospitals, schools, and constructing roads etc. were some of their major activities. The missionaries promoted the establishment of voluntary institutions in the length and breadth of the country. The period also witnessed the emergence of trade union organisations. The spirit of voluntarism with high moral and ethical values gained wide social recognition during this period. However, voluntarism was limited in scope and was mainly confined to educational, health, medical, relief and social welfare in the country.”

Social Work during British Period can aptly traced from the famous work done by G.R. Madan in which he says “The social work activities taken up by the

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8 Ibid.
9 Ibid.
voluntary workers or government during the British period passed through various phases. The first phase from 1780 to 1880 was devoted to social reforms. In the second phase, from 1880 to 1900, the emphasis was laid on the establishment of social welfare agencies for the socially handicapped. In the third phase, from 1900 to 1920, there were formed all India organizations, especially for the welfare of Harijans, tribal’s, and industrial workers. In the fourth phase, from 1920 to 1937, the emphasis was on the preventive aspect, i.e. expansion of educational facilities, village uplift and development of industries, provisions for recreational activities and protective legislation. In the fifth phase, between 1937 and 1939, the new short lived Congress ministries in many states set up rural development and women’s welfare departments for rural reconstruction and welfare of women respectively. During World War II, the government took certain welfare measures for the benefit of labour to boost up production.\textsuperscript{10} Indian National Congress played a vital role in igniting self confidence of a common man and makes him the partner in voluntary service to the society.\textsuperscript{11}

4. Gandhian Era

Gandhi is an inspiration to us in every possible way we can imagine. His influence can be very ably traced through his efforts during freedom struggle and movements he initiated during his lifetime. “In the initial years of the twentieth century, religious fervour gave way to more rationalist principles. The establishment of Servants of India Society in 1905 by Gopal Krishna Gokhale laid the foundation of secular voluntary action in India. The wave of Swadeshi Movement swept the country during the initial decades of the Twentieth Century and marked the beginning of mass involvement inculcating the spirit of strengthening voluntary action through self-help and autonomy, through institution building in education, agriculture, industry, business and

\textsuperscript{10} Madan G R., \textit{A Guide for Voluntary Social Workers in India} (New Delhi: Allied Publishers), 1989 p.79
fostering economic production, particularly of industrial goods through Swadeshi and boycott of imported British goods. Gandhian era brought with it the Constructive Programmes. Wearing of Khadi was made important. Village Industry got the much needed oxygen by his efforts. Untouchability was condemned. Bread Labour was given the utmost importance. Swadeshi was the call of the hour which aimed at the Sarvodaya. Cooperative movement by people participation was started during this period. Several national literary and educational societies were set up to expose the emerging middle class to secular Western thoughts and ideas. Notable among them were Gokhale Education Society, Servants of India Society (1905), Servants of People Society (1921) etc. Some organisations aiming at the goal of emancipation of women and backward classes were also established e.g. Depressed Classes Mission (1906), Mahila Silpasrama (1907) and the All India Seva Samiti (1914).

During 1915-16, the Home Rule (Swarajya) Leagues started by Bal Gangadhar Tilak and Annie Besant led to a self-government or Swarajya movement in the country. The emergence of Mahatma Gandhi into the Indian political arena during 1916-17 changed the complexion of the national movement and also that of voluntarism. The period marked the beginning of a more principled and value-based voluntary action in India.

The modern voluntary movement in India owes a lot to Gandhi’s ‘Constructive Work.’ Gandhi ji started his ‘Constructive Work’ which focused on Charkha (spinning wheel), Khadi (hand-woven cloth), Gramodyog (village industries), basic education, removal of untouchability etc. Development of village crafts and village industries were his main thrusts. ‘Gandhi ji’s Constructive Work’ became part of the mass national movement for political freedom and he

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13 Ibid.
insisted that political freedom must go hand in hand with a sense of social responsibility.”

Gandhi was a practical idealist and believed in praxis. “In a speech at Hilsa, he said that he had heard from various quarters that ever since the acceptance of office by the Congress it was abandoning its tradition of penance, sacrifice and service, so painfully built up during its glorious history of over 60 years, from its humble beginning in 1885 to the present day, when it had become a mighty organization having a million of followers. The Congressmen had become its lords and masters.”

Gandhi’s Constructive Work is one of the most beautiful weapon least used by India. Gandhi ji no doubt was a true leader in the field of Voluntary service and gave a new impetus to voluntarism. “Gandhi ji propagated national reconstruction on the basis of Swadeshi, village self-government and self sufficiency. His model of society was based on values of non-violence, justice and freedom. He reinforced the strength of voluntarism in the economic aspect of national life by decentralization of political authority to the Gram Panchayats (Village Councils). His wisdom that India lives in villages, guided him to concentrate his efforts on villages. His strong adherence to high social ideals and a practical approach inspired sincere and conscientious workers to follow him with a genuine sense of dedication towards voluntarism. With Gandhi ji, began a process of networking of organisations and he played a vital role as the chief propounder of voluntary efforts in rural development in the country.”

“The fundamental principles of Gandhi ji’s Constructive Programme were: voluntariness and sharing, cooperation, mutual aid, decentralization, non-violence, self-reliance, self-help and moral action. Inspired by Gandhi ji’s

14 Ibid.
ideology, voluntary movement in India gained further momentum and a large number of organisations based on Gandhian Constructive Programmes emerged in the Indian voluntary sector. Gandhi ji founded Harijan Sevak Sangh, Gramodyog Sangh, Hindustan Talim Sangh, Adivasi Seva Mandals, etc. Many other specialized organisations like e.g. All India Spinner’s Association (1925) and All India Village Industries Association (1934) were active in this era. Gandhi ji’s call for people’s participation at the grassroots level enabled voluntarism to penetrate into villages and all across India as evident from the freedom struggle which is all but history.

It is very pertinent to mention some of the very useful and exemplary projects undertaken on the lines of Gandhian ideology. “A number of outstanding individuals motivated by a strong desire for rural uplift undertook experimental projects for the development of rural people in different parts of the country. Rabindra Nath Tagore was convinced that real freedom could come when people are independent of fear and hunger. His experiment in rural reconstruction at Sriniketan, West Bengal in 1921 aimed at making villagers self reliant and helping people to develop their own resources. Other similar notable experimental projects for rural development undertaken by a number of outstanding individuals from different walks of life from both within and outside the government include:- Martha Dam Project in Kanya Kumari district in Tamil Nadu in 1921 under the leadership of Dr. Spencer Hatch, Gurgaon Project in 1927 by F.L. Brayne, the Deputy Commissioner of the Gurgaon district, Baroda Rural Development Project initiated by Raja Sir T. Madhav Rao, a minister of the princely state of Baroda and gained momentum with V.T. Krishnamachari, the Dewan of Baroda who started Rural Reconstruction Centres (RRCs) in 1932; Gandhiji’s Rural Reconstruction Project at Sevagram, a village near Wardha in 1936, the Firka Development Scheme in Madras Province in 1943 for the economic development of villages by promoting khadi and village industries, and Nilokheri Project also known as Refugee

17 Ibid.
Rehabilitation Project, though started in 1943 became fully operational in 1948 when it developed a new township for displaced persons from West Pakistan.

Another project named Etawah Project launched by the government of Uttar Pradesh in October 1948 under the guidance and help of Albert Mayer was a new experiment in rural planning and development. The success of Etawah Pilot Project later led to the evolution of Community Development Projects (CDP) in October 1952 as an instrument to transform the social and economic life of the village community. In the formulation of the CDP, a major role was played by the ‘Grow More food Campaign’ (GMFC) which was the first organised effort to increase food production in the country. This campaign was initially started in 1943 in the wake of the Bengal famine.\(^{18}\)

Majority of the voluntary organizations set up before independence had a different tone and set up as they entirely depended upon voluntary contributions and did not take up any aid from government. After Independence many organizations have been set up which are mainly dependent upon government grants, and there is no check on their activities”.\(^{19}\)

5. Post Independence Era

The period immediately after the Independence was the Golden period as common efforts were put in this period to build the nation through agriculture, community development. “Under the guidance of our First Prime Minister Industries were given the utmost importance to industrialize the Nation. Welfarism approach was adopted. Social evils were tried to be tackled through Constitutional measures. Marginalised sections were given reservations in the effort to come up to the level of equality they were denied for centuries. Charity, relief to the poor was adopted. After independence, education expanded to almost all sections of the society. Voluntary organizations based

\(^{18}\) Ibid.

on caste, religion, region and language proliferated, strengthening in turn the
grip of these traditional institutions. However, these organizations also could
not escape the impact of modernization and became secularized to some extent.
The government also realized the importance of voluntary organizations and
encouraged it by various means. Indian adopted a Mixed Economy Model. The
First Five Year Plan gave thought to the cooperative venture between the
government and voluntary organizations to work for the welfare of the masses:
Central Social Welfare Board which was set up in 1953 by Government of the
Day to promote the voluntary agencies and provide the grant-in-aid helps to the
voluntary Sector. Community Development Programme was devised to help in
the rural reconstruction. Many Gandhian NGOs like SEWA, DISHA,
EKLAVYA, etc worked day in and day out for the betterment of the society as
a whole on the principles of non-violence, truth and simplicity. Many Young
people joined the movement to better the livelihood of the people with full zeal
to build a nation. The main aim of CSWB was to assist the voluntary agencies
in organizing welfare programmes for women, children and physically
handicapped. In 1966, the Central Institute of Training in Public Cooperation
and Child Development was formed. The objective of this organization is to
conduct research in the field of volunteering and providing training
programmes for the volunteers as well as the paid professionals in voluntary
agencies all over the country. 20

Globally NGOs became influential and the Role of NGOs was particularly
recognized at the United Nations Conference on Environment and
Development held at Rio de Janeiro, Brazil in June 1992. Thereafter active
presence of NGOs continued at all important global international fora, such as
the Cairo Population Conference 1994, the Copenhagen World Summit on

20 Pawar, S.N., Ambekar J. B., and Shrikant, D. (eds.) *NGOs and development. The Indian
scenario* (Jaipur and New-Delhi: Rawat Publications), 2004, p. 103
ROLE OF NGOs ACCORDING TO FIVE YEAR PLANS

In the initial years immediately after Independence NGOs were partners with Government. More specifically 2nd Five Year Plan (1956-61) documented that the Voluntary Agencies needs to be encouraged and be assisted in their activities. In the Second Plan, it was reiterated that public cooperation and public opinion constitute the principal force and sanction behind India’s approach to planning. It was observed that wherever the people, especially in rural areas, have been approached, they have responded with eagerness. In national extension and community project areas, in local development works, in shramdan, in social welfare extension projects and in the work of voluntary organisations, there has always been willingness and enthusiasm on the part of the people to contribute in labour and local resources have been made freely available.

The Third Five Year Plan emphasized that “The concept of public cooperation is related to the much larger sphere of voluntary action in which the initiative and organizational responsibility rest completely with the people and their leaders, and does not rely on legal sanctions or the power of the State for achieving its aims. It was realized that so vast are the unsatisfied needs of the people that all the investments in the public and private sectors together can only make a limited provision for them. Properly organised voluntary effort may go for towards augmenting the facilities available to the community for helping the weakest to a somewhat better life. The wherewithal for this has to come from time, energy and other resources of millions of people for whom

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Voluntary Organisations can find constructive channels suited to the varying conditions in the country.”

Third Five Year Plan (1961-66) laid focus on the Socio-Economic upliftment and Rs.31 Crore were approved for these purposes. Whereas an amount of Rs.41 Crore was provided for organizing and sustaining the activities undertaken by the Voluntary Organisations in the Fourth Five Year Plan (1969-74). Emergency brought with it the multiple problems, political instability coupled with economic conditions raised questions about the Developmental Models. Political set up was changed which ushered in a new thinking. During the Fourth and Fifth Plan, the thrust on public cooperation and involvement of people’s organisation was lost due to attack on over territory and recession that followed. During this period investment was focused especially in intensive agricultural programmes.

5th and 6th Plans gave an entire new picture to the approach towards the Development Strategy which was reflective in their new devised results. In 1976, Foreign Contribution Regulatory Act (FCRA) was enacted to control the flow of funds to the NGOs as their number grew day by day and many NGOs were coming up and more foreign aid flowed which gave rise to many bogus NGOs made merely for Siphoning of the ill wealth. Emergency changed the whole approach of the NGOs as now they no more targeting the whole social set up but made specifics more clear like working on the target group based approach. Women, children, farmers were targeted in general.

In India, especially from the Seventh Five Year Plan, during the mid-1980s, the government not only accepted the NGOs’ role in social change, but also provided them a substantial funding or economic support to the tune of about Rs. 150-200 crore. The following criteria were identified for identifying...

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23 Ibid.
24 Ibid.
voluntary agencies for enlisting help in relation to the rural development programmes: 25

(i) The organization should be a legal entity.
(ii) It should be based in a rural area and be working there for a minimum of three years.
(iii) It should have broad-based objectives serving the social and economic needs of the community as a whole and mainly the weaker sections. It must not work for profit but on 'no profit and no loss basis'.
(iv) Its activities should be open to all citizens of India irrespective of religion, caste, creed, sex or race.
(v) It should have the necessary flexibility, professional competence and organizational skills to implement programmes.
(vi) Its office bearers should not be elected members of any political party.
(vii) It declares that it will adopt constitutional and non-violent means for rural development purposes.
(viii) It is committed to secular and democratic concepts and methods of functioning.

7th Five Year Plan is perhaps the most important in terms of recognizing the potential of the NGOs. They were asked to devise their own policies and plan for the Sustainable Development for making the society self sufficient. In 1980s and 90s Research and Development was given the most important priority.

In 1980 Congress had instituted Justice Kudal Commission to investigate the assets of Sarvodaya leaders and related institutions across the country but by the time the commission was wound up by Rajiv Gandhi in 1986, the Gandhians had lost all their credibility in the eyes of the voluntary sector. In

25 Ibid.
1986, Government of India proposed Legislation to set up a National Council of Voluntary Agencies to (a) register all NGOs (b) regulate approved NGOs which adhere to an NGO Code of Conduct (c) the receipt of the Government of India development funds to the approved NGOs only. In September 1986, Over 500 NGOs unanimously rejected the proposed National Council of Voluntary Agencies and the NGO Code of Conduct totally. It is pertinent to mention here what J M Deo said “Though it’s true that the tradition of voluntary action is very old in India, the interaction of voluntary organizations with the government is purely a post independent phenomenon where these voluntary agencies are considered as catalyst for bringing changes in the society”. The process is continuing till today as the period after 1990s saw the Government-NGO partnerships which gave further boost and fillip to the strengths of NGO sector. In this period NGO focused more on Self Help Groups (SHGs), Micro Credit, and Livelihood. NGO participation got ensured in policy formation and programme implementation at different stages. Since recently major selected NGOs were called by Planning Commission on table to give their inputs on different approaches toward development.

Economic Reforms brought by the Manmohan-Rao era ushered in many new corporate to the scene. Foreign agencies were interested in investing in NGOs and many NGOs started new projects with the assistance of foreign aid. But, the irony is the Economic Growth also brought a menace of Rich-Poor divide which gave a window of opportunity to NGOs to work for the poor. Subsequently many hundred NGOs have come up in the last decade which have made difference at the grass root level and now at present NGOs are invited to Planning Commission for future strategies in Sustainable Development. It is evident from the fact that in 2007 a Policy on Voluntary Sector was devised by Government for giving Voluntary Sector due place it deserved. But, it has yet to see the implementation and light of the day. But, as

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these NGOs develop in years, the old leadership changes, the charisma gets routinised and the social change gets circumscribed. Thus, by their very nature, NGOs bring about only micro-level change and the intensity of the change diminishes as these organizations grow in age. In view of the increasing corruption at the political and economic levels, the NGOs provide the only hope for the social transformation of our society and if the social change that they bring about is only fragmentary and piecemeal, it only indicates worrisome trends.”

With Evolution now many NGOs have paid Volunteers and people are appointed to pay offices like the Lions Club, Rotary Club, etc which has given rise to new Professional Volunteerism. Engagement in the planning, implementation and monitoring process of the NGOs in the planning process of 12th Five Year Plan has been great and it has increased over the past plan periods. The preparation of this Plan has also witnessed significant participation from Non Governmental Organisations. There is now a need to increase the involvement of all Civil Society Organisations (CSOs) in the implementation process as well as the monitoring of the Plan to facilitate correction (if required) during the plan period for proper results. But the fact remains that the future for this sector looks vibrant and dynamic.

**CURRENT SCENARIO**

Whether registered or not the total number of NGOs working in India has always been a contested concept and figure. There is whole lot of galaxy of Organisations which makes it tough to locate the exact meaning of NGOs. “India is estimated to have 3.3 million registered NGOs by different estimates and they play a vital role in the shaping and implementation of participatory democracy working at the grassroots level in the remotest of areas and their reach is much wider. During the nineties the distinctive trend was the emergence of welfare oriented, non-profit and empowerment oriented organizations. NGOs emerged as important players in the development arena.

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27 Pawar, S.N., Ambekar J. B., and Shrikant, D. (eds.) NGOs and development. The Indian scenario (Jaipur and New-Delhi: Rawat Publications), 2004,p.68
The emerging NGO or voluntary sector is also known as the third sector. Various estimates and definitions about NGOs make things far more complex and today we have more unregistered NGOs than registered ones. NGOs over the years have contributed greatly to nation building. NGOs have been contributing immensely for quite some time towards various development programmes and play a vital role in the shaping and implementation of participatory democracy. NGOs are also working for the empowerment of the poor at the grassroots level and are providing quick help in the management of disasters. “During natural calamities NGOs have played an active role in relief and rehabilitation efforts, in particular, providing psycho-social care and support to the disaster affected children, women and men. NGOs have been instrumental in the formation and capacity building of farmers and producers’ cooperatives and women’s self-help groups.”

**Conceptualization of NGOs**

It’s not news that the associational life in India is diverse, rich and comprehensive. It was ever present and evident and reflective from the cohabitation of wide array of voluntary initiatives taken by people since centuries. Modern associations among people arose primarily in the 20th Century like the professional associations of lawyers, doctors, engineers, nurses, etc. Besides, development organisations, public advocacy, research and support organizations exist in India today. It’s present in almost every field of human endeavour in India today. It’s a great paradox that the standard definition of NGO is yet to emerge in the Indian context. Therefore, any attempt to provide singular and comprehensive definition in India is fraught with a variety of complexities and ambiguities.

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28 Cited in Yojana-A Development Monthly (New Delhi: Ministry of Information and Broadcasting, Government of India), Volume 55, November 2011, p.3
29 Cited in Yojana-A Development Monthly (New Delhi: Ministry of Information and Broadcasting, Government of India), Volume 55, November 2011, p.10
In a vast country like India, which is marked by the existence of innumerable socio-cultural, economic, educational, political and religious problems, the development of rural areas and people occupies a significant place in our efforts towards planned and directed social change. The government alone cannot solve the multidimensional problems, which the society is faced with. The essential thing is that any meaningful attempt in the direction of development should be to ensure economic growth and the equitable, distributive social justice. India a land blessed to have Social reformers like Raja Rammohan Roy (1772-1833), Ishwar Chandra Vidyasagar (1820-1891), Sasi Pada Banarjee (1842-1925), Keshab Chandra Sen (1838-1884), Swami Dayanand Saraswati (1824-1883), Swami Vivekanand (1863-1902), Mahatma Phule (1827-1888), Pandit Ramabai (1858-1922), Maharshi Karve (1858-1962), Sir Sayyed Ahmed Khan (1817-1898), Behramji Malbari (1853-1912) who worked for the people with dedication towards removal of caste restrictions, improving conditions of widows, women education, orphans and destitute women etc.

Most of the NGOs which derived the inspiration from Mahatma Gandhi through the “constructive social work” as a part of struggle for independence against British colonial rule have developed of late in India. The genesis of all social work can be traced to Voluntary Sector. The term ‘volunteer’ is normally used to denote someone who offers unpaid services to a good cause. The term voluntarism is derived from the Latin world ‘voluntas’ meaning ‘will’ or ‘freedom’. Today NGOs vary widely in terms of size, form, objective, methodology, vision and characteristic. In real essence an NGO is set up to provide a service to society and purely voluntary in nature without any intended benefit to those who control and manage it. NGOs have an important role to play in the emergence and continuous capacity building of people’s organizations. It is important to note what Professor Muttalib observes that “one may identify five main sources of voluntarism-- religion, government, business, philanthropy and mutual aid if the delivery system for human services is analysed. The missionary zeal old religious organizations, the commitment
of government organizations to the public interest, the profit making urge in business, the altruism of the ‘social superiors’ and the motive of self-help among fellow men all reflect in voluntarism.”

In India and abroad, several studies have been made on NGOs working in urban as well as in rural areas. Much of the literature on NGOs in Indian settings has come from traditional social work. Social Scientist gives very little emphasis on defining the term NGO and brackets every Organization in Voluntary Sector whereas each carries a different meaning with it. The definition of NGO is perhaps the most contested issue today but the genesis of NGOs lies in social service which is included in voluntarism and it is known by various names across the board. Various phrases used to describe voluntary initiatives are there in India today e.g. ‘voluntary organization’, ‘community based organization’, ‘non-profit organization’, ‘Grass root organization’, ‘independent sector’ etc. NGOs in India are known as ‘voluntary agency’, ‘pressure group’, ‘self help organizations, ‘non party processes’, ‘alternate development agencies’. But, primarily the concept of NGOs developed out of Western liberal democratic ideas of civil society and Social movements, people’s organizations and movements, grass-roots citizens’ initiatives are other ways of describing some part of this vast array of voluntary initiatives in the country today though they are not NGOs in the strict legal sense though acceptable to be Civil Society Movements.

Whereas some other scholars view that the term NGO is very broad in sense and covers any organization which work in a manner distinct from government. NGOs are neither part of the government nor they belong to profit seeking private organisation. The fact of the matter is that the term carries a negative shade/connotation thereby meaning it tells what it is not, rather than what it actually is. Today the term has been used more loosely to define all institutions

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30 Pawar, S.N., Ambekar J. B., and Shrikant, D. (eds.) op.cit., p.70
other than government. The Voluntary sector has been often referred to as third sector Government and private being the first and second respectively.

Then, what really is an NGO? This question has been answered in a variety of ways in India. In India in Hindi NGOs are called *Swayamsevi Sansthayen or Swayamsevi Sangathan*.

Primarily, voluntarism was the main factor behind birth of the term ‘NGO’ and gained popularity due to the patronage provide by U.N. The word NGO was coined by UN mainly to indicate the difference between sovereign nation states which are the direct members and its agencies to implement developmental programmes. While the usage of NGO was first made in the context of the United Nation system, its usage, both internationally and in India, has changed over time.

In plain terms an NGO is a group of persons who have organized themselves into a legal cooperative body. It is initiated spontaneously and governed by its own members without any external control. It may be initiated by the individuals or groups having paid or unpaid workers. Non Governmental Organisations are indeed a byproduct of Voluntary Organisations which have a long history in India.

It becomes imperative here to cite the most widely accepted definition given by the World Bank. The World Bank defines NGOs as "private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development. In wider usage, the term NGO can be applied to any non-profit organization which is independent from government. NGOs are typically value-based organizations which depend, in whole or in part, on charitable donations and voluntary service. Although the NGO sector has become increasingly professional over the last two decades, principles of

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altruism and voluntarism remain key defining characteristics. This definition has been widely accepted by almost all the leading authorities on NGO and is quite clear also in terms of applicability. In reality NGOs are not easy to define as they don’t belong to a homogeneous group. NGOs in general may be defined as autonomous decision making nonprofit institutions free from government control, of course, in a relative sense. The scope of NGOs covers almost all developmental and non developmental issues spanning from social service, health, education, human capital, rural and urban development, awareness generation and social activism in particular. Thus, NGOs are viewed as a channel of developmental cooperation. Interestingly India is home to largest number of NGOs in Asia according to different studies ranging from 1.1 million to 4 million.

The World Bank’s Operational Directive on NGOs (August 1970) defined the term of ‘NGOs’ as: “The groups and institutions those are entirely or largely independent of governmental and characterized primarily by humanitarian or cooperative, rather than commercial objectives”.

In the Indian context, “Grassroots Organisations (GO’s) or Community Based Organisations (CBOs) are essentially local in a village or a neighbourhood and include the aspirations of a homogenous group which comes together on the basis of voluntary membership. Rules and procedures for membership are not formalised and it maintains the character of an informal association. When such initiatives are spread on a broader spectrum and cover greater geographical terrain, they seem to be treated as people’s organisations or people’s movement. Typically, in the Indian context, such organisations and movements also have individuals drawn from sections of society other than those whose issues and agenda the movement or the organisation champions. These are seen as middle class, well-connected, Committed and professional individuals who

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lend their support to the causes espoused by people’s organisation/movement.36

Whereas Rajesh Tandon presented another classification of non-profit development sector. It comprises of field programme based (welfare, empowerment and innovation), support (capacity building and information), umbrella or network (federations and associations), research and advocacy, philanthropic (grant-making), and foreign organizations.37 But it must be noted that Self-Help Group (SHGs) is a small voluntary association of poor people preferably from the same socio-economic back drop. The micro-credit given to them makes them enterprising; it can be all women group, all-men group or even a mixed group. However, it has been the experience that women’s groups perform better in all the important activities of SHGs. SHGs are formed and supported usually by NGOs or (increasingly) by Government agencies. But, SHG are not NGO in real sense. Whereas the term ‘Non-Profit Organisation’ (NPO) which is popular in the USA and increasingly internationally, is not well recognized in the Indian context so far, though its use is beginning to gain momentum. India has also been the site for growth of co-operatives and trade unions since the Nineteenth Century. Thus associational life in India is diverse, rich and comprehensive as evident from our cultural journey across ages.

Being small and autonomous, NGOs have a flexibility of approach in ensuring the needs of people. They can develop and adopt a work culture, which is readily understood by the villagers. Because their operation is very much dependent upon local people, they have the ability to mobilize people and work collectively. The NGOs are committed to the concept of planned and directed social change through people’s participation. NGOs are organizations within the civil society that work for collective interests or for larger social good.

37Ibid.
According to the online Encyclopedia of Wikipedia “A non-governmental organization (NGO) is a legally constituted organization created by natural or legal persons that operates independently from any form of government. The term originated from the United Nations (UN), and is normally used to refer to organizations that are not a part of the government and are not conventional for-profit business. In the cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status by excluding government representatives from membership in the organization”.[38] The term is usually applied only to organizations that pursue wider social aims that have political aspects, but are not openly political organizations such as political parties. India is estimated to have around 3.3 million NGOs in year 2009, which is just over one NGO per 400 Indians, and many times the number of primary schools and primary health centres in India.[39]

The expanse of work undertaken by NGOs includes:

- Community health promotion and education (such as hygiene and waste disposal)
- Economic (micro loans, skills training, financial education and consulting).
- Women’s issues (women’s and children’s rights, counseling, literacy issues).
- Environmental (sustainable water and energy resources).
- Managing emerging health crises (HIV/AIDS, Hepatitis B).
- Community social problems (juvenile crimes, run-away, street children, prostitution).

39 “First official estimate: An NGO for every 400 people in India”. The Indian Express (Newspaper), 7th July, 2010, p.7
This clearly shows the vast expanse of the activities undertaken by NGOs which makes their importance all the more important today.

Contrastingly, it is interesting to note what Professor Akira Iriye defines NGO as "a voluntary non state, nonprofit, nonreligious, and nonmilitary association." This definition if we analyze in Indian context will entirely create a lot more complexities as we have many religious/state sponsored NGOs working in India. So, this creates more difficulties in locating the focus of definition rather than clearing the term.

Apart from "NGO", there are many alternative or overlapping terms in use, including: third sector organization (TSO), non-profit organization (NPO), voluntary organization (VO), civil society organization (CSO), grassroots organization (GO), social movement organization (SMO), private voluntary organization (PVO), self-help organization (SHO) and non-state actors (NSAs). NGO can be Community-based organization, City-wide organization, National NGO and International NGO.

Here it becomes pertinent to mention what Siddhartha Sen opines. He distinguishes NGOs from CBOs (Community Based Organizations) and what he calls GROs (Grassroots Organizations), stating that CBOs and GROs are membership-based, whereas NGOs are not. "In India, NGOs can be defined as organizations that are generally formed by professionals or quasi professionals from the middle or lower middle class, either to serve or work with the poor, or to channel financial support to community-based or grassroots organizations.' CBOs, on the other hand, are composed of ‘the poor’ or ‘the low-income community’ – a valiant attempt at conveying the general usage in the development field, but one that inevitably sidesteps uncomfortable questions, such as what middle-class neighbourhood associations should be


Ibid., p. 332
called. Moreover, many NGOs contest the idea that they were ‘formed by’ middle-class people. In the end, despite differentiating NGOs from CBOs and GROs, Sen cannot avoid, for practical reasons, including the latter two within ‘the universe’ of NGOs either.

Descriptively defining functions of NGOs, famous Author Paul Streeten 43 after examining the functioning of the NGOs in the developing societies, claims that NGO have certain advantages in promoting development at the grassroots.

This is mostly because of the fact that:

• NGOs are good for reaching and mobilizing the poor and remote communities.

• NGOs are participatory in their approach and follow a ‘bottom up’ strategy for the implementation of projects at the grassroots.

• They are more innovative, flexible and experimental than the government’s agencies.

• The NGOs’ projects are cost effective and efficient.

• The NGOs promote sustainable development.

• They are potentially organizing and representative bodies in civil societies.

NGOs are generally funded totally or partly by governments and they maintain their non-governmental status by excluding government representatives from membership in the organization. However, it has to be kept in mind that NGOs are not legal entities under national or international law.44

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It is worth mentioning what famous authority on NGOs says: Anheier and Salamon highlight some of the common characteristics of NGOs. According to them NGOs are:

- Organisations, i.e., they have an institutional presence and structure;
- Private, i.e., they are institutionally separate from the state;
- Non-profit distributing, i.e., they do not return profits to their managers or a set of owners;
- Self-governing, i.e., they are fundamentally in control of their own affair; and
- voluntary, i.e., membership in them is not legally required and they attract some level of voluntary contribution of time or money.  

It is significant that the element of private is to be understood in a very limited sense. It means that NGOs are neither part of the government apparatus and public administration nor are they dominated by public officials. This clears a lot of air about many ambiguities. However, there has been a wide gap between the ideal image of NGOs and their modes of functioning at the grassroots. Indeed, the ideal-typical image of the NGOs has been widely demystified by several researchers. It has been pointed out that even “though the NGOs work in the name of the poor, in effective terms they reinforce the rule of the power elite, incur a higher administrative cost, impose an autocratic, top down and non-participatory approach to development. Again, NGOs are not financially independent. As most of the NGOs flourished under a charismatic leadership or are a body of dedicated workers, many of the project collapse with the disappearance of such leaders and workers. It has also been pointed out that NGOs have no clear-cut objectives that they suffer from the problems of

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sustainability, and non-replicability; and being small they reach only a few people in developing countries. They fail to reach 80% of the 1.3 billion estimated to be living in extreme poverty. Even the much publicized Grameen Bank of Bangladesh, often cited as a model NGO, accounts for only 0.15% of national credit and all NGOs in Bangladesh together provide only 0.6% of total Credit.47

In a similar vein, Edwards 48 defines NGOs as: a subset of civic organisation, defined by the fact that they are formally registered with government, receives a significant proportion of their income from voluntary contributions (usually alongside grants from government), and are governed by a board of trustees rather than the elected representatives of a constituency. If civil society were an iceberg, then NGOs would be among the more noticeable of the peaks above the waterline, leaving the great bulk of community groups, informal associations, political parties and social networks sitting silently (but not passively) below. If we are looking for a definitive characteristic to distinguish the NGO from other organizations, Edwards’ choice of “registration” is probably not quite it. There are forms of registration that might apply to charities, grant-receiving bodies, and community-based enterprises and so on. Not all of these are necessarily NGOs – and not all NGOs are necessarily registered in this manner. But the researcher has taken up the Registration as the main qualification for identifying an NGO definition in the present study.

In reality it can be said that NGOs are:49

1. Planner and implementer of development programmes
2. Builder of self reliant sustainable society
3. Mediator of people and government

47 Streten, P. The Contribution of Non-Governmental Organisations to Development (Maharashtra: Political Economy Journal of India), Vol-6, No.2 1998, pp.111-21
48 Edwards, M, NGO Rights and Responsibilities: A New Deal for Global Governance (London: The Foreign Policy Centre/NCVO), 2000, pp.7-8
4. Facilitator of development education, training and professionalization

5. Supporter and partner of government schemes and programmes

Today many grass root groups, local youth groups, self help groups, women’s groups, sports groups residents’ welfare associations, etc. are not legally incorporated in the sense prescribed by the laws of the land and hence not covered in NGOs domain. Social movements or people’s organizations do not have a legal identity, even though they have social legitimacy but in reality are not NGOs. NGO can be City-wide, National and International based on the approach followed by them.

According to Uphoff, “The reality is that NGOs depends more on bargaining, discussion, accommodation and persuasions”\textsuperscript{50}

**TYPOLOGY**

Tracing the typology about NGOs is perhaps the most arduous task. Because of the large number of definitions and various interpretations of NGOs, attempting to differentiate the typology is bound to be difficult. “NGOs are classified differently, For example, Shah and Chaturvedi in 1983 have classified them as (i) techno managerial, (ii) reformist, and (iii) radical. Likewise, according to Hirway in 1995, NGOs are of three types: (i) welfare oriented (including health and education), (ii) development organizations, and (iii) empowering NGOs. Korten in 1990 has classified NGOs as relief and welfare organizations, and coalitions building community organizations. And, according to Eliot in 1987, there are again three types of NGOs: (i) charity, (ii) Development, and (iii) empowerment NGOs. Dhanagare, on the other hand, mentions about different stages of action groups such as (1) social welfarism, (2) radical nationalism, and (3) socialist orientation. It is the third stage of

development that action groups (NGOs) develop an alternative social order because of their radial socialist orientation\textsuperscript{51}

In Western Europe NGOs are non-profit organisations that are active internationally. Whereas in transitional countries of Europe and former Soviet Union, NGOs are bracketed in all charitable and Non-Profit Organisation. In USA it is generally non-profit organisations (NPO). In Latin America, NGOs work in opposition to Government whereas in India and Africa they work together with Government. NGOs are doing work which Government is not doing willingly or are not able to do. So, it depends on country to country to define the term NGO. For a layman all these can be termed as NGOs but social scientists define them differently which creates more ambiguities about the terminology.

Growth of NGO can be aptly explained by Edwards and Hulme who point out: NGO expansion is seen as complementing the counter-revolution in development theory that underpins the policies of liberalization, state withdrawal and structural adjustment favored by official donors. NGOs are viewed as the ‘private non-profit’ sector, the performance of which advances the ‘public-bad’, and ‘private good’ ideology of the new orthodoxy\textsuperscript{52}

They further argued that:\textsuperscript{53} The rise of NGOs is not an accident; nor is it solely response to local initiative and voluntary action. Equally important is the increasing popularity of NGOs with governments and official aid agencies, which is itself a response to recent developments in economic and political thinking.


\textsuperscript{52}Edwards, M. & Hulme, D. (eds.) \textit{Making a Difference: NGOs and Development in Changing World} (London: Earthscan), 1992, p. 20

\textsuperscript{53}Ibid., p. 4
The common functional areas of NGOs in India can be grouped under the following broad categories:-

- **Relief & Rehabilitation** – Traditionally, NGOs provide relief and rehabilitation services to the needy and destitute and the victims of natural and man-made calamities such as floods, cyclones, earthquakes etc., and to refugees and displaced persons, bonded labour, aged, infirm and handicapped, children and so on.

- **Charity and philanthropy**
- **Social welfare** in the fields of education, health and family welfare, drinking water and sanitation etc.

- **Art and cultural activities**

- **Services and delivery** – NGOs provide specialized services such as e.g., consumer protection services, medical aid, legal aid, micro-credit, family planning and health services etc.

- **Education & Advocacy** – NGOs are advocating causes such as adoption of a small family norm, promoting adult literacy, improving women’s status, preventing environmental degradation etc.

- **Development** – The developmental NGOs in India are involved mainly in three areas of activity: (i) the socioeconomic development of the backward areas (ii) the development of human resources through training programmes (iii) the development of human beings particularly the weaker sections of the society

- **Financial, technical & man-power assistance** – Mobilization of resources from the internal and external sources is one of the chief functional areas of NGOs.

- **Networking and alliance-building.**

- **Research and innovation, evaluation and monitoring activities.**

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• **Capacity building** – NGOs undertake various vocational professional training programmes, training social workers and functionaries at various levels and

• **Information dissemination and documentation.**

NGO also work based on the orientation at the organisation or the targets defined by them. Some NGOs engage in petitioning Government Agencies to know about the rights and developmental scenario of the Country/State, whereas some NGOs engage in research and development only. Based on this some typical forms NGOs can take include:\(^{55}\):

- Advocacy which works on campaigning on issues or causes, e.g. PETA
- Research Organisations
- Networking Organisations e.g. AVARD—Association of Voluntary Agencies for Rural Development works on networking of NGOs in the field of Rural Development
- Grass root Organisations works directly with the community like Mahila Mandals
- City Based Organisations like Theatre Age in Chandigarh
- National Organisations like Pratham
- International Organisations like Oxfam
- Self Help Groups These are not NGOs typically or technically but formed by beneficiary communities, typically women who come together in a group of 10 or more.
- Religious NGOs like Trusts

Some find it helpful to classify NGOs by orientation and/or level of cooperation and it can be shown as:

**NGO type by orientation:**

- Charitable orientation
- Service orientation
- Participatory
- Professional association
- Empowering orientation;

The National Policy on the voluntary sector specifies the following features for NGOs:

- They are private, i.e., separate from Government
- They do not return profits generated to their owners or directors
- They are self-governing, i.e., not controlled by Government
- They are registered organizations or informal groups, with defined aims and objectives.

It is very enlightening to discover some of the research efforts undertaken by various Scholars/Authors in the field of NGOs like Alliband Terry’s study in which he describes voluntary agencies as rural development agents focus on the most widely known successful experiments by voluntary agencies such as Martandam and Sriniketan. The author’s insightful comments indicate some of the major advantages and drawbacks of voluntary agencies in the national rural development efforts of the third world nations.  

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57 http://www.sjm06.com/SJM%20ISSN1452-4864/6_1_2011_May_1-121/6_1_109-121.pdf (Accessed on 5th December, 2011)
In fact in a study undertaken by K.A. Suresh highlights the levels of participation of beneficiaries in the development programmes of selected NGOs in Kerala. According to the NGOs are not working as participatory organizations to the extent desired. The rates of participation of beneficiaries and institutional arrangements for participation are found to be very low. The beneficiaries are also found to be not keen in getting represented in decision making bodies and planning process.

Whereas the study of Vanitha Vishwanath's evaluates and compares the role of two NGOs i.e. Integrated Development Service and Gram Vikas in promoting women development. She found that Gram Vikas is working more effectively than Integrated Development Service. This is because that Gram Vikas programmes are designed in such a way that they yield quick results and are sensitive to the immediate needs of the people.

On the other hand Vijay Mahajan made an attempt to examine the role of NGOs and training institutions in DWCRA programme. His study emphasizes that there is a need for the NGOs and training institutions to make DWCRA programme more effective.

**FORMATION OF AN NGO**

In India, Society and Trust seem to be the most commonly practiced forms of legal incorporation. Legal incorporation of a Trust or a Society is substantially easier and much less under public scrutiny than a private company or partnership. The Society Registration Act, 1860 sets up a basic statement of the activities that such Organisations can undertake. As per the provisions of the aforesaid Act, non-profit Societies are those which are engaged in promotion of literature, science, fine arts, diffusion of knowledge, political education or other

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60 Ibid.
charitable purposes. (Other charitable purpose makes things more diverse and blurred here) Another term commonly used in the Indian context is a Public Charitable Trust.Derived from its British colonial legacy in the mid 19th Century, A Trust is a legal mechanism for helping others through the contributions of resources from wealthy sections of society. While a Private Trust could serve a private purpose, Public Trusts are expected to serve the broad 'purpose of 'public charity and public good'. Most philanthropic organisations, grant making institutions, operating foundations of business houses and funding mechanisms created in the Indian context are treated under the concept of the Public Charitable Trust.  

Section 25 of the Indian Company Act 1956 has a provision of not-for-profit distributing companies where the promoters, directors or trustees of the company cannot accept a share in the profit generated by the activities of the company. Besides this restriction, there is no other way that the purpose or classification of non-profit activity is provided by this law. This is akin to the widely recognised Company Limited by Guarantee (CLG) legal form especially prominent in legal systems influenced by the British legal system. NGOs are regulated by a variety of state and central government agencies, laws and authorities.

A Non-Governmental Organisation (NGO) is perceived to be an association of persons or a body of individuals. Such body with a definite name and objective may be a registered one or unregistered one. Legal character is acquired only after registration (Incorporation) of the association of persons under any of the applicable laws. For the purpose of this study only registration of NGOs have been taken up as qualifying to be an NGO and not any organisation other than Government is taken as NGO.


61 Ibid.
Applicable Laws

An NGO can be registered under the following Indian Acts:

1. Charitable Trust under Indian Trust Act 1882
2. Society under the Societies Registration Act and
3. Licensed company under section 25 of the Companies Act, 1956

Formation of an NGO as a Trust

Section 3 of the Indian Trusts Act defines “trust” as an obligation annexed to the ownership of property, and arising out of a confidence reposed in an accepted by the owner or declared and accepted by him for the benefit of another, or of another and the owner. According to Section 7 of the Indian Trust Act, a trust may be created by

(a) Every person competent to contract
(b) By or on behalf of a minor.

Trust Deed

The instrument by which the trust is declared is called the ‘instrument of trust’ or more popularly as the ‘trust deed’.  

Contents of a Trust Deed

A trust may be created by any language sufficient to know the intention and no technical words are necessary. A trust deed, generally, incorporates the following:

1. The name(s) of the author(s)/Settler(s) of the trust;
2. The name(s) of the trustee(s);

3. The name(s) if any, of the beneficiary/ies or whether it shall be the public at large;

4. The name by which the trust shall be known;

5. The name where it’s principal and/or other offices shall be situate;

6. The property that shall devolve upon the trustee(s) under the trust for the benefit of the beneficiary/ies;

7. An intention to divest the trust property upon the trustee(s);

8. The objects of the trust;

9. The procedure for appointment, removal or replacement of a trustee, their rights, duties and powers, etc.;

10. The rights and duties of the beneficiary/ies;

11. The mode and method of determination of the trust.

Registration

In case of public charitable trusts, whether in relation to movable property of any immovable property and whether created under a will or inter vivos, registration is optional but desirable. However, in case of a charitable trust in relation to an immovable property, for claiming exemption u/s 11 of the Income Tax Act, it is essential that the instrument of trust is duly registered.

Registration of Trust Deed under Indian Registration Act

An instrument assigning any right, title or interest in an immovable property of value exceeding Rs.100, is required to be registered under the Registration Act, 1908. Thus, a trust deed involving an immovable property must be registered.

Registration of Trust under Public Trusts Act

A charitable trust is not required to obtain registration under the Indian Registration Act. However, in certain States like Maharashtra and Gujarat there
is a Public Trusts Act, which requires such institutions trusts to get registered as such under the said Act.

**Laws Applicable to Trusts**

1. Charitable and Religious Trusts Act, 1920
2. Religious Endowments Act, 1863
3. Indian Trusts Act, 1882

**FORMATION OF AN NGO AS A SOCIETY**

An NGO may be formed as a society. A society may be defined as a company or associations of persons (generally unincorporated) united together by mutual consent to deliberate, determine and act jointly for same common purpose. As per the Societies Registration Act, 1860, a society can be formed by minimum seven (or more) persons, eligible to enter into a contract, for any of the following purposes:

1. Grant of Charitable assistance;
2. Creation of military orphan funds;
3. Promotion of science, literature or the fine arts; instruction and diffusion of useful knowledge, diffusion of political education, foundation or maintenance of libraries or reading rooms for general use of the members or the public, public museums and galleries of paintings and other work of art, collections of natural history, mechanical and philosophical inventions, instruments or designs. Besides, the State Governments are empowered to add more objects to the above list.

The chief advantage of forming a society are that it gives a corporate appearance to the organisation, and provides greater flexibility as it is easier to amend the memorandum and bye-laws of the society that in case of a trust,

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terms of which are strictly manifested in the trust deed. However, formation of a society requires more procedural formalities than in case of a trust.

**Documents Required**

**A society for its inception requires** –

- Memorandum of association
- Rules and regulations.

**Memorandum of Association**

It is the charter of a society. Memorandum of association depicts and describes the objects of a society’s existence and its operation. This document should be drafted carefully and meticulously as to confer all powers on the society which will be reasonably required for total attainment of the objects.

The memorandum of association contains the following clauses:

1. The name of the society
2. The registered/principal office of the society.
3. The objects of the society
4. The names, addresses and occupations of the members of the governing body whether called as Governors, Councilors, Directors, etc., to whom, by the rules of the society, management of its affairs is entrusted, and
5. The names and addresses of the persons (at least seven) subscribing to the memorandum. The signatures of the subscribers should be duly witnessed and attested by the Oath Commissioner/Notary Public/Gazetted Officer/Advocate/Chartered Accountant/Ist Class magistrate.
Rules and Regulations

The rules and regulations of a society are framed to guide the members of the governing body and to regulate the functions of the society and its internal management. The rules and regulations generally provide for:-

1. The conditions of admission of members,
2. The liability of members for fines, forfeitures under certain circumstances;
3. The termination of membership by resignation or expulsion or upon death;
4. The appointment and removal of trustees and their powers;
6. The appointment and removal of the members on the governing body;
7. The requirement as to notice, quorum etc. for holding meetings and passing resolutions;
8. The investment of funds, keeping of accounts and for audit of accounts;
9. The manner of altering the objects and rules;
10. The matters to be provided in bye-laws;
11. The dissolution of society and the manner of utilizing the property upon dissolution;
12. Such other matters as may be thought expedient with reference to the nature and objects of the society.

The bye-laws of the society are subsidiary to the rules and regulations and usually provide for:

1. The business hours of the society;
2. The activities of the society in furtherance of its objects;
3. The matters relating to enrolment of members, their removal, rights, applications and privileges,

4. The manner in which the society shall transact its business;

5. The mode of custody, application and investment of the funds of the society and the extent and conditions of such investment;

6. The arrangements for day-to-day transactions, the expenditure to be incurred therefore, the staff to be employed and condition of services of such employees;

7. The conduct of the general meetings and the procedure therefore;

8. Such other matters incidental to the organisation and working of the society and the management of its business, as may be deemed necessary.

Registration Procedure

When a NGO is constituted as a society, it is required to be registered under the Societies Registration Act, 1860. After the Memorandum and Rules and Regulations of the society have been drafted, signed and witnessed in the prescribed manner, the members should obtain the registration of the society.

Process of registering an NGO under Society Registration Act, 1860:

- Registration of Society/NGO

- Place of Registration:

The registration of a society is to be done under the Act wherever obtaining the registration and not in the State where the project is being implemented. Once the group of persons proposing to form a society have decided upon the name of the society and have prepared drafts of Memorandum and Rules and Regulations of the society, procedure adopted in following paragraphs may be adopted for getting the society registered.
Signing of Memorandum of Association

All the subscribers (minimum seven) should sign each page of the memorandum and the signatures should be witnessed by either an Oath Commissioner, Notary Public (Rs. 3/- Notarial stamp duty affixed), Gazetted Officer, Advocate, Chartered Accountant or 1st Class Magistrate with their rubber / official stamp and complete address.

Persons desirous of forming a society should also become members of the first governing body. An outsider cannot become member of the governing body in the first instance.

Signature on Rules and Regulations

The Rules should be signed by at least three members of the governing body. Following certificate should be given at the end of the rules and regulations: "Certified that this is the correct copy of rules and regulations of the Society".

File the required documents with the Registrar of Societies Following papers should be filed with the Registrar of Societies for registration of a society under the principal Act or corresponding Acts enacted by various State Governments:

- Covering letter requesting for registration stating in the body of letter various documents annexed to it. It should be signed by all the subscribers to the memorandum or by a person authorised by all of them to sign on their behalf

- Memorandum of Association in duplicate along with a certified copy (as per Sec. 3 of the Principal Act). It should be neatly typed and pages serially numbered

- Rules and Regulations / Bye-laws in duplicate duly signed

- Affidavit on non-judicial stamp paper of appropriate value sworn by the President or Secretary of the Society stating relationship between the
subscribers. The affidavit should be attested by an Oath Commissioner, Notary Public (Rs 3 Notarial Stamp affixed) or 1st Class Magistrate.

- Documentary proof such as House Tax receipt, rent receipt in respect of premises shown as Registered Office of the society or no objection certificate from the owner of the premises.

**Registration Fee**

Normally fee of Rs 50/- is payable as registration fee of a society and it should accompany the request for registration payable in cash or by Demand Draft. In Union Territory of Delhi the Registrar intimates the applicant society by a letter stating that all the formalities have been completed and the documents filed are acceptable. The applicant society is required to deposit the registration fee after receipt of this letter. Formalities of registration and requirement of documents etc. may differ slightly from State to State. The applicants may, therefore, contact in advance the Registrar of Societies having jurisdiction.

**Registration Certificate**

On receiving the documents mentioned above the Registrar shall satisfy himself about the compliance of the provisions of the Act and correctness in his hand that the society is registered under the Principal Act 1860 or other corresponding Acts.

**Presumption of Registration**

Presumption that the society was duly registered under the Act arises not on the Certificate of Registration granted by the Registrar but on the copies of the Rules and Regulations and Memorandum certified under Sec. 19 which constitutes them prima facie evidence of the matters therein contained.
Section-25 Company

According to section 25(1)(a) and (b) of the Indian Companies Act, 1956, a section-25 company can be established ‘for promoting commerce, art, science, religion, charity or any other useful object’, provided the profits, if any, or other income is applied for promoting only the objects of the company and no dividend is paid to its members.

Legislation: Section-25 companies are registered under section-25 of the Indian Companies Act. 1956.

Main Instrument: For a section-25 company, the main instrument is a Memorandum and articles of association (no stamp paper required)

Trustees: A section-25 Company needs a minimum of three trustees; there is no upper limit to the number of trustees. The Board of Management is in the form of a Board of directors or managing committee.

Application for Registration:

1. An application has to be made for availability of name to the registrar of companies, which must be made in the prescribed form no. 1A, together with a fee of Rs.500/-. It is advisable to suggest a choice of three other names by which the company will be called, in case the first name which is proposed is not found acceptable by the registrar.

2. Once the availability of name is confirmed, an application should be made in writing to the regional director of the company law board. The application should be accompanied by the following documents:
   - Three printed or typewritten copies of the memorandum and articles of association of the proposed company, duly signed by all the promoters with full name, address and occupation.

67 Ibid.
• A declaration by an advocate or a chartered accountant that the memorandum and articles of association have been drawn up in conformity with the provisions of the Act and that all the requirements of the Act and the rules made there under have been duly complied with, in respect of registration or matters incidental or supplementary thereto.

• Three copies of a list of the names, addresses and occupations of the promoters (and where a firm is a promoter, of each partner in the firm), as well as of the members of the proposed board of directors, together with the names of companies, associations and other institutions in which such promoters, partners and members of the proposed board of directors are directors or hold responsible positions, if any, with description of the positions so held.

• A statement showing in detail the assets (with the estimated values thereof) and the liabilities of the association, as on the date of the application or within seven days of that date.

• An estimate of the future annual income and expenditure of the proposed company, specifying the sources of the income and the objects of the expenditure.

• A statement giving a brief description of the work, if any, already done by the association and of the work proposed to be done by it after registration, in pursuance of section-25.

• A statement specifying briefly the grounds on which the application is made.

• A declaration by each of the persons making the application that he/she is of sound mind, not an undischarged insolvent, not convicted by a court for any offence and does not stand disqualified under section 203 of the Companies Act 1956, for appointment as a director.

The applicants must also furnish to the registrar of companies (of the state in which the registered office of the proposed company is to be, or is situate) a copy of the application and each of the other documents that had been filed before the regional director of the company law board.
The applicants should also, within a week from the date of making the application to the regional director of the company law board, publish a notice in the prescribed manner at least once in a newspaper in a principal language of the district in which the registered office of the proposed company is to be situated or is situated and circulating in that district, and at least once in an English newspaper circulating in that district. The regional director may, after considering the objections, if any, received within 30 days from the date of publication of the notice in the newspapers, and after consulting any authority, department or ministry, as he may, in his discretion, decide, determine whether the licence should or should not be granted.

The regional director may also direct the company to insert in its memorandum, or in its articles, or in both, such conditions of the licence as may be specified by him in this behalf.

**Comparing Trust, Society and Nonprofit Company**

The following classification is worth useful for a common man to understand the real crux of the matter.68

<table>
<thead>
<tr>
<th>Statute/Legislation</th>
<th>Trust</th>
<th>Society</th>
<th>Section-25 Company</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trust Act or Bombay Public Trusts Act, 1950</strong></td>
<td>Relevant State Trust Act or Bombay Public Trusts Act, 1950</td>
<td>Societies Registration Act, 1860</td>
<td>Indian Companies Act, 1956</td>
</tr>
<tr>
<td><strong>Societies Registration Act</strong></td>
<td><strong>Registrar of Societies (charity commissioner in Maharashtra).</strong></td>
<td></td>
<td>Registrar of companies</td>
</tr>
<tr>
<td><strong>Registration</strong></td>
<td>As trust</td>
<td>As Society In Maharashtra, both as a society and as a trust</td>
<td>As a company u/s 25 of the Indian Companies</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Registration Document</th>
<th>Trust deed</th>
<th>Memorandum of association and rules and regulations</th>
<th>Memorandum and articles of association. and regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stamp Duty</td>
<td>Trust deed to be executed on non-judicial stamp paper, vary from state to state</td>
<td>No stamp paper required for memorandum of association and rules and regulations.</td>
<td>No stamp paper required for memorandum and articles of association.</td>
</tr>
<tr>
<td>Board of Management</td>
<td>Trustees / Board of Trustees</td>
<td>Governing body or council/managing or executive committee</td>
<td>Board of directors/Managing committee</td>
</tr>
<tr>
<td>Mode of Succession on Board of Management</td>
<td>Appointment or Election</td>
<td>Appointment or Election by members of the general body</td>
<td>Election by members of the general body</td>
</tr>
</tbody>
</table>

**INCOME TAX PROVISIONS**

The first category of non-profit organisations whose income is deemed to be exempted from tax obligations and thereby automatically declared as non-profit are those which are specifically referred to in the Income Tax Act. The following categories of Institutions are automatically exempted under section 10 of the Income Tax Act⁶⁹:

i. A University or other educational institution existing for educational purposes (Section 10-22).

ii. A hospital or other such institution for treatment of illnesses including mental illness and rehabilitation existing only for philanthropic purposes (Section 10-22 A).

iii. An income of an association notified by the government in the field of sports and games (Section 10-23).

iv. Income of a professional association like law, medicine, accountancy, engineering, architecture or that specified by the government (Section 10-23-A).

v. An institution registered with Khadi and Village Industries Commission (KVIC) promoting khadi and village industries and registered under Societies Act (Section 10-23-B).

vi. An institution registered for the purposes of religious Trust (Section 10-23-BBA).

vii. Income of a housing association (Section 20 A).

viii. a scientific research association as notified by government (Section 21).

ix. A mutual fund or public financial institution (Section 23 B).

x. Trade unions (Section 24).

xi. A provident fund or pension fund appropriately set up (Section 25).

Section 13 A refers to tax-exempt status of political parties.

In essence, therefore, the broad categories of organisations mentioned above are automatically tax exempt by the nature of their incorporation and purpose. They do not have to file annual income tax return in order to ascertain the tax-exempt nature of the Organisation. All other types of voluntary non-profit organisations have to adhere to the provisions of section 11 and 12 of the Indian Income Tax, 1961 in order to secure a tax-exempt status. In practice, it implies filing an annual return after due registration with the income tax authorities, and being assessed as charitable non-profit on an annual basis. The basic criteria for assessment are twofold: Firstly, that the purposes to which
the activities and resources of the organisation are applied remain charitable as described in its own memorandum and approved by the income tax authorities;

Secondly, that no part of the profit or benefit accrues to those who are in the governing/founding mechanism of the organisation. In addition, the Act provides for exemption under section 80 G to a non-profit organisation which enables the contributions of the donors to be tax exempt under certain conditions. In order to secure such exemption, the organisation has to apply regularly to the appropriate authority.

Section 2(15) of the Income Tax Act – which is applicable uniformly throughout the Republic of India – defines ‘charitable purpose’ to include ‘relief of the poor, education, medical relief and the advancement of any other object of general public utility’. A purpose that relates exclusively to religious teaching or worship is not considered as charitable. Thus, in ascertaining whether a purpose is public or private, one has to see if the class to be benefited, or from which the beneficiaries are to be selected, constitute a substantial body of the public. A public charitable purpose has to benefit a sufficiently large section of the public as distinguished from specified individuals. Organisations which lack the public element – such as trusts for the benefit of workmen or employees of a company, however numerous – have not been held to be charitable. As long as the beneficiaries of the organisation comprise an uncertain and fluctuating body of the public answering a particular description, the fact that the beneficiaries may belong to a certain religious faith, or a sect of persons of a certain religious persuasion, would not affect the organization’s ‘public’ character.

Whether a trust, society or section-25 company, the Income Tax Act gives all categories equal treatment, in terms of exempting their income and granting 80G certificates, whereby donors to non-profit organisations may claim a rebate against donations made. Foreign contributions to non-profits are governed by FC(R) A regulations and the Home Ministry.
The Income Provisions excludes co-operatives, trade unions, political parties, universities, schools, colleges, hospitals and medical centres for giving them non-profit status under Section 10 of the Income Tax Act.

Whereas small, non-formal education and literacy programmes, primary health care and health education projects and folk culture centres and local sports clubs, youth groups, self-help groups, women’s organizations, etc. all have to secure a non-profit status on an annual basis and have to secure a tax exempt status on the basis of established procedures and annual returns which blurs the picture more about the NGOs in India.

We all know Development is a mutual endeavour which calls for the participation of all segments of the society. Today many NGOs are receiving Foreign Aid to run their campaigns and make change at the Grass root; in fact many philanthropic efforts are made by people all around the world.

Then the question is what foreign contribution is? In 1984 The Foreign Contribution (Regulation) Act was passed. According to Official Documents of The Foreign Contribution (Regulation) Act\textsuperscript{70}, Foreign contribution means the donation, delivery or transfer, made by any foreign source of any,

a) article, not given to a person as a gift for personal use, if the market value, in India, of such article exceeds one thousand rupees;

b) currency, whether Indian or foreign; or,

c) foreign security

This excludes earnings from foreign client(s) by an NGO/association in lieu of goods sold or services rendered by it as this is a transaction of commercial nature.

What is a foreign source? Foreign source includes the government of any foreign country or territory or its agency; an international agency; a foreign

company; and citizen of a foreign country. Agencies of the United Nations, World Bank and some other International agencies/multilateral organisations are exempted from the definition of ‘foreign source’

Who can receive foreign contribution? An association having a definite cultural, economic, educational, religious or social programme can receive foreign contribution after it obtains the prior permission of the Central Government, or gets itself registered with the Central Government. Illustrative but not exhaustive lists of activities which are permissible and may be carried out by associations of different nature are available on the website

Who cannot receive foreign contribution?

Foreign contribution cannot be accepted by:

(i) a candidate for election;
(ii) Correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper;
(iii) judge, government servant or employee of any Corporation;
(iv) member of any legislature;
(v) political party or office bearer thereof; and
(vi) individuals or associations specifically notified under section 10(a) of Foreign Contribution (Regulation) Act, 1976 who have been prohibited from receiving foreign contribution.

What are the eligibility criteria for registration?

An organisation in formative stage is not eligible for registration. Such organisation may apply for grant of prior permission under the law. For grant of registration, the association should:

(i) be registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882 or section 25 of the Companies Act, 1956;
(ii) be in existence for at least three years and have made significant contribution in chosen area of activity. For this purpose, the association
should have spent at least Rs.6,00,000 over last three years on its activities, excluding administrative expenditure.

Statement of Income & Expenditure duly audited by Chartered Accountant for last three years may be enclosed to substantiate financial parameter.

In a latest figure as provided by Ministry of Home Affairs NGOs received over Rs.600 crores for religious causes according to 2011-12 data. A total of Rs.11,564.29 crores was received by all NGOs through Foreign Fundings.

In nutshell, the following laws or Constitutional Articles of the Republic of India are relevant to the NGOs:

- Articles 19(1)(c) and 30 of the Constitution of India
- Income Tax Act, 1961
- Public Trusts Acts of various states
- Societies Registration Act, 1860
- Section 25 of the Indian Companies Act, 1956
- The Foreign Contribution (Regulation) Act, 2010

NATIONAL POLICY ON VOLUNTARY SECTOR 2007

The National Policy on the Voluntary Sector Policy, 2007 seeks to establish a new working relationship between the government and the voluntary sector primarily due to joint efforts of the Planning Commission and the voluntary sector. The policy seeks to establish a new working relationship between the government and the voluntary sector. It is well know that the accountability and credibility of the voluntary sector has always been questioned but now with policy in place we can hope for better relations in future as NGOs can work hand in glove with Government. But, ironically, at present no reliable accreditation system is in place like Medical Council of India (MCI) or for that matter Bar council of India (BCI). The Government needs to encourage the
voluntary sector, to develop alternative accreditation methodologies and do research on Number of NGOs and their nature of work etc to bring out the clear picture for all.

It is pertinent to present here the exact document and notification of the Government of India regarding declaration of National Policy on Voluntary Sector, 2007.

The Union Cabinet on 17th May 2007 gave its approval for National Policy on the Voluntary Sector.  

The Policy has six parts: (a) Preamble (b) Scope of the Policy (c) Objectives of the Policy (d) Establishing an Enabling Environment (e) Partnership in Development (f) Strengthening the Voluntary Sector.

The main objectives of the policy include:

(i) Creating an enabling environment for Voluntary Organisations (VOs) that not only stimulates their effectiveness but also protects their identity and safeguards their autonomy. (ii) Enabling VOs to legitimately mobilize the necessary financial resources from India and abroad. (iii) Identifying systems by which the Government may work together with the Voluntary Sector. (iv) Encouraging VOs to adopt transparent and accountable systems of governance and management.

In the part ‘Establishing Enabling Environment’ it will examine the feasibility of enacting a simple and liberal central law to register societies, trusts and non-profit companies.

Under ‘Partnership in Development’, three instruments of partnership between the Government and the voluntary sector have been recognized and elaborated upon.

In the part ‘Strengthening the Voluntary Sector’, there is a commitment to

encourage independent philanthropic institutions to provide financial assistance to deserving VOs.

The National Policy on the voluntary sector aims to provide an enabling environment for the voluntary sector and also make it accountable, so that VOs can play their constructive role in development activities effectively. To be covered under the Policy, VOs should broadly have the following characteristics:

a) They are private, \textit{i.e.}, separate from Government
b) They do not return profits generated to their owners or directors
c) They are self-governing, \textit{i.e.}, not controlled by Government
d) They are registered organizations or informal groups, with defined aims and objectives.

The National Policy on the Voluntary Sector Policy, 2007 in nutshell:

- Foreign Contribution (Regulation) Act 2010 has been made more stringent which not only requires re-registration after every five years but also relieves government from accountability towards VOs. While the provision of deemed approval is being taken back on the other hand there is no answerability by Ministry in case of a delay or arbitrary rejection.

- The VISA regime for VOs has also been tightened. Hence, inviting external experts and organizing international workshops require clearance from three Ministries, Home, External Affairs, and Nodal Ministry.

- The environment for fund generation within India has also become more difficult. The relationship of partnership for development is shifting very fast to a relationship of ‘sub contractor’.

- The proposed Direct Taxes Code intends to tax VOs. The provision of saving has been taken away along with the facility to account on accrual
basis. The definition of charitable activities remains confused as it was earlier.

Lastly an effort on part of NGOs is needed to get the policy passed by Parliament at the earliest.

ROLE OF PLANNING COMMISSION vis-à-vis VOLUNTARY SECTOR

To create an enabling environment for the voluntary sector to collaborate with Government for development, a number of steps have been taken by the Government of India during the year 2000. The most significant step taken by the Government of India, in March 2000, was to declare the Planning Commission as the nodal agency for the Government-Voluntary Organisations interface. This was a step needed to have a focal point from where an integrated and holistic view on the voluntary sector could be taken. As a nodal agency, the first task assigned to the Planning Commission is to create a database on VOs. On the website of Planning Commission there is information about 13,000 NGOs who have received grants from different Departments / Ministries. In addition, information on about 1,000 NGOs perceived by various bilateral, multilateral, intermediary and governmental agencies as good / valid NGOs is also available at the Planning Commission website. The NGO database of Planning Commission is continuously being updated.

SOURCES OF FINANCE TO NGOs

The source of Finance is perhaps the biggest issue with NGOs which decides a lot about their endeavors. NGOs depend on financial assistance from membership fees, public donations, and grants from government, government organizations and welfare boards besides depending on International financial assistance. Resources are also collected from endowment funds, income from rents, fees collected for services provided, and donations from philanthropists.
PROBLEMS FACED BY NGOs

The NGOs have to face a good deal of uncertainties of finance, trained manpower, transport and communication.

Some of them may be:

Lack of Funds

Most of the NGOs in India are suffering from paucity of funds. Government does not give cent percent grants in aid or make delay in sanctions of grants for numerous programmes.

Lack of Dedicated Leadership

Leadership qualities of the leaders in NGOs determine the quality and success of an NGO. Today we have lack of Leaders.

Lack of Public Participation

NGOs are meant to provide opportunities to people enthusiastic in participation for social change, but we are facing lack of interest by people which makes their participation meaningless anyhow. The basic characteristic of NGO is volunteerism. Lack of participation in the real sense has made things far more loosely ended.

Lack of Coordination

The absence of coordination between NGOs existing at local, state and national level has laid to the common problems such as overlapping, duplication, non coordination etc, and coming under one umbrella looks very much impossible.

Inadequate Trained Personnel

NGOs today lack training as they have paucity of Funds which make things far more difficult. Some of NGOs are in fear of personnel who may shift to another big NGO after taking training from it.
Misuse of Funds—Funds acquired from the Donations, Aid gets misused many times which make NGOs prone to frauds.

Target orientated and time-bound Programmes

NGOs operate from program to program and don’t make any sustained effort over a long period of time

NGOs AND CIVIL SOCIETY

The genealogy of NGOs and civil society in the country dates back to the social welfare and religious traditions of Indian philosophers and intellectuals during the 19th and 20th centuries spearheaded by Gokhale, Tilak, Gandhi, Vivekananda, Raja Ram Mohan Roy, Shahu, Phule, Ambedkar and also the British welfare and development on educational legislations. 72 “NGOs cannot be separated from the civil society. The origin of the concept of civil society and its relationship with the government is often traced to the writings of philosophers such as Hobbes, Locke, Montesquieu and Baron during the 17th and 18th Centuries. All of them held the view of co-existence between the state and the civil society. Hegel’s conceptualization of the civil society is even sharper. He places importance to its economic aspect and locates the civil society between the family and the state. However, he points out the superiority of the state over the civil society. On the other hand, Marx assumed that the state is a basic requirement and a product of the civil society. He argued that the very essence of the modern state is to be found in the characteristics of the civil society in its economic relations. It was not until the early 20th Century that Gramsci deviated from Marx’s and Hegel’s views and put forth his ideas on: (1) interpenetration of political and economic society, or the state and the civil society, and (2) an identifiable autonomy of the civil society. Gramsci, a liberal Marxist, attributes the qualities of rationality, self-regulation and freedom to civil society. The present day conceptualizations of the civil society and of NGOs characterize them as a set of diverse nongovernmental

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institutions which counterbalances the state and as a historically evolved sphere of individual rights and voluntary associations.73 Michael Walzer defines civil society to be “the space of uncoerced human association”.74 Virtually, NGOs cannot be separated from the civil society. The medieval church of Europe, Hindu Matths, Sikh Gurudwaras, Muslim Mosques, and other religious trusts in India, caste and kinship associations, business, sports, cultural associations, etc., all represent the civil society but not all are NGOs in real sense as they lack the basic character of legal status.

As far as the civil society Galaxy is concerned the following classification is worth useful and insightful:

Types of Civil Society Organisations75

1. Civil rights advocacy organizations: to promote human rights of specific social groups e.g. women, migrants, disabled, HIV, sex workers, Dalit people, tribal people, and the likes.

2. Civil liberties advocacy organizations: to promote individual civil liberties and human rights of all citizens, rather than focusing on particular social group.

3. Community based organizations, citizen’s groups, farmers’ cooperatives: to increase citizen’s participation on public policy issues so as to improve the quality of life in a particular community.

4. Business and industry chambers of commerce: to promote policies and practices on business.

5. Labour unions: to promote the rights of employees and workers.

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73 Ibid.
74 Lindblom, Anna Karin, Non Governmental Organizations in International Law (USA: Cambridge University Press), 2005, p.15
75 Asif. Mohammed, Role of NGOs in India op.cit., p.9
6. **International peace and human rights organizations**: to promote peace and human rights.

7. **Media, communication organization**: to produce, disseminate, or provide production facilities in one or more media forms; it includes television, printing and radio.

8. **National resources conservation and protection organizations**: to promote conservation of natural resources, including land, water, energy, wildlife and plant resources, for public use.

9. **Private and public foundations**: to promote development through grant-making and partnership.

10. **Also the Civil society includes - Political Parties; Religious Organizations;** and Housing cooperatives, slum dwellers, and resident welfare associations.

“India has a long history of civil society based on the concepts of daana means giving and seva means service. Voluntary organizations were active in cultural promotion, education, health, and natural disaster relief as early as the medieval period. During the second half of the 19th Century, nationalist consciousness spread across India and self-help emerged as the primary focus of socio-political movements. The early examples of such attempts are Friend-in-Need Society (1858), Prathana Samaj (1864), Satya Shodhan Samaj (1873), Arya Samaj (1875), the National Council for Women in India (1875), the Indian National Conference (1887) etc. The Society’s Registration Act (SRA) was approved in 1860 to confirm the legal status of the growing body of non-governmental organizations.”

Today, Non-Government Organisations (NGOs) have emerged as important civil society actors at the grassroots. “NGOs have the social objective of providing selfless service to the millions, especially in those areas of activity

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76 Mathew, Jomon and Verghese, Joby., *Non Governmental Organisations in India* op.cit.,p.13
where the state has either not been able to reach out, or has not been effective in providing service as per the local requirement and has withdrawn. It is also true that at times the state has looked for collaborative arrangement with the NGOs to provide much needed services to the people, especially to the marginalized section of society. However, there has been a wide gap between the ideal image of NGOs and their modes of functioning at the grassroots. Indeed, the ideal-typical image of the NGOs has been widely demystified by several researchers. It has been pointed out that even though the NGOs work in the name of the poor, in effective terms they reinforce the rule of the power elite, incur a higher administrative cost, impose an autocratic, top down and non-participatory approach to development. Again, NGOs are not financially independent. As most of the NGOs flourished under a charismatic leadership or are a body of dedicated workers, many of the project, collapse with the disappearance of such leaders and workers. It has also been pointed out that NGOs have no clear-cut objectives that they suffer from the problems of sustainability, and non-replicability; and being small they reach only a few people in developing countries. They fail to reach 80% of the 1.3 billion estimated to be living in extreme poverty. “Even the much publicized Grameen Bank of Bangladesh, often cited as a model NGO, accounts for only 0.15% of national credit and all NGOs in Bangladesh together provide only 0.6% of total Credit”77

FAMOUS MACRO LEVEL RESEARCH BY SOCIETY FOR PARTICIPATORY RESEARCH IN ASIA (PRIA)

When it comes to getting a hold of Macro Level data on Role of NGOs, one faces a lots of problems as the subject has not been taken up that seriously as it requires much attention. Interestingly the researcher came across a data available in the form of intensive research done by Society for Participatory Research in Asia (PRIA) done in 2002 widely used by Social scientist,

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77 Streten, P. *The Contribution of Non-Governmental Organisations to Development* op.cit.,pp.112-13
researchers, and teachers which has been interpreted in the following way in Author’s language:

**Basic Facts on NGO**

<table>
<thead>
<tr>
<th>Total Number of NGO</th>
<th>1.2 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Based</td>
<td>53%</td>
</tr>
<tr>
<td>Urban Based</td>
<td>47%</td>
</tr>
<tr>
<td>Unregistered</td>
<td>49.6%</td>
</tr>
</tbody>
</table>

**Size**

<table>
<thead>
<tr>
<th>Category of staff</th>
<th>Percentage of NGOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>One or less paid staff</td>
<td>73.4</td>
</tr>
<tr>
<td>Between 2-5</td>
<td>13.3</td>
</tr>
<tr>
<td>Between 6-10</td>
<td>4.8</td>
</tr>
<tr>
<td>Above ten paid staff</td>
<td>8.5</td>
</tr>
</tbody>
</table>

**Sources of Funding in India**

<table>
<thead>
<tr>
<th>Sources</th>
<th>Percentage of Total Fund (app.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local (peoples contribution and Corporate Contribution)</td>
<td>80%</td>
</tr>
<tr>
<td>Government</td>
<td>13%</td>
</tr>
<tr>
<td>International</td>
<td>7%</td>
</tr>
</tbody>
</table>

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65
Types of Funding

<table>
<thead>
<tr>
<th>Types</th>
<th>Percentage of Total Fund (app.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self Generated</td>
<td>51%</td>
</tr>
<tr>
<td>Loans</td>
<td>7.1%</td>
</tr>
<tr>
<td>Grants</td>
<td>29%</td>
</tr>
<tr>
<td>Donations</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

Dominant activities in India

<table>
<thead>
<tr>
<th>Type of Activities</th>
<th>Percentage of NGOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religious</td>
<td>26.5%</td>
</tr>
<tr>
<td>Community/Social Service</td>
<td>21.3%</td>
</tr>
<tr>
<td>Education</td>
<td>20.4%</td>
</tr>
<tr>
<td>Sports/Culture</td>
<td>17.9%</td>
</tr>
<tr>
<td>Health</td>
<td>6.6%</td>
</tr>
<tr>
<td>Others</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

On analyzing the data available in a research conducted by PRIA titled “Invisible, Yet Widespread: The Non-Profit Sector in India”\(^79\), December 2002 the following conclusions can be drawn:

- The survey included schools, clinics, orphanages, cultural organisations, sports club, research and training institutes and development organisations and exclude self help groups, political parties, cooperatives.

\(^79\) Report on *Invisible, Yet Widespread: The Non-Profit Sector in India* (New Delhi: Participatory Research in Asia(PRIA)), December 2002, pp.4-20
Data reveals that there were around 1.2 million NGOs working in India in 2002 and nearly half of them were unregistered and mostly confined to rural areas.

Maximum NGOs were in and least in Tamil Nadu. It reveals that volunteers are almost from all educational background, 2/3rd constituting rural strata.

Five dominant activities at all India level were Religious, Community service, education, sports and health.

States included were Delhi, Meghalaya, West Bengal, and Maharashtra.

Nearly 20 million persons work on paid or volunteer basis in these NGOs.

Source of the Revenue were self generated, Loans, Grants, Donations.

Despite being Invisible the NGO sector is widespread as it provides Employment to many, generates Income etc.

In the end the survey stressed that the research into the number of NGOs and in depth analysis should be carried out in all states. An emphasis was laid on the need for streamlining the registration process, number of NGOs and some Accreditation System needs to be put in place which has still not been done in India. Most importantly no MACRO LEVEL research has been done to give the exact picture about NGOs in India.

**STRENGTHS OF NGOs**

Although NGOs have evolved overtime in India and giving a Macro picture is always fraught with difficulties. But some of the strengths NGOs exhibit are:

- Promotes Democracy
- Promotes Equity
- Promotes Human Rights
- Enhances People’s Participation
➢ Helps fights against common ills affecting Society
➢ Brings marginalized into mainstream
➢ Enhances democratic decentralization
➢ Grass root presence
➢ Experimentation and innovation
➢ Experience of working with Community
➢ Working in Team

LIMITATIONS OF NGOs

As we all know no Organisation/Institution is without faults and Limitations so is the case with the NGOs:

➢ Loose definition
➢ Corruption in NGOs
➢ Loose Accountability
➢ Lack of Unity
➢ Inadequate Information base
➢ Leadership and Succession problem
➢ Absence of impact assessment
➢ Intra-NGO and Inter-NGO Conflict
➢ Lack of clarity of Govt. about NGO
➢ Lack of conceptual clarity
➢ Lack of sustainability

CONCLUSION
The term NGO has been defined by various social scientist in a very negative sense, it is not defined as what it is, but what it is not. This creates a whole lot of galaxy of different interpretations in defining the term. In India, the culture of voluntarism and social work are deep rooted as has been defined and traced by researcher from time to time. But, the main reason of voluntarism was social service and helping others. Post- Independence, we have witnessed lots of changes in the approach and working culture of NGOs. Some people call it Community Based Organisation (CBO), some call it Voluntary Social Organisation (VO) Civil Society Organization (CSO), Grassroots Organization (GO) and by many other names. Thus a wide spectrum of Organisations is there in India which may be non-governmental, quasi or semi governmental, voluntary or non-voluntary. But, the main motive is to work and fill the gap left by Government of the day. But, according to the researcher, in India Organisations which are legally defined and registered under various Acts like Society, Trust, etc., can be truly called an NGO. Various estimates shows number of NGOs ranging from 10000-4,00,000 but the exact figure is still missing as even the Government does not have any exact numbers which also creates a lot of problem for layman to understand the basic meaning of an NGO. Hence, as per the research carried out by the researcher, it was observed that in India, Societies, Associations, Organizations, Trusts or Companies registered under the Societies Registration Act, 1860; the Indian Trusts Act, 1882; the Charitable & Religious Trusts Act, 1920 or as a charitable company under Section 25 of the Companies Act, 1956 respectively can be truly considered as NGO in strict legal sense.

Today, NGOs have become an important part of our society, as evident from various success stories and the seriousness which the Government attaches to their contribution. Various authors and scholars have defined the terms in their own way but all definitions shows almost the same characteristics which an NGO shall possess. Their well defined place in the Five Year Plans has also given strength to the contribution which NGOs are making today. Various fields of their contribution like Community based services, research and development, raising women and child related issues and providing employment avenues through vocational training are some of the best features
of the NGOs. NGOs have the privilege of using people’s participation in various developmental programmes and are very close to community in real sense as they are more accessible which is the key to their success. NGOs are ‘people centered’ and ‘pro-poor’. NGOs play the role of an enabler, helper, facilitator, transformer and a catalyst in India but problems like financing of projects and negative perception of society are some of the ever present problems faced by NGOs.

Since this sector has grown tremendously over the years show to a great extent failure of our various Governments and also the inherent will of people to contribute to the social welfare activities. Today, millions are being benefited by the joint efforts of NGO and Government and to take it forward the Government came out with the 2007 ‘National Policy on Voluntary Sector’ which is a testament of the fact that Government wants to streamline the efforts made by NGOs at ground level.

Today, most top Business Schools are adding an Internship for their students in the NGOs which also reflect the awareness to be created for future leaders. 2001 was marked by UN as International year of Volunteering. It’s been a decade of Volunteering and since the NGOs like Parvah, I volunteer, Save the children, CRY have been working in different fields most outstandingly. But what is needed is an award for volunteering to boost and encourage people to participate in Social causes. Gandhi was a role model for volunteers. NGO sector has given shape to Social Entrepreneurship which is a positive development as more and people youth are coming forward to contribute to the society. It is desirable that the role the NGOs would and should play are like Integrated Community Development Approach in the areas of Economic Development, Environment Sustainability, Education, Women & Child Development, Inclusive Growth, Legal Aid and above all Sustainable Development working under one Umbrella so that the holistic Development can be achieved. NGOs, in nutshell, can then be called builder of self reliant Sustainable Society if they work to their full potential.