Chapter 1
Introduction

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“All human actions have one or more of these seven causes: chance, nature, compulsions, habit, reason, passion, desire.”

- Aristotle
1.1 Introduction

Economic well-being has been the aim and endeavour for survival or overall progress of nations. Entrepreneurial development is the key to economic development of a country. Entrepreneurship is the process of discovering, evaluating, and exploiting opportunities, which go on to reify themselves in the form of new business ventures. In a country like ours confronted with the twin problems of unemployment on one hand and scarcity of financial resources on the other, it is only entrepreneurial development, which has got answer for these problems. All the attention flows towards the assistance for entrepreneurial ventures in this context.

Non-Governmental Organisations (NGOs) act as a link in the implementation of various developmental programs of the government. They are able to implement the developmental activities by training and assisting the barefoot entrepreneurs. The Self Help Group (SHG) is also a platform through which NGOs can assist the poor in taking up economic activities to improve their livelihoods. Indian NGOs continues to promote SHGs during the year to expand the outreach of each project team so that in each project location there would be a good number of SHGs to work with in a compact area. This has further lead to maximum reach of awareness with respect to development initiatives.
Self Help Groups or SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self management and development for the members. SHGs are formed and supported usually by NGOs or (increasingly) by Government agencies. Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economic and social.

1.2 Significance of the Study

The aspect of development through non-governmental channels has been in discussion and debate of research during these years at international and national level. As the financing of productive activities is a prerequisite for the rural economy to develop, credit plays a pivotal role in it. The facilitation of credit to the barefoot entrepreneurs from households is now being served largely through SHG-Bank linkage schemes under the ambience of non-governmental organisations to support and foster the beneficiaries in their endeavours. Micro finance through these platforms attempts to overcome the socio-economic barriers so that the poor can have reliable and affordable access to much needed financial services in the ambit of NGOs. Many of the NGOs not only promote SHGs but also continuously train, monitor and support the barefoot entrepreneurs.
According to NABARD (2014), the journey traversed so far by the Self-Help Group-Bank Linkage Programme crossed many milestones—from linking a pilot of 500 SHGs of rural poor two decades ago to reach over seven million groups last year. The poor in the country have demonstrated that despite being poor, they are, perhaps, the most ‘bankable’ clients and most willing to help each other for a better tomorrow. While livelihood promotion and enterprise development has not been a leitmotif of this programme, there have been many success stories of poor SHG members showing exemplary entrepreneurial qualities to come out of the vicious circle of poverty and indebtedness with the help of SHGs. Over 200 billion rupees are committed by NABARD under the scheme, and out of that the South Indian States have the largest spread. NABARD promotes a two way approach to this lending as bank-SHG and bank-NGO-SHG. Of which, in operation, the latter is found more in practice.

The role of non-governmental organisations in development has risen up to an impressive area of research interest. But, when coming down to national and regional level, much of the studies were concentrated towards women empowerment, capacity building, micro finance and so forth. Hence a detailed analysis of the framework of existing in the State with special reference to the role and impact of non-governmental organisations in entrepreneurship development proves to be significant. The deficiencies if
any in the NGO – entrepreneur relationship also needs attention. Policy initiatives are routed through this lane which further attracts serious interest to the channelisation of development efforts.

1.3 Scope of the Study

The scope of the present study is defined in terms of geographic representation and period of data coverage and reference.

1.3.1 The geographic scope covered under the study is defined as the State of Kerala in general and the samples selected in particular. The sampling design covers respondents from the four major models of NGOs coming under GONGOs, Community Based NGOs, Cooperatives and Charitable Trusts. The sample has representation from the districts of Ernakulam, Kottayam, Alappuzha, Thrissur and Palakkad

1.3.2 The data aspects covered under the study with respect to the objectives are from the beneficiary perspective limited to the $10^{th}$ and $11^{th}$ plan period; and the beneficiaries comprise of members of SHGs under the different NGOs.

1.4 Statement of the Problem

From the Seventh Plan onwards, the thrust of the Planning Commission has been to open up a space for Non-Governmental Organisations (NGOs) consistent with liberalizing the country’s economy and ushering in the era
of public-private partnerships. When the only solution for multiple problems of unemployment and scarce resources, seems to be entrepreneurial ventures, the system of assistance for the same also attracts attention.

The National Policy on Voluntary Sector (2007) viewed that there has been much public debate on the voluntary sector, particularly its governance, accountability, and transparency. It is widely believed that the voluntary sector must address these issues through suitable self-regulation. The Government will encourage the evolution of, and subsequently accord recognition to, an independent, national level, self-regulatory agency for the voluntary sector. The National Policy on Voluntary Sector further asserted that there is need to bolster public confidence in the voluntary sector by opening it up to greater public scrutiny. The Government will encourage Central and State level agencies to introduce norms for filing basic documents in respect of VOs, which have been receiving funding by Government agencies and placing them in the public domain in order to inculcate a spirit of public oversight.

The Indian Express (2010) reported that according to a survey commissioned by the GOI, there are 3.3 million NGOs working in India. Even this staggering number may be less than the actual number of NGOs active in the country. This is because the study, commissioned in 2008,
took into consideration only those entities which were registered under the Societies Registration Act, 1860 or the Mumbai Public Trust Act and its variants in other states. While the government will begin studying the finances of the sector in the second phase of the survey, estimates from within the sector suggested that NGOs, or NPIs, raise anywhere between Rs.40,000 crore and Rs 80,000 crore in funding annually. The government has been the biggest donor — Rs18,000 crore was set aside for the social sector in the XI Plan.

Times of India (2014) add further to the vague estimates where the CBI submitted their report to the Supreme Court that there are almost an NGO for every 600 people in the country, where Uttar Pradesh and Kerala headed the list. Inadequate information from many major States posed difficulty in precise estimation by the authority. According to information received through RTI queries by Asian Centre for Human Rights, the Union and state governments between 2002-09 released Rs 6654 crore to various NGOs, averaging almost Rs 950 crore per year apart from foreign contributions.

Plan allocations to development initiatives including entrepreneurship development have always been in the rising trend. NABARD acts as the key resource allocator to the major development initiatives where the SHG-Bank linkage scheme forms a major part. Routing of development efforts
through SHGs under the ambience of non-governmental organisations frameworks provides a reason to assess the role and impact of the same. Leaded by Andhra Pradesh and Tamil Nadu, Kerala is also a major recipient of NABARD’s fund allocations in this cadre.

It is significant to examine the functioning of the different models of non-governmental organisations in the state of Kerala that drives development efforts in the SHG based platform. The State of Kerala has caught the attention world-wide, due to high social and equitable development in the backdrop of limited economic growth. Kerala, despite having a relatively low GNP, has achieved life expectancies comparable to industrially advanced countries. Among various Indian states it has an impressive Human Development Index. From the gender perspective also, it has made impressive performance. But when only 74.2% of the households are served with banking services in the formal channel according to 2011 census, alternative channels comes to play. Entrepreneurial support is thus not an exception. The role and impact of non-governmental organisations in such context attracts research interest.

Rangarajan Committee (2008) opined that through graduated credit, the attempt must be to lift the poor from one level to another so that they come out of poverty. Providing access to finance is a form of empowerment of the vulnerable groups. But, apart from finance, a thorough mentoring towards inclusive development has been identified as the need of the hour.
NGOs by their very nature of existence often act as catalysts for development initiatives. Kerala, being on the rising spirit in terms of literacy and new ventures, the structure of NGOs existing in Kerala and the framework to assist the same needs to be analysed. Further, the concept of entrepreneurship and entrepreneurial development in the context of Kerala requires to be studied. To go further, a systematic analysis of the extent of influence, NGOs have made in the entrepreneurial development in the region proves to be significant. In addition, the situation calls for a comprehensive analysis of the mutual relationship that exists between NGOs and entrepreneurs. A thorough study of the deficiencies in such relation is being necessitated herein.

1.5 Objectives of the Study

The study has the following specific objectives:

狷 To study the concept of entrepreneurial development in the Kerala context

狷 To assess the role and impact of non-governmental organisations in entrepreneurship development

狷 To find out the deficiencies, if any, in the NGO - Entrepreneur relationship

狷 To suggest remedial measures to strengthen the NGO - Entrepreneur relationship
1.6 Hypotheses of the study

Based on the objectives, the present study proposes the following hypothesis with respect to the role of NGOs in entrepreneurship development in Kerala context:

1.6.1 NGOs have no significant role in entrepreneurship development in Kerala context

1.6.1.1 There is no significant difference among different models of NGOs in their role in entrepreneurship development

The present study also proposes the following hypothesis with respect to the impact of NGOs in entrepreneurship development in Kerala context:

1.6.2 NGOs have made no significant impact in entrepreneurship development in Kerala context

1.6.2.1 There is no significant difference among different models of NGOs in their impact on entrepreneurship development

Working hypotheses are framed to comprehend both the role and impact of NGOs in entrepreneurship development. All the working hypotheses are further tested to comprehend cross sectional variances upon gender, region, age, marital status and education level, in the chapter dealing with empirical verification of the research data.

1.7 Methodology of the Study

The proposed study is basically descriptive and exploratory in nature. Empirical evaluation through sample statistics is also supporting the arguments. The methodological arrangement of the study is as follows:
1.7.1 Sources of Data

Both primary and secondary data are forming basis of the study. Primary data has been collected from the beneficiaries of the various schemes of NGOs by using structured interview schedules. Secondary data has been collected from both published and unpublished sources.

1.7.2 Research Instrument

Structured interview schedules are used to collect survey data. Qualitative questions are made to fit Likert’s five point scales of response. Descriptive questions to assess the numerical data are also used along with open ended questions for suggestions and additional information.

1.7.3 Population

Population of the study comprises of the beneficiaries of the various initiatives of NGOs routed through SHGs. Despite of several attempts the researcher was unable to find out the exact size of the population of beneficiaries due to the enormous number (more than 0.33 million) of NGOs spread across Kerala, though a smaller proportion devoted to entrepreneurship development and sustainable development initiatives.

1.7.4 Sampling Design

It was decided to include beneficiaries from the different varieties along with geographic coverage of the sample. Based on the discussions, the sampling frame is made as to accommodate beneficiaries of from the SHGs under the GONGO Model of SHGs, Community Based Models of SHGs
under SNDPY and NSS, SHGs Cooperatives and SHGs under the Charitable Trust Model of SHGs. Though the sample frame is set is this tune, the researcher has attempted to include regional representation from 5 districts of Kerala covering Alappuzha, Kottayam, Ernakulam, Thrissur and Palakkad. Due care has also been made to incorporate beneficiaries from rural and urban backgrounds. Sampling method adopted thus is multi-stage random route sampling which was a result of the pilot study.

1.7.5 Pilot Study

Pilot study covered a total 50 respondents from Ernakulam and Palakkad belonging to SHGs under the GONGO model of Kudumbashree. But, this had lead to realise their memberships in other models of SHGs and their remarks on the different models including Cooperative Model, Community Based NGO Model and Charitable Trusts Model. This also emphasised the need to cover respondents from the different models along with geographic exposure as few models are not equally distributed in the different geographic regions.

1.7.6 Sample Size

Based on the pilot study, the ‘Z’ value equation to estimate an adequate sample size based on pilot study conducted also produced a reasonable sample size of above 417. Yet a higher sample is selected to include a fair representation of beneficiaries of all selected popular models. The sample size was fixed at 450 beneficiaries to be made up of 150 beneficiaries from
GONGO model, 150 beneficiaries from Cooperative Model, 100 beneficiaries from Community Based NGO Model and 50 beneficiaries from the Charitable Trust Model.

1.7.7 Tools used for analysis

Statistical analysis forms the inevitable aspect to support the arguments put forth by the researcher. Both descriptive and inferential statistical tools are applied to augment the researcher’s inferences. The statistical analysis was carried out with the help of SPSS17.0

1.7.7.1 Descriptive Statistics

Frequency tables, percentages and cross tabulation was used most to describe the sample data set. Mean scores and Cumulative percentages were used to supplement the statistical tables.

1.7.7.2 Inferential Statistics

Inferential statistics are used to make comparisons between two or more groups or study relationships. Testing of hypothesis also forms part in this segment. As the population of the study is not finitely estimated, non-parametric tools are mostly applied to augment the researcher’s inferences.

Wilcoxon Signed Rank Test was applied to analyse the impact of non-governmental organisations in the average daily earnings of the respondents before and after joining the SHGs under the ambience of NGOs.
Chi-square Test was applied to test whether there is a significant difference between the expected and observed results pertaining to the opinion of the beneficiaries on the role and impact of non-governmental organisations in entrepreneurship development.

Kruskal Wallis test was used to test whether there is a significant difference among the different models of NGOs in their role and impact in contributing to entrepreneurship development.

Factor Analysis was also used to analyse interrelationships among variables and attempt to identify the major variables contributing to the role and impact of non-governmental organisations in entrepreneurship development in Kerala.

1.7.8 Variables studied

In order to assess the role and impact of NGOs in entrepreneurship development, the beneficiary perspective on the development initiatives and support has been enquired apart from the basic socio-economic variables.

Towards the assessment of the NGO’s role in entrepreneurship development, following variables are studied:

- NGO’s role in formation and instigation of SHGs \([V_1]\)
- NGO’s role in training the beneficiaries \([V_2]\)
- NGO’s role in facilitating marketing of products \([V_3]\)
- NGO’s role in facilitating finance for the ventures \([V_4]\)
- NGO’s role in ensuring adequacy of financing \([V_5]\)
NGO’s role in appreciation of efforts [V_6]

NGO’s role in facilitating inputs and raw materials for the ventures [V_7]

NGO’s role in ensuring access to information and services for beneficiaries [V_8]

NGO Officials’ role in supporting and motivating beneficiaries [V_9]

Bank Officials’ role in supporting and motivating beneficiaries [V_{10}]

Along with the above variables, opinion of the beneficiaries on the percentage of interest on loans availed from SHGs [V_{11}] and the percentage of interest on loans availed banks/NGOs [V_{12}] are also assessed in the course of the survey.

Towards the assessment of the impact of NGOs in entrepreneurship Development, the beneficiary perceptions of the following aspects are studied:

- Impact of NGOs in developing an entrepreneurial culture among the beneficiaries [V_{13}]
- Impact of NGOs in improving the standard of living of the beneficiaries [V_{14}]
- Impact of NGOs on savings and assets creation [V_{15}]
- Impact of NGOs on recognition in the society [V_{16}]
- Impact of NGOs on capacity to deal with official formalities [V_{17}]
- Impact of NGOs in overall skill development [V_{18}]
- Impact of NGOs on capacity to undertake responsibilities [V_{19}]
1.8 Operational Definition of Concepts

The concepts and variables discussed in the scope of the study are meant and understood to cover its operational definitions. These could assist to better clarify the meanings of discussions and inferences drawn upon the same. These definitions are often drawn in parlance to the accepted standard sources of references but leaving light to the research problem under study.

1.8.1 Non-Governmental Organisation [NGO]

NGOs are basically, service and development oriented organisations created out of the government to address particular issues, tasks or functions. For the purpose of the study, NGO means and includes every Voluntary Associations along with GONGOts and primary cooperatives.

1.8.2 Self Hep Group

Self-Help Groups are voluntary, small group structures for mutual aid and the accomplishment of a special purpose. They are usually formed by peers, who have come together for mutual assistance in satisfying a common need, overcoming a common handicap or life-disrupting problem, and bringing about desired social, and/or personal change.
1.8.3 Entrepreneurship

Entrepreneurship is the professional application of knowledge, skills and competencies and/or of monetizing a new idea, by an individual or a set of people by launching an enterprise de novo or diversifying from an existing one, thus to pursue growth while generating wealth, employment and social good. It means and includes every income generating activity taken up by choice and involves risk.

1.8.4 Entrepreneurship Development

Entrepreneurship Development means and includes all the activities concerned with development of entrepreneurial skills and employment generation by the Government, NGOs and financial institutions, Creation of entrepreneurial attitude and spirit, achievement motivation, improved availability and management of credit facilities.

1.8.5 Rural Region

Rural region referred to in the study means and include those areas coming under the Local Self Government system of Panchayath.

1.8.6 Urban Region

Rural region referred to in the study means and include those areas coming under the Local Self Government system of Corporations and Municipalities.

1.8.7 Loan

Loan refers to the financial assistance arranged by the NGO itself or from the bank through NABARD’s schemes or otherwise to the beneficiaries.
1.8.8 Microfinance

Microfinance is defined as any activity that includes the provision of financial services such as credit, savings, and insurance to low income and poor individuals, with the goal of creating social value. The creation of social value includes poverty alleviation and the broader impact of improving livelihood opportunities through the provision of capital for micro enterprise, and insurance and savings for risk mitigation and consumption smoothing.

1.8.9 Venture

A venture is an economic activity taken up by an entrepreneur to generate income and wealth. Venture is featured with risk and commitment of resources.

1.9 Limitations of the study

Despite the precautions, the present study is subject to limitations that include:

- The study is based on the survey of beneficiaries, yet the actual population of the study is not known.
- A clear database of the business units under SHGs under different models and their precise business volume is not available yet.
- The study covers only micro and small scale undertakings by the beneficiaries selected.
1.10 Structure of the Research Report

The present research study on the Role and Impact of Non-Governmental Organisations in Entrepreneurship Development in Kerala is presented in the lay out as follows:

Chapter 1 Introduction
This chapter gives an account of introduction to the present study through the significance and scope of the study; statement of the problem and objectives; hypothesises and methodology of the study; variables studied, operational definitions and limitations of the study. Lay out of presentation also forms part of this chapter.

Chapter 2 Review of Literature
This chapter reviews the research studies with relevance to the topic carrying international, national and regional dimensions. Select literature from the dimension of NGOs and from the entrepreneurship development are reviewed herewith. Further, the research gap is also established through the review.

Chapter 3 Entrepreneurship Development: A Conceptual Framework
This chapter conceptualises the idea and logical premises of entrepreneurship development with respect to the scope of the study.
Chapter 4 Non Governmental Organisations: A Conceptual Framework

This chapter presents the nature, structure and context of NGOs in the State with special relevance to the scope of the study. The chapter also attempts to draw light on the types, history and characteristics of NGOs within the scope of the study.

Chapter 5 Role and Impact of NGOs in Entrepreneurship Development in Kerala: A Theoretical Analysis

This chapter gives a theoretical analysis of the role and impact of NGOs in entrepreneurship development in Kerala. Apart from the major NGOs under the sample space, the variables under study are also explained with relevance to the scope of the study.

Chapter 6 Role and Impact of NGOs in Entrepreneurship Development in Kerala: An Empirical Verification

This chapter empirically examines the role and impact of non-governmental organisations in entrepreneurship development in Kerala. The major numerical discourse happens in this part of the thesis. Descriptive statistics and inferential statistics are made use of to test the hypotheses and inferences are drawn.
Chapter 7 Findings, Conclusions, Suggestions and Recommendations of the Study

This chapter portray the scope for debate and discussion on the basis of the study. The researcher presents his findings and conclusions of the study along with the suggestions and recommendations based on the study. Further, the chapter also propagates the scope for further research in the field.