Chapter 5
Role and Impact of Non-Governmental Organisations in Entrepreneurship Development: A Theoretical Analysis

"All human beings are born entrepreneurs. Some get a chance to unleash that capacity. Some never got the chance, never knew that he or she has that capacity”

- Muhammad Yunus
5.1 Introduction

As a means of generating jobs and raising incomes, increasing rates of enterprise creation is an almost universal concern among local authorities. Along with efforts to attract investment, stimulating entrepreneurship is one of the two pillars of most local and regional development strategies. Nevertheless, few empirical studies have systematically examined the relationship between the creation of new firms and local economic development. This chapter theoretically examines the role and impact of non-governmental organisations in entrepreneurship development in Kerala.

5.2 Entrepreneurship Development in Kerala

Kerala Vision 2030 reviews that Kerala’s economy is essentially a wage economy. Entrepreneurship is restricted to trade, transport and tourism, all of which are low knowledge-intensive sectors. Recently, the government has started playing an active role in promoting entrepreneurial skills and infrastructure for encouraging start-ups. However, in a traditional economy that is stuck in low productivity vicious circles, the government will need to address structural bottlenecks to change the attitude, values and perceptions of the people of Kerala, so as to promote entrepreneurship among them.

The Indian economy, which has over the last six decades passed through various phases of growth, is now all set to enter an altogether different
orbit: one marked by a high rate of expansion, combined with inclusiveness. Inclusive development is an integrated process, which includes social, economic, political and spiritual development of the poorer section of the society. Micro Small and Medium Enterprises are suited for the demography of Kerala which would in turn create a widespread of income generating opportunities and employment. No wonder why the development initiatives at the State level and National level are stitched to this aspect in particular.

The policy measures which raise equity also endorse economic growth. In other words, there is no trade-off between equity and growth. This further assimilates to the political argument that no government in a democracy can afford to ignore large sections of workers and non-working population. It is progressively more clear that the route of development in India must become more socially and economically inclusive. This is important for reducing exclusion, social tensions, inequality and improve overall economic development. Therefore, focused government interventions, enlightened civil society including non-governmental organisations are important for the success of macro pro-policies, sectoral interventions, targeted poverty alleviation programmes and to go beyond Millennium Development Goals.
5.3 NGO Models Present in Kerala

As far as the present study is concerned, the following models of NGOs are found to be in existence for a considerable period of time that serves the purpose of entrepreneurship development through their initiatives amidst more than 3.3 lakhs of its genre.

- GONGO model of NGO
- Community Based NGOs
- Cooperative Societies including Primary Cooperatives
- Other Civil Society Organisations and Charitable Trusts

5.3.1 GONGO Model

GONGOs are more or less initiated by the government or State itself to work apart as a part of the development efforts. Policy initiatives, schemes and related funding are generally channelized through these GONGOs primarily at the State level. There are mainly two major GONGOs at present. They are discussed under.

5.3.1.1 Kudumbashree Poverty Eradication Mission

Kudumbashree was launched on 17th May 1998 as a community network that would work in tandem with local self-governments for poverty eradication and women empowerment. Kudumbashree was conceived as a joint programme of the Government of Kerala and NABARD implemented
through Community Development Societies (CDSs) of Poor Women, serving as the community wing of Local Governments. Kudumbashree is formally registered as the "State Poverty Eradication Mission" (SPEM), a society registered under the Travancore Kochi Literary, Scientific and Charitable Societies Act 1955. It has a governing body chaired by the State Minister of LSG.

Vision statement of Kudumbashree goes as “Kudumbashree strives to develop the model of a micro finance led financial security process into a more comprehensive model of local economic development under the aegis of local governments. This would hopefully sustain the transformation of the local governance agenda from welfare to entitlement.”

Mission statement of Kudumbashree is "To eradicate absolute poverty in ten years through concerted community action under the leadership of local governments, by facilitating organization of the poor for combining self-help with demand-led convergence of available services and resources to tackle the multiple dimensions and manifestations of poverty, holistically."

By the year 2000, community organisations of Kudumbashree had been established in the 250 best gramapanchayats of the State. By 2004, the Kudumbashree Community Organisation network had been established in all LSGs. The need was felt to rejuvenate the Mission and the Network, to
enable them to respond to the changes in the environment more effectively and prepare them to consolidate the gains made. Further, Kudumbashree community organisation network is actively involved in the execution of MNREGS. The CDS takes the lead in mobilizing workers for registration and ensures timely issue of job cards. The CDS is also involved actively in work identification and labour budgeting. The ADS plays a crucial role in the execution of works. It is responsible for organisation of work and a member of the ADS appointed by the Executive Committee functions as the Mate in the work site. The ADS also ensures work site facilities such as crèche and first aid care. Maintenance of record of works and supply of work implements on rent are also done by the ADS. The Kudumbashree structure provides the basis for conduct of Social Audit of NREGS, which has evolved predominantly as a community audit of the programme.

According to the official reports, the Kudumbashree Community Organization network is present in all the 978 Gram Panchayats, 60 Municipalities and 5 Corporations in Kerala.

The grass-root reach and community involvement has triggered tremendous growth in the level of activity of Kudumbashree. Numerous awards and recognitions acknowledge the reach and repute of this model of GONGO throughout its existence as portrayed in exhibit 5.1.
Exhibit 5.1
Awards and Recognition for Kudumbashree

The official reports of Kudumbashree also affirm that 40.72 lakh poor families brought under the community based organisations (CBOs) consisting of 2.5 lakh Neighbourhood Groups (NHG), 19,773 Area Development Societies (ADSs) and 1,072 Community Development Societies (CDSs) - rural urban. 25050 individual enterprises and 1757 group (with minimum 5-10 members) enterprises of women developed in urban areas. 3516 individual enterprises and 10620 group (with minimum 5-10
members) enterprises of poor women formed in rural areas. According to the reports, Micro Enterprises and Marketing efforts of Kudumbashree ventures generated a gross collection of over 37 crores of rupees in the State.

5.3.1.2 Janasree Sustainable Development Mission

Janasree Sustainable Development Mission has been functioning in the state of Kerala since 2006 with the noble objective of achieving sustainable overall development through social mobilization and critical intervention in livelihood of the poor households for their economic empowerment. Janasree Sustainable Development mission is a well-structured organisation with its headquarters at the state level with tires at District, Block, Mandalam extending up to the grass roots at ward level.

Vision statement of Janasree is “Impacting social and Economic wellbeing through inclusive and sustainable initiatives.”

Mission statement is “Facilitate synergy in public, private and grass root level efforts for sustainable development.”

JSDM intends to uphold the Gandhian principles of self-sustainable development of the poor and down trodden through their empowerment and group mobilization/play of inter-dependency dynamics. The primary objectives of the Mission are:
• to find and develop avenues of voluntary service for the citizens of India;
• to promote National sufficiency and to build up the economic strength of the country;
• to tap the unused time, energy and other resources of the people and direct them into various fields of social and economic activity

A key activity focused by JSDM is formation and strengthening of Janasree Sanghams (SHGs). There are 60190 sanghams spread across the state with a membership strength of 1078000. Sanghams have been formed in all the Panchayats in Kerala and a 6 tier mechanism for monitoring and guidance of the Sanghams has been developed. Supervisory and monitoring systems are placed at Sangham, ward, Panchayat, Block, District and State levels so as to ensure standardization of activities as well as to check deviation from common guidelines issued.

5.3.2 Community Based NGOs

Caste and community orientation through organisational representation is still present in the State as well as country. Well organised institutions represent almost all communities present in the demography of Kerala. Community based organisations in Kerala like Nair Service Society (NSS), Sree Narayana Dharma Paripalana Yogam (SNDPY), Kerala Pulaya Maha
Sabha (KPMS), etc are following the success stories of SHGs through similar groups organised under their social initiatives. SHGs under such organisations added glamour to the Micro Finance model. Two major models came across the study are briefed under.

5.3.2.1 Sree Narayana Dharma Paripalana Yogam and SHGs

The SN Trust was started in 1903 in the name of Sree Narayana Guru. Its main objective was to reform the society from racial discrimination and social injustice. From there the trust has now reached to each and every fields of the society. It has gained success in its every step. It is now grown to an organization having political, educational and economic activities.

Micro finance is a new venture brought by the SNDP in recent history which was introduced to improve the living conditions of backward community. It also aims at the social and financial uplift of the society, helping them to lead a stable life. The venture has already given a lot of expectations to the people. The project mainly focuses on economic, educational, health, industry and agriculture sectors.

5.3.2.2 Nair Service Society and SHGs

The Nair Service Society (NSS) is an organization created for the upliftment and welfare of the Nair community. It is headquartered at Perunna in the town of Changanassery in Kottayam District, Kerala State,
India. It was established under the leadership of Sri. Mannathu Padmanabhan. The NSS is a three tier organisation with Karayogams at the base level, Taluk Unions at the intermediate level and the Headquarters at the apex level without mutual rights, claims to assets and Liabilities.

The formation of the Dhanasree Self Help Groups and mobilisation as well as distribution of sufficient funds for their smooth functioning is our new endeavour. The promoters hope that this venture will lead our Community towards self-reliance turns fruitful. Further, this effort will also be helpful to draw the interest of the members and improve their willingness to work in small scale to large scale collective efforts. This in turn would result in better income generation for the beneficiaries.

5.3.3 Primary Cooperatives as NGOs

From the idea of credit unions, Cooperative movement came into being. Development of Cooperative has been envisaged as a momentous strategy to build up strength in the people. With limited resources, the co-operative movement aims at saving the rural poor, small farmers, marginal farmers, agricultural labourers and small artisans from exploitation by moneylenders. Today, India has a wide network of primary agricultural credit societies at village level. At district and state level, co-operative federations have also been set up in almost all states. Out of these, few
primary cooperatives have also created successful models of SHGs under their surveillance. Two major sample sets studied are discussed below.

5.3.3.1 Palliyakal Service Cooperative Bank Ltd

Palliyakkal Service Co-operative Bank Ltd. No.2232 was registered as a cooperative society under the Travancore co-operative society Act, 1914, on 1.7.1118(ME). The society started its operation on 30th May 1986, the society was registered as Palliyakkal Service Cooperative Bank Ltd., under the Kerala State Cooperative Societies Act, 1969.

In the ancient days the bank was in an under developed stage and during 1995-96 the bank was facing the problem of liquidation. In 1999, Rs. 35 lakhs was the loss shown by the balance sheet of the Bank. The Self Help Groups were promoted by the bank as a tool of increasing business and member participation from 1999 onwards. And now at the completion of 70 years, the bank is developed in the field of share capital, membership, deposits & loans, working capital etc., particularly on the increased participation and business generation through SHGs. The bank has received many awards for its outstanding performance and for the good working of its agriculture SHGs from the circle cooperative union, FACT Employees union etc. Palliyakkal Service Cooperative Bank Ltd No. 2232 is one of the 5 Model Service Cooperatives identified by Government of Kerala in 2010.
The Palliyakkal Service Cooperative Bank Ltd. is a cooperative financial institution doing business as per the Kerala cooperative societies Act, 1969. A part from its traditional banking business, from December 1999 onwards the bank has focusing attention to promote and assist various types of agricultural and allied activities namely.

- Organic farming of paddy (Pokkali), procurement, processing, and marketing;
- Vegetable cultivation, procurement and marketing;
- Jasmine flower cultivation, procurement and marketing;
- Milk production, procurement and marketing;
- Egg production, procurement and marketing;
- Fish cultivation and marketing;
- Herbal plant cultivation, procurement, processing, and marketing.

In order to achieve the desired result all such activities are under the cooperative Self Help Groups promoted by and affiliated to PSCB. This primary cooperative in fact has motivated many other primary cooperatives in the State to organise SHGs and diversify them onto a much deeper development paradigm.

5.3.3.2 Elamkunnappuzha SC/ST Cooperative Bank Ltd

Elamkunnappuzha SC/ST Cooperative Bank Ltd was formed for the development and welfare of its members from Scheduled Castes and
Scheduled Tribes. Motivated by the model of Palliyakkal Cooperative Bank, Elamkunnapuzha SC/ST Cooperative Bank Ltd also started their routes in, reaching the grassroots of society through forming SHGs. As on 2012, 34 SHGs were formed in different wards of Elamkunnapuzha Panchayath with around 370 members. The major business dimensions reached by SHGs under this society include:

- Organic farming of paddy (*Pokkali*), procurement, processing, and marketing;
- Vegetable cultivation, procurement and marketing;
- Fish cultivation and marketing;
- Herbal plant cultivation, procurement, processing, and marketing; and
- Hardware and Tools Renting Shops

Harmony in the social class also adds to the flavour of cooperation in this model of development efforts. The membership was open to all members of the primary cooperative. The officials have shown interest in planning for an open access to the SHG membership irrespective of the membership status.

### 5.3.4 Civil Society Organisations and Charitable Trusts as NGOs

Many Civil Society Organisations [CSOs] and Charitable Trusts have also adopted the SHG model of collective activity. Amongst these, AmritaSREE
(Amrita Self Reliance Education and Employment) programme was found worth of study by the researcher and the major aspects with respect to the selected model are discussed under.

5.3.4.1 AmritaSelfReliance Education and Employment [AmritaSREE] from Mata Amritanandamayi Math [MAM]

In the aftermath of the 2004 Asian Tsunami, India’s coastal communities found that the aquatic creatures —upon which they relied so heavily for sustenance—had been entirely disrupted. As with so many of their needs, hopes and sorrows, they brought this crisis to Mata Amritanandamayi Math (MAM). It was then that Mata Amritanandamayi, who recognized an urgent need for an alternate livelihood for every family in the tsunami-affected areas, launched the Ashram’s first community-based self-help programmes. It was her firm resolves that at least one member in each family engage in a profession that was not reliant upon increasingly unpredictable weather patterns. To that end, Mata Amritanandamayi Math (MAM) facilitated training in the vocations like Tailoring, Nursing, Driving, Education, Handicrafts, Electronic Repair, etc.

Amrita Self Reliance Education and Employment (SREE) SHGs help unemployed and economically vulnerable women become self-reliant through the development of their technical and vocational skills. The objective: every SHG participant will be adequately prepared to engage in
an income-generating activity or start their own business individually or with members from within their SHG. Since the inaugural announcement less than one year ago, 3,000 Amrita SHGs have already formed, surpassing the original target of 2,000 groups within the first year. The ultimate goal is to establish 30,000 SHGs comprising at least 10 women each. While Amrita SHGs operate autonomously, they are nurtured by the MAM as they transition from an SHG to an Activity Group. Currently active in the states of Kerala, Tamil Nadu, and Maharashtra Amrita SHGs will spread throughout India with the help of centrally located MAM branches and the grassroots support of well-wishers.

Once vocational training is complete, the SHG transitions into a more autonomous, income generating Activity Group. MAM works in collaboration with the Activity Group to locate a Common Facility Center (CFC), where the group will carry out their income generating activity. While MAM helps provide raw materials, Activity Groups take a majority of the initiative to jump-start and sustain their respective ventures. Accordingly, the Activity Group receives total profits from products sold. MAM receives no compensation or financial return at any time for its work with either SHGs or Activity Groups.

Bank linkage for beneficiaries is arranged through negotiations with City Union Bank and other major banks for entrepreneurial ventures. A team of
members are dedicated to the close monitoring and support for the beneficiaries. A secular nature is attempted to be followed in supporting the beneficiaries under the scheme where people from all communities and regions take benefit from the scheme.

5.4 Role of NGOs in Entrepreneurship Development

Non-Governmental Organisations for the purpose of this study means and include any organisation apart from government need not necessarily be a voluntary organisation. Non-Governmental Organization (NGOs), being in social developmental objective, have been playing important roles as facilitator or intermediary in microfinance movement in India. NGO-MFIs have been playing significant roles in supporting and nurturing SHGs by not only extending credit or other financial services to SHGs but also in many ways. Such NGOs do perform a commendable role in the development efforts in different capacities.

Cousins William (1991) had identified six important roles played by NGOs in the development agenda viz., development and operation of infrastructure; supporting innovation and pilot projects; facilitating communication; technical assistant and training; research monitoring and evaluation; and advocacy for the poor.

Advancia International Seminar on NGO and Entrepreneurship (2008) observed that entrepreneurs are actors that combine innovation with rapid
growth and risk taking. A social entrepreneur brings innovative solutions to persistent social problems. Social entrepreneurship articulates the fuelling of a sustainable entrepreneurial spirit and the search for solutions (in the products, the processes, the positioning and the paradigms of the organization) to establish a balance between economic profits and the respect for social, environmental, cultural, and spiritual ecosystems. As social entrepreneurs, NGOs can contribute to more equitable and rights-based approaches to globalization by developing models that balance profit and non-profit objectives. NGOs can advance respect for human rights and corporate social responsibility by engaging large corporations as well as small and medium enterprises in entrepreneurial initiatives that benefit social and humanitarian causes. Entrepreneurship has different implications for NGOs depending on the size and scope of the organization. The seminar generally approved that Entrepreneurship can become a shared value for both NGOs and for Private Sector. The international seminar further established that there existed few limitations for NGOs in their pursuits. A major limitation put forth was that when NGOs become large and established organizations there is less ability to take on entrepreneurial projects. Further, both the private sector and NGOs experience a tension between control and creativity. Regarding the standardization of the managerial processes of NGOs, transparency and accountability, as
organizations, NGOs present striking differences when compared with for-profit organizations. In addition to these, NGOs need specific types of management that are adapted to the social, cultural, ethical dimensions of their work, and that take into account the international and local operational needs.

Keeping in view the objectives and framework of the present study, the following are the roles attributable to NGOs in relation to entrepreneurship development:

- **Catalyst**: Catalysts are substances that increase the rate of chemical reaction of reactants in an experiment. As a catalyst, NGOs provide space and support for business idea buds to bloom. NGOs accelerate the process of business idea generation and incubation.

- **Innovator**: Innovators push the boundaries of the known world to the unknown. Here as an innovator NGOs aims to find new ways to inculcate sustainable development.

- **Organiser**: NGOs have emerged as the major Self Help Promoting Institutions (SHPIs) mainly because of NABARD initiatives in 2000-01. Organising the factors of production is vital for the effective utilisation of resources. In the same line, sorting out the scattered beneficiaries into homogeneous groups with shared goal and assisting them to survive is a major role played by NGOs.
**Educator:** Creating awareness among the beneficiaries regarding the different schemes available at their disposal and refining them to a spirit of tapping opportunities falls into the role of NGOs as educators. Education on the effective utilisation of available resources in income generating activities also serves as a development agenda.

**Mentor:** Mentoring is an overall skill development of the mentee based on the training needs and objectives of the latter. Non-governmental organisations do act as mentors to beneficiaries in assessing their potentials and interests, thereby aiming at catering to the same.

**Information Disseminator:** As part of the role of the information disseminator, NGOs attempts to reach the mass at the bottom of the pyramid through information content routed through all possible media.

**Resource Mobiliser/Handler:** To support barefoot entrepreneurs, NGOs often act as resource mobilise/handler. This seems to be promising where the individual beneficiaries are not having direct access to the resources.

**Promoter of Leadership:** Through capacity building and skill development, NGOs promote the leadership qualities of the
beneficiaries. This often results in the emergence of leaders from among the beneficiaries who are capable of taking up responsibilities ahead.

- **Representative of the Beneficiaries:** NGOs at once represent the beneficiaries to the authorities and donor agencies in the matters of concern. It also provides a collective platform for discussions, debates and action.

- **Technology Adopter:** NGOs with their very access to the recent development in technology assist the beneficiaries to adopt and adapt to the changes in the technological environment. New methods, equipment and knowhow are taught to the beneficiaries in this regard.

- **Facilitator:** NGOs themselves seldom acts as entrepreneurs. They act as facilitators to enrich and encourage the barefoot entrepreneurs.

Over the years, NGOs are changing their roles from social intermediary to financial intermediary by directly extending various financial services including credit, insurance, and savings to group members. Appreciation of efforts and support from officials has created a favourable environment for economic empowerment and entrepreneurship development.
5.5 Impact of NGOs in Entrepreneurship Development

While the role of NGOs in entrepreneurship development assessed what they do, the impact needs to assess what they have done. National Knowledge Commission (2008) states that a successful entrepreneurship ecosystem is the function of a number of factors working in tandem. Key ‘Entrepreneurial Triggers’ are: Individual Motivations, Socio-cultural Factors, Access to Early-Stage Finance Education and Business Environment. There is a need to decipher perceptions of risk and failure by assisting dissemination of best practices as well as documentation of unsuccessful ideas in the entrepreneurial space. Recognition and rewards right from the local up to the national level will invigorate and encourage new entrepreneurs. Encompassing entrepreneurial networks and associations will also help in giving visibility and encouragement to Entrepreneurship. Enhancing Entrepreneurship involves the community, family, academia, financial players, government, industry, and potential entrepreneurs themselves. Promoting Entrepreneurship means encouraging people to be self-reliant in taking economic decisions and creating wealth and employment. The impact of non-governmental organisations in entrepreneurship development is reflected in the following dimensions:

- **Developing an Entrepreneurial Culture**: NGOs through their mentoring and awareness creation have been successful in
developing an entrepreneurial culture among the beneficiaries. People are made conscious of the importance of income generating activities in micro small and medium level.

- **Improved Standard of Living**: Standard of living refers to the level of wealth, comfort, material goods and necessities available to a certain socioeconomic class in a certain geographic area. Improvement in standard of living of beneficiaries could be a meaningful indicator of the economic impact of development initiatives.

- **Savings/Assets Creation**: Beneficiaries of the NGOs shall appreciate a positive growth in their savings and household assets as a result of the development efforts. With the help of the income generating activities or ventures, they perceive a minimum level of improvement in their savings and/or asset holdings.

- **Recognition in the Society**: Recognition in the society as a venturer seems to be an important qualitative impact that adds to the morale and motivation of the beneficiaries to be part of the development initiatives. Improved morale would in turn lead to high achievement orientation.

- **Capacity to Deal with Official Formalities**: Barefoot entrepreneurs often step back upon the requirements to comply with ‘n’ number
formalities. When routed through the NGO-SHG window, they are better moulded with confidence to approach the authorities for their requirements. Awareness building of the official requirements often acts as a strong morale builder in this aspect.

Skill Development: Training is made part of the catalyst approach to entrepreneurship development to develop the technical and soft skills of beneficiaries in managing the venture is yet another qualitative impact of NGOs through their initiatives. This in fact is a measure of the effectiveness of training support provided by the NGOs.

Capacity to Undertake Responsibilities: Though linked purely with entrepreneurship development, efforts of NGOs in this line also contribute to build the beneficiaries’ capacity to undertake responsibilities. Backed by the skills earned from the intervention, the beneficiaries act positively towards taking up responsibilities that arise in future.

Widening of Peer Group: Participation in the SHG and related activities initiated by the NGOs results in widened peer group for the beneficiaries. This in turn expands their contact base for group efforts, communication and co-existence.
Effective Utilisation of Man Hours: Unemployment by chance or choice results in idle man hours. Development initiatives of NGOs attempt to facilitate an effective utilisation of man hours in income generating activities.

Improved Earnings: Earnings or income is a key variable that determine the prominence of any projects under evaluation. Poverty is a term with which many developing countries are suffering. The financial requirement is one of the basic needs of the poorer section of the society for socio-economic development. The beneficiaries also are expected to have an impact on their earnings by the development initiatives and NGO intervention.

5.6 Concluding Remarks on Theoretical Analysis

From the theoretical analysis, it is clear that NGOs are scripted with different roles to play in the entrepreneurship development arena in the micro small and medium sector. Their roles vary in content and reach with respect to the nature and structure of the NGO model, though there exist common features. The impact of NGOs have made through their training efforts, financing support, marketing support and so forth are highlighted through savings/assets creation, improved earnings, improved standard of living, recognition and the like. The major variables contributing to the role and impact of non-governmental organisations are identified and empirically analysed in the next chapter.
References:


