



# WORKING PAPER

# 66

## NON-GOVERNMENTAL ORGANISATIONS IN INDIA: OPPORTUNITIES AND CHALLENGES

D. Rajasekhar

361.3  
P. AJ-N  
W.P-66  
S.NO. 55)

ISBN 81-7791-022-1

© 2000, Copyright Reserved

The Institute for Social and Economic Change,  
Bangalore

*Institute for Social and Economic Change (ISEC) is engaged in interdisciplinary research in analytical and applied areas of the social sciences, encompassing diverse aspects of development. ISEC works with central, state and local governments as well as international agencies by undertaking systematic studies of resource potential, identifying factors influencing growth and examining measures for reducing poverty. The thrust areas of research include state and local economic policies, issues relating to sociological and demographic transition, environmental issues and fiscal, administrative and political decentralization and governance. It pursues fruitful contacts with other institutions and scholars devoted to social science research through collaborative research programmes, seminars, etc.*

*The Working Paper Series provides an opportunity for ISEC faculty, visiting fellows and PhD scholars to discuss their ideas and research work before publication and to get feedback from their peer group. Papers selected for publication in the series present empirical analyses and generally deal with wider issues of public policy at a sectoral, regional or national level. These working papers undergo review but typically do not present final research results, and constitute works in progress.*

# NON-GOVERNMENTAL ORGANISATIONS (NGOs) IN INDIA: OPPORTUNITIES AND CHALLENGES

D. Rajasekhar\*

## ABSTRACT

*Non-Governmental Organisations, by virtue of being small in size, flexible, innovative and participatory, are widely considered to be more successful in reaching the poor, and in poverty alleviation. This paper, based on the review of existing studies and the author's research experience with a large number of NGOs in India, aims at discussion on definition, types (Section 2), evolution (Section 3), advantages (Section 4) and weaknesses (Section 5) of NGOs. The discussion on evolution of NGOs shows that the perspectives of NGOs widened from charity and welfare to development, and to sustainable development and empowerment. This has been influenced by the policies of donor agencies and the Indian government. After discussing funding sources (Section 6), this paper argues that the NGOs need to play a dynamic role in the context of liberalisation policies, improved credibility and legitimacy for NGOs, etc., (Section 7). Further, this paper goes on to discuss a viable strategy for NGOs (Section 8).*

## 1. Introduction

NGOs became prominent after independence, especially after the 1970s, partly because of the limited success of the earlier development policies of the government. Even after half-a-century of development efforts initiated by the state, the problems of the largest concentration of the poor, hunger, malnutrition, unemployment, gender inequality, illiteracy, etc., continue to plague Indian society. An important contributing factor to this was the absence of involvement of the people for whom the programmes were meant. The need for micro-level institutions to involve the people in formulation, implementation and monitoring of the programmes is, therefore, stressed in several quarters. Development practitioners, government officials and foreign donors consider that NGOs, by virtue of being small-scale, flexible, innovative and participatory, are more successful in reaching the poor and in poverty alleviation.

The term 'NGOs' specifies the organisations undertaking voluntary social action. The term is negative as it seeks to give a meaning that NGOs possess the

---

\* This paper is a revised version prepared for the Society for Service to Voluntary Agencies (SOSVA), Bangalore. The author thanks two anonymous referees, Mr. Jayakumar Anagol and Mr. V. S. Parthasarthy for their comments on an earlier draft, and Ms. M. Shanthi for her help in word processing.

characteristics/features not possessed by the government, and undertake activities otherwise normally not undertaken by the government. Murthy and Rao (1997) note that four characteristics make NGOs as distinct organisations: voluntary formation, working towards development and amelioration of suffering, working with non-self serving aims and relative independence. They note that NGOs are voluntarily formed in the sense that there is no compulsion from government or others which leads to their formation. There is also an element of sacrifice as the staff, especially at leadership levels, work at salaries below what they can draw in the government or the private sector. This, however, may not apply to funding agencies or to professional NGOs where salaries of the staff are relatively higher. Further, with considerable resources flowing in from the government and external donors, many persons are attracted to this sector, and one does not always see voluntarism. Murthy and Rao (1997) note that NGOs are development-oriented in the sense that they are concerned with improving the condition and position of the oppressed/disadvantaged sections of society, as opposed to other goals like entertainment, promotion of religion, etc. Working with non-self serving aims is a characteristic of a particular type of NGOs in India, the number of which is fast declining. Hence, this is contestable. Finally, they are relatively independent from the government in the sense that their policies are determined by their Board of Directors or Trustees. However, the NGOs usually have to work within the parameters of government legislation and policies formulated for NGOs. Relative independence is a contestable characteristic as the NGOs depend on internal donors and government for their existence, and they are more accountable to donors (Rajasekhar, 1998). NGOs can be, therefore, defined as those organisations which facilitate the implementation of development projects for the poor without necessarily seeking profit from such an implementation.

## **2. Types of NGOs and Their Functions**

NGOs can be classified under four broad categories: operational or grassroots NGOs, support NGOs, network NGOs and funding NGOs. The functions are:

### **Operational or Grassroots NGOs**

Grassroots NGOs directly work with the oppressed sections of society. Some NGOs are big, while some are small. The grassroots NGOs could be either local based, working in a single and small project location, or working in multiple project areas in different districts, states and regions, covering a larger population. As the approach and orientation of grassroots NGOs also differ, the following distinctions can be made among them:

Charity and welfare NGOs are involved in charity (giving food, clothing, medicine, alms in cash and kind, etc.), welfare (providing facilities for education, health, drinking water, etc.), relief (responding to natural calamities like floods, drought, earthquakes and man-made calamities like refugee influx, ravages of war, etc.) and rehabilitation (undertaking the work in areas struck by calamities and starting activities durable in nature). A large number of church-based NGOs operating in south and north east India still have the charity and welfare components in their programmes.

Development NGOs may be involved in providing (facilitating the provision) development services such as credit, seeds, fertilisers, technical know-how, etc. Such NGOs concentrate on the development of the socio-economic environment of human beings.

Social action groups focus on mobilising marginalised sections around specific issues which challenge the distribution of power and resources in a society. These NGOs are involved in raising the consciousness of the people, awakening, organising, recording of priorities to suit social justice, redeeming the past and opening doors for opportunities to the oppressed and the exploited. Young India Project (YIP), in Penugonda, AP, has been involved in mobilising the agricultural labourers (through dharnas, protest marches, etc.) since 1981 for the effective implementation of land reforms, the introduction of Employment Guarantee Act and to obtain government programmes (Narendra Bedi 1999).

Empowerment NGOs combine development activities with issue-based struggles. They may be involved in the provision of services such as savings and credit; but, they utilise such activities for social, economic, political and cultural empowerment of the poor. MYRADA utilises credit management groups, and watershed programmes not only to bring development among the oppressed communities but also for social and political empowerment (Fernandez, 1996). Similarly, Grama, located in Chitradurga district of Karnataka, undertakes savings and credit activity as an entry point, but provides education to the people that they are working with, enabling them to obtain resources from the government and to enter into gram panchayats, and mobilising them around issues such as anti-arrack, etc.

The main difference between social action groups and empowerment NGOs is that the former do not normally undertake development activities as they believe in addressing the root causes of poverty. On the other hand, the empowerment NGOs undertake development activities because the people cannot undertake the struggles on 'empty stomachs'. They believe that empowerment of the people is an essential pre-requisite for development. Hence, they strive hard to enable the people to become free from all the exploitative structures.

The approaches followed by the charity, welfare and development NGOs are related to the delivery system. As the activities undertaken by the first two types of NGOs are non-controversial and do not lead to clash of interests in the countryside, the government too extends full support to NGOs working in these areas. However, activities undertaken by the last two types of NGOs, namely, organisation of the people belonging to the disadvantaged groups, bringing in social and political consciousness among them, enabling them to realise and assert their rights, etc., are basically related to the development of the identified communities and the approach to development is political. Hence, their activities are often politicised.

With the increased government funding for anti-poverty programmes through NGOs and the growing legitimacy of NGOs, many government officials and political leaders have joined the fray, often by floating their own NGOs. Grassroots NGOs now undertake a host of activities including environmental projects, dryland development, savings and credit programmes, schemes for income generation, health and education projects, the formation of agricultural labour unions, etc.

### **Support NGOs**

Support NGOs provide services that would strengthen the capacities of grassroots NGOs. Panchayat Raj Institutions, cooperatives and others to function more effectively through training programmes and by bringing out periodicals. Examples of this type of NGOs are SOSVA, SEARCH, etc. Some do not engage in grassroots action while others do have field projects, but grassroots action is not their primary task (Murthy and Rao, 1997).

### **Umbrella or Network NGOs**

Network NGOs [such as FEVORD-K (Federation of Voluntary Organisations in Karnataka)] are formal associations or informal groups of grassroots and/or support NGOs which meet periodically on particular concerns. They act as a forum to share experiences, carry out joint development endeavours as well as engage in lobbying and advocacy. The participation of network NGOs in lobbying and advocacy is, however, a recent phenomenon.

### **Funding NGOs**

The primary activity of these NGOs is funding grassroots NGOs, support NGOs or people's organisations. Most funding NGOs in India generate a major part of their resources from foreign sources, though there is an effort by some to raise funds from within India. The organisations such as CRY, Dorabji Tata Trust, Aga Khan Foundation, in India provide funds to NGOs. Foreign NGOs like NOVIB (Netherlands International Development

Cooperation), ActionAid, Oxfam, etc., with headquarters in the developed western countries, mobilise resources from both the public and government in their respective countries to help grassroots NGOs in their efforts to initiate and implement pro-poor rural development activities. Foreign NGOs do have field/country offices here. Some bilateral agencies such as German Development Corporation (GTZ), DANIDA and, Canadian International Development Agency (CIDA) do provide funding support to NGOs; but, these cannot be called as NGOs.

### **3. A Brief History of NGOs in India**

Historically, individuals and associations helped the poor and destitutes during the crisis. For instance, kitchens were set up by the rich and affluent during famines to provide food to the famished and destitutes. During the pre-independence period, social reformers initiated and sustained movements against certain types of social practices such as 'sati', 'bride-price' and 'widow re-marriages'. The Christian Missionaries did considerable work relating to charity, welfare and provision of services, and also established educational institutions, hospitals, and other charitable institutions for the poor. In their zeal to recruit converts, the Missionaries brought educational and health services to the poor even in remote rural areas. In the early 20th century, the freedom fighters and other socially concerned individuals undertook the task of social reconstruction. Of all these, Mahatma Gandhi's massive 'construction work' programme of rural development, which sent thousands of volunteers to work amongst the rural poor in the areas of education, health and employment, proved to be the most crucial. It played a major role to influence the direction of the voluntary sector in later years, and shifted the focus of voluntarism from issue-based action to political content aimed at nation-building.

After independence, a change in the perception on development and also the role of NGOs in rural development took place. In 1950s and 1960s, it was assumed that the economic growth through state investment was the answer to poverty. This was to be accompanied by welfare programmes for the groups of poor, the poorest and women, which were thought to be incapable of participating in programmes aimed at economic growth. The Ministries of Agriculture and Rural Development initiated community development efforts in rural areas to enable the people to participate in economic growth programmes. On the other hand, the responsibility of the welfare programmes was vested with Social Welfare Ministries of the State governments. NGOs were approached by national governments and aid agencies to assist in the implementation of these community Development and Welfare programmes, especially in rural areas. Many of the NGOs active in the independence movement were involved in the implementation of Community Development

Programmes. Christian aid agencies supported the work of Missionaries involved in welfare activities with a focus on health and education, especially in South India and the tribal areas of central and eastern India.

During the 1960s, it was found that economic growth, combined with welfare activities at the micro-level, were not adequate to alleviate poverty. Hence, the Indian government initiated Small and Marginal Farmer Development Programmes with a view to alleviate poverty. Indian NGOs were called upon by the government to 'enlist support of the local population for these programmes and help out in their implementation'. This was in addition to their involvement in welfare programmes and vocational training (Murthy and Rao 1997).

During this period, alternative perspectives on development and the role of NGOs were also emerging. A large number of people with liberal and radical ideology were attracted to the Marxist analysis on the fundamental causes of poverty and exploitation, which were understood to be the class nature of society with the rich exploiting the poor. They, therefore, rejected the development models followed by the government on the grounds that they mainly addressed the symptoms rather than the root causes of poverty. Therefore, a large number of young people and a section of intelligentsia with a Marxist perspective sought to organise the poor and exploited in rural areas (Bhat, 1999).

The period of the late 1960s and early 1970s also witnessed the rise of the Naxalite movement in various parts of India. The movement criticised the way in which the government implemented the land reform programme. The Lohiaites and Gandhians came together under Jayaprakash Narayan and launched a total revolution movement. Emergency was clamped all over the country. These developments paved the way for the emergence of NGOs working around issue-based struggles (often referred to as social action groups) in different parts of the country (Stephen, 1990). These social action groups focused upon issues such as price rise, emergency rule, corruption, deficiencies in the implementation of land reforms and inability to enforce minimum wages.

By the mid 1970s, the impact of Marxism was felt on the Church. With the advent of liberation theology, there was a split in the Church-based institutions. Further, the Janata Party's rise to power in 1977 raised hopes among the poor as well as the social action groups. This hope was soon belied. As a result, the social action groups lost faith in the ability of the formal political processes to bring about transformation in the society. In the early 1980s, it was felt there is a need for people's participation, conscientisation and empowerment in poverty alleviation, as well as the need to take note of the diversity among the poor on the basis of class, caste, gender and ethnicity



(PRIA 1991). Thus, the post-emergency period witnessed the people coming out of the Church, and also the Left, Gandhian and Lohiate movements getting converged as far as the development at the grassroots level was concerned. They focused on awareness and conscientisation with the objective of mobilising the poor to influence the social, economic and political structure. Although many social action groups did not want to carry on the mobilisational work with the external (foreign) support, development and charity NGOs were availing external funds.

The need to improve the life situation of the poor made the activists from different backgrounds to talk of development by the mid-1980s. The fragmented and compartmentalised development models which still had charity and welfare components were replaced by integrated development models. The gender justice, environmental concerns and human rights were understood as part and parcel of structural aspects of the society which together with class, caste and ethnicity were responsible for the exploitation of the marginalised sections within the society. The priorities and agenda of donor agencies also influenced the development perspective and programmes at the grassroots level (Bhat, 1999; Rajasekhar, 1998).

These trends contributed to the emergence of two distinct types of grassroots NGOs. Development NGOs sought to work around concrete sectoral activities relevant to different poverty groups in the countryside (agriculture, watershed, environment, off-farm and non-farm income generation activities, health, literacy, etc.). Although the charity and welfare NGOs were undertaking these activities, the crucial difference was that development NGOs sought to adopt participatory and innovative approaches. The other type of NGOs that came into existence was empowerment NGOs which formed organisations for different poverty groups in the countryside and strengthened their efforts to address the root causes of poverty such as class, caste system, lack of access to the markets and so on. The main difference between social action groups and empowerment NGOs was that the latter were not transient, did not focus on a single issue, and were not averse to accepting foreign funding. Thus, by the late 1980s there were four different grassroots NGOs which often co-existed in the same locality: welfare NGOs, development NGOs, empowerment NGOs and social action groups. While the first two types of the groups often entered into collaboration with the government (Sen, 1999), the last two often confronted state policies, legislations and practices. Support and network NGOs also emerged during the late 1980s to lend capacity enhancement support to grassroots NGOs and create a platform for NGOs to meet, share experiences and carry out coordinated action (Murthy and Rao, 1997).

The development NGOs were called upon by international aid agencies and the Indian government to supplement the government's micro-level poverty alleviation and basic needs programme in spheres where development NGOs were perceived to have comparative advantages. For the first time, the Planning Commission included a separate sub-section on 'Involvement of Voluntary Agencies' in the seventh Five Year Plan document (1985–1990) under the chapter on Rural Development and Poverty Alleviation Programmes. Plan expenditure of Rs 100–150 crores was earmarked towards the collaboration between the government and NGOs. To channel these resources for NGOs involved in poverty alleviation and rural development programmes, the Council for Advancement of People's Action and Rural Technology (CAPART) was established in 1986. This agency was also entrusted with the responsibility of providing support to the NGOs.

By 1990s, NGOs have become popular with government and aid agencies in response to certain developments in economic and political thinking (Edwards and Hulme, 1995 and 1996). The development policy of the World Bank, bilateral and multi-lateral agencies, and aid transfers from them, have come to be dominated by what is referred to as 'New Policy Agenda', which gives a prominent role to the NGOs in poverty alleviation and the development of civil society (Robinson, 1993). The agenda has two elements: economic and political.

The economic agenda, followed in India since 1991, sees the markets and private sector as efficient to produce the goods, services and achieve rapid economic growth. Liberalisation, globalisation and privatisation of the economy are the key elements of this agenda. Economic growth is considered as a key strategy for poverty alleviation. However, the strategy proposed to achieve economic growth is different from the one promoted in the 1970s. It is market-led rather than state-led, export-oriented rather than import-substitution oriented, labour intensive rather than capital intensive, and women inclusive rather than women exclusive. The aid agencies prescribed that the Indian government should gradually reduce its role in service provision and development, and leave this task to the NGOs as these are seen as cost-effective and efficient service providers.

#### **4. Advantages of NGOs**

It is widely recognised that NGOs, in general, have several potential advantages. But, as the following discussion reveals, the potential is more in certain types of NGOs:

##### **More actor-oriented**

NGOs, especially empowerment NGOs, tends to take up need-based activities. Through studies relating to situation and needs of the people, they

seek to find out answers to the following questions: Who are the poor? Why are they poor? What is to be done to alleviate poverty? The rigour with which these studies are carried out may vary; but, a starting point in the case of most of these NGOs is to articulate and address the problems of the poor and the marginalised communities such as women, dalits and adivasis in their project area. One might argue that with NGOs being more accountable to donor agencies, would NGO development projects really be actor-oriented. While not ruling out pre-conceived agenda in the development projects, one can state that the emerging tendency is to become more actor-oriented among empowerment and development NGOs.

### **Flexible in methods and practices**

Empowerment NGOs and social action groups exhibit a high degree of flexibility in their functioning, methods and practices because they tend to be local and small. The geographical area of the NGOs tends to be small. A survey of 16 NGOs in Karnataka revealed that the number of villages covered by seven NGOs ranged between 30 and 50, and the number covered by four ranged between 50 to 100 villages. Most of the NGOs worked in one or two taluks in a district (Rajasekhar, 1998). The available studies also suggest that this is a widespread phenomenon (Farrington, et al, 1993; Rajasekhar, 2000). Such a small geographical area enables the NGOs to be flexible in methods and practices of formulation, implementation and monitoring of the programmes. Further, style of working can easily be changed to suit the needs and aspirations of the community with which they are working, and changing rural conditions. Being small (in terms of staff), NGOs face less problems of lack of coordination convergence that restrict the government departments. NGOs can respond swiftly and efficiently to local demands. Being locally based, they are aware of the local environment and are responsive to it.

### **Adopt innovative and participatory approaches**

The programmes of development and empowerment NGOs tend to be innovative and emphasise on participatory approaches. The innovative credit programme of the Grameen Bank in Bangladesh is implemented by all the countries including the developed West (notably, USA and Canada). This programme is replicated on a large scale across the globe. Similarly, the Credit Management Programme of MYRADA influenced many NGOs to start similar programmes in their project areas. This programme also influenced the NABARD to introduce Bank-SHG (Self Help Group) linkage programme on a pilot basis, and now all over the country. NGOs (such as MYRADA, Centre for Appropriate Technology (CAT), Nagercoil, Tamil Nadu) also developed innovative approaches in relation to watershed, appropriate technology and

dryland development. For instance, CAT has prepared a boat which used much less energy than the conventional boats. Similarly, bio-gas was prepared by using the stems of bananas in the project area of RASTA in the Waynad district of Kerala.

NGOs are constantly designing innovative participatory approaches to elicit and enable the people to participate in the programmes. The initial ideas relating to methods like Participatory Rural Appraisal (PRA), Participatory Learning and Action (PLA) were obtained by researchers (notably from Robert Chambers) from the project areas of NGOs. After some development of these ideas, the NGOs again successfully adopted them and contributed to their further development. Because of these techniques and other people-centered practices, communities actively participate in the programmes and this contributed to the development activities being relevant to the people's needs and aspirations. The participation of the people also contributed to the reduction in costs.

### **Relative independence**

With autonomous governing boards, the development programmes of empowerment and development NGOs enjoy relative independence. Under the government programmes, the benefits meant for the poor are largely appropriated by the non-poor because of the control of local power structures. Since the people tend to participate in NGO programmes, the methods and practices in formulation and implementation of NGO development programmes, the selection of the community and provision of services are relatively independent of the local power structures. The evidence on the autonomy of NGO programmes *vis-a-vis* external donors is, however, mixed (Rajasekhar, 1998).

### **Effective in development work**

The NGO development programmes are relatively more successful to reach the poor and in poverty alleviation. Between 80 to 100 per cent of the beneficiaries are poor as compared to only 60 to 70 per cent in the government programmes (Murthy and Rao, 1997). The development and empowerment NGOs have succeeded in: (i) breaking the isolation of the poor; (ii) enhancing the productivity of assets and labour; (iii) improving marketing opportunities for the produce such as milk, handicrafts, etc; and (iv) enhancing access to food, health, education and drinking water. But, in the case of some of the development NGOs, the benefits reach only those poor with some initial endowment base. The NGOs are, however, not very successful to enable the poorest among the poor with very little endowment base to begin with, to expand the means to overcome poverty (Murthy and Rao, 1997).

## **Comparative advantages**

Unlike the government agencies, the NGOs tend to be highly motivated and are prepared to accept hardship as a challenge rather than as a punishment. A comparative study between programmes for small farmers initiated by the government through IRDP and NGO in Mangalore district in Karnataka found better results in the NGO programme through the proper problem identification, designing of suitable and sustainable packages, proper appraisal and implementation of the project, meticulous follow-up, continuous training of the beneficiaries, relentless coordination work at all levels (Kothai, 1994). Another comparative study on self-employment programmes for rural youth initiated by the government departments, NGOs, private organisations, and Grassroots Organisations (GROs) in four districts in Karnataka reaches a similar conclusion that the NGOs, with commitment, dedication, missionary zeal, flexibility, etc., were more successful to implement this programme than the other organisations (Sangitha, 1990).

## **Advocacy and lobbying**

NGOs, especially those which are interested in micro-macro linkages, play an important role to influence the state policies by advocacy and lobbying through their networks. It is now recognised that a part of the requirement of a successful democracy is a strong civil society, which can counterbalance the interests and actions of the state where it is necessary. Civil society is the arena in which the interests of different groups within the social formation can be presented through a wide variety of means and actions. NGOs are important organisations within civil society adding to its ability to influence and strengthen the process of development. NGOs are, therefore, important not just for the fact that they can 'do' development better, but also because they can influence the perception, including that of the state, of what constitutes better development (Webster, 1995). NGOs are playing a significant role to influence the policies of the state at various levels, and counterbalance the interests and actions of the state (Rajasekhar, 1998; Joshi, et.al, 1997). FEVORD-K can be cited as an organisation which has achieved significant results to check the blind 'eucalyptisation' of all available land.

## **5. Weaknesses of NGO Movement**

NGOs and their development programmes face the following weaknesses.

### **Spatial limitation**

An important problem of the NGOs of all types is spatial limitation—that is NGO development projects remain little more than dots on a map. The

territorial space under the NGO is defined by a number of factors; these include the obvious such as the amount of finance available, the physical characteristics of the project, the organisational size and structure of the NGO. Another important factor is that the poor located beyond the project area of NGOs are not provided with any development assistance. In addition, there is the spatial dimension determined by the definition of the target group. Not all poor or marginalised groups will be covered within the territorial location (Webster, 1995).

### **Lack of good governance and transparency**

NGOs need to have good governance. However, in the absence of constant pressure from below, NGOs can assume the paternalistic role and a shift in priorities. As the NGO expands the area and scope of activities, the leaders begin to dominate the NGO. The NGOs become semi-bureaucratic and hierarchical where initiative and decision-making gets confined to the leaders. This will have an adverse impact not only on flexible functioning but also on the development of new leadership. Often, the views and concerns of young staff members in the organisation are overlooked, or even suppressed. The young staff members either leave the organisation and/or remain as non-entities. In a majority of the NGOs there is no transparency budgets in proposal, sanction and utilisation.

### **Patchwork-quilt phenomenon**

The phenomenon of 'patchwork-quilt' has implications on the provision of services to all the needy in all the regions. The large, influential and well-funded NGOs do not concentrate resources in regions and sectors that are most important for national development (Robinson, 1993). If there is a concentration of NGOs in the already developed regions, the poor in the backward regions may be bypassed as far as service provision is concerned in the context of a weak central overseeing. This is already happening in India. Although the economic and human development indicators are better in south India compared to central Indian states of Bihar, Madhya Pradesh, parts of Uttar Pradesh and western state of Rajasthan, the concentration of NGOs is more in the former compared to the latter. This is borne out by the fact that out of 12,136 organisations receiving foreign funding and reporting to the Home Ministry in 1996-97, there were 5,721 organisations in South India, while the number was only 1,779 in the BIMARU region (Kumar, 1999:16).

### **Inability to reach the poorest**

Are NGO programmes more successful in reaching the poorest? A study of nine NGO savings and credit programmes spread across the country

suggests that the ability of these programmes to provide credit to the poorest was limited. The emphasis on savings linked to credit, collateral requirements and short-run credit prevented the poorest to access credit, and enabled many of those poor with ownership to some productive assets, to access more credit. A majority of the landless could not borrow because loans were given for the land-based activities of crop production, and off-farm activities and that they were discriminated by the group's management committees (Rajasekhar, 1996 and 2000).

### **Antagonistic attitude towards the State**

Development and Charity NGOs often seek to supplant the state as the provider of basic services and development programmes and thereby weaken the political relationship between people and their government. Further, there is a tendency for Development and Charity NGO social projects to produce a form of communalism because of their self-enclosed and self-valuing nature and the fact that the NGO involved begins to encompass the whole of the life of their members. In such instances, it is not merely that the members cease to look to the government for services, etc., they positively turn away from the government.

### **Palliative nature of service provision**

A study (Namerta, 1998) on income generation programmes undertaken by NGOs across the country reveals that most of the NGOs could only facilitate the undertaking of subsistence activities, and income from such activities was either equal to or less than the existing wage income. These activities made a difference to the people in so far as they could be undertaken during the lean season and that the problem of seasonal unemployment could be, to some extent, solved. The income from the economic activities promoted by NGOs formed only a small proportion of the total income of the member families. These findings suggest that the development programmes of NGOs can only be palliative (Namerta, 1998). Such an impact would be a barrier to the basic changes in the ownership of land and capital assets which are essential if significant economic and political changes are to occur (Riddell and Robinson, 1992).

### **Limited ability to influence macro-policies**

Individual NGOs are rarely in a position to influence government policies at various levels (Webster, 1995). In addition, rarely do they seek to influence policy, because their existence and tolerance by the state is based upon a non-controversial, apolitical involvement in development. Furthermore, NGOs rarely cooperate and liaise with one another, tending instead to view

each other as competitors for donor funding, state tolerance, and occasionally for, local influence and space. Consequently, they fail to emerge as genuine macro actors at regional or at national levels, seeking to represent their members' interests in the political process of governance and more general development. In so far as they engage in politics, it is through the existing political parties by having members elected to local councils and mobilising votes for party members at higher levels of government assembly. This is not enough as the problem lies in the institutions, in the formulation of policy and the formal and informal processes of political bargaining that surround it.

### **Lack of accountability**

Accountability should not be equated with accountancy. The term accountability implies the extent to which NGO activities and programmes seek to fulfil the objectives with which NGOs were started. Accountability can be upwards (i.e., to the government, donors and governing board), sideways (to the interested public, media, etc.) and downwards (to the people, staff, etc.). A study of 16 NGOs in Karnataka concluded that there is a mis-match between objectives and activities in the case of a majority of the NGOs, thus suggesting that NGO projects are not accountable to the people. This implies that the NGO projects do not emerge on the basis of situation and needs of the poor with whom they work but, influenced by donor priorities and policies (Rajasekhar, 1998).

## **6. Funding for NGOs**

In recent years, there is rapid growth of funding for NGOs by government and external donors. As far as the government funding is concerned, there are over 200 government schemes initiated by the central and state governments through which NGOs can have direct access to resources for rural development (Reddy and Rajasekhar, 1996). At the district level (or even below), there are over 300 schemes and programmes in which NGOs could involve themselves and facilitate the flow of resources in favour of the poor (Rajasekhar and Reddy, 1997).

From 1980s, the number of international donors and the amount that flowed to Indian NGOs through them also increased. According to information provided by the Ministry of Home Affairs, the foreign funding received [excluding the contributions of bilateral (government to government) and multi-lateral aid agencies] increased from Rs 1,892.43 crores in 1994-95 to Rs 2,168.85 crores in 1995-96, and to Rs 2,571.69 crores in 1996-97. Of the total foreign funding in 1996-97, nearly 50 per cent was received by the southern states (Andhra Pradesh, Tamil Nadu, Kerala and Karnataka), while the proportion of funding received by the most backward (also called as



BIMARU) states like Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh was only 8.95 per cent. Tamil Nadu and Andhra Pradesh ranked as the top two states in terms of share of foreign funding received (Kumar, 1999).

The information on donor countries shows that the USA is leading, accounting for 22.6 per cent of the total contribution, followed by Germany with 21.3 per cent. More than 100 donor agencies from the developed countries provide funds to NGOs in India: a majority of them function with small budgets, and do not have offices. The leading donor organisations, contributing over Rs40 crores in a year, are Foster Parents Plan International (USA), Miserior (Germany), Christian Children Fund (USA), Evangelische Zentralstelle Fur Entwicklungshilfe.V (EZE), (Germany) and Kinder Not Heiffe (Germany).

The foreign contributions increased at an annual rate of 14.61 per cent in 1995-96, while the growth rate increased to 18.57 per cent in 1996-97. The contributing factors to this growth differ on the basis of perception that scholars and activists have on foreign funding and there is no systematic study on this important aspect. The contributing factors cited by many scholars and activists are as follows:

**Guilt feeling :** Among the middle class households in the developed countries, there is a guilt feeling that as colonial masters they became rich countries by systematically plundering the colonies and the poverty in the developing countries is because of colonisation. An example that the author came across illustrates the point better. A couple from UK was holidaying in Kanyakumari some years ago. They came across a boy who pleaded the couple to buy inferior and cheap toys he was selling, the sale proceeds of which were the only source of income for the large household to which he belonged. The man did not like the toys and chased him away. Back in their hotel, the woman started crying stating that they had not helped the boy to secure food for the day. The man consoled her that he would identify the boy on the following day, and buy all the toys. The couple frantically searched for the boy on the following days; but they did not succeed. Although the man did not care about the incident, it had a deep impact on the woman even after they went back to their country. Then, they wrote to the local parish priest requesting him whether he can find the boy and give \$100 to him. The parish priest wrote back stating that there are several children like him, and the money will be spent for them if it was sent. For the last 6 years, the couple has been sending \$350 to 500 every year to the local parish to be spent for the welfare of the children.

In fact, most of the donor organisations like NOVIB and OXFAM appeal to the public in their countries to donate money, to sponsor a child or

a household, etc. It has been the middle class which has been mainly contributing money to these organisations perhaps because of the 'guilt feeling'.

**Recruiting people from other religions into Christianity:** Another important contributing factor, it is argued that, is an intention among christian organisations to spread christianity in the developing countries. The empirical facts that most of the donor organisations are church-based and a bulk of the funding goes for religious activities and organisations, lend credence to the argument. However, one can perhaps argue that this was the main intention of development activities about 3–4 decades ago, and the proportion of secular donor organisations and the quantum of funding meant for development activities have been increasing of late.

- **Vested interests:** An influential argument made by a number of observers is that foreign funding has vested interests: one of the interests mentioned is that they should invest money in those countries where the markets are growing. If a proportion of the population in largely populous countries like India remain poor, the multi-national companies will be considerably affected in the long-run due to low demand for their products. That the foreign funding has a vested interest of developing markets and market-based economy is borne out by a statement of Ms Hillary Clinton after her visit to India. She is reported to have stated to the representatives of business houses in the USA that they should donate money liberally for development and poverty alleviation in India as this would be a growing and large market in the new millennia.

## 7. Challenges and Opportunities facing the NGOs

India continues to face the problems of unemployment and poverty even after five decades of state-initiated development efforts. The complexities and ill-effects of the past development models call for a multi-dimensional, people-centered rural development to meet the diversity in poverty and poor and marginalised groups. In this context, Webster (1995) notes that:

- \* a government rarely does, or will, fulfil more than a few of the wide range of demands that effective democratic decentralised government requires. Rarely, if ever, is there an adequate devolution of power, of responsibilities or of resources to decentralised government institutions;
- \* secondly, the government is rarely willing to implement the types of structural reforms and policies that can bring about a transformation in the abilities of marginalised groups and other disadvantaged social actors to contest more successfully in key markets that determine the economic, social and political conditions;

- \* thirdly, institutions of local government are rarely willing to bring about the mobilisation of disadvantaged groups in order to place demands upon the state; and,
- \* fourthly, the electoral focus of political parties upon the institutions of government at the local and national levels tends to mitigate against taking up specific local problems or, given the patrimonial nature of local politics, problems that challenge local political elites.

Because of the above, NGOs have come to occupy a central position in facilitating development at the local level, and hence, have considerable space to initiate development directed at improving the condition of the more marginalised and disadvantaged social groups. This is one of the important opportunities that the NGOs have.

### **Vast social infrastructure**

With growing numbers and increased funding, the NGOs are able to create vast social infrastructure. It is estimated that there are 20,000 NGOs active in rural development today. If we assume that each of these NGO is working in 10 villages, the NGOs together would be covering half-of-the villages in India. If we assume that each NGO has five trained workers, the number of qualified persons engaged in rural development would be large. A majority of the NGOs have formed people's organisations at the village level, provided education and training to the people in various issues, and most of them work with the marginalised groups such as women, dalits and adivasis. This social infrastructure provides ample opportunities for NGOs not only for service provision but also to enable the poor to access the resources from the government, to enter into gram panchayats, to improve their capacity as gram panchayat members and to make gram panchayats pro-poor and people-centered, to represent the interests of the poor in decision-making bodies at various levels.

### **Improved credibility and legitimacy**

The last decade has witnessed improved credibility and legitimacy for NGOs. Compared to earlier decades, NGOs now have better space to collaborate with the government and influence the policy at different levels. The government has been discussing with prominent NGO leaders about the ways and means by which collaboration between the government and NGOs could be improved. Some prominent NGO leaders find a place in key decision-making bodies and committees. Several ministries and departments in the Central government and several state governments are actively seeking the views of NGOs in the formulation of policies and programmes. Notwithstanding,

the charges of corruption and lack of accountability and public transparency on some of the NGOs, there is considerable credibility and legitimacy for the NGOs today.

### **Structural Adjustment Programme; Role of advocacy and lobbying**

The liberalisation policies pursued under the New Economic Policy since 1991 linked India to the process of globalisation. These policies seem to be resulting in large scale displacement, feminisation of poverty, increased rural-urban migration, widespread destruction of livelihood systems of the poor and so on. Recent surveys indicate that the trends in the incidence of poverty are fluctuating since 1991.

Many accept that the macro-economic policies are needed; the only difference seems to be on speed, checks and balances. In such a situation, the NGOs involved in micro-macro linkages and policy advocacy, which have stood by the people, and which are opposing the wrong policies of the government through mass mobilisation, legal action and media campaign.

There is, therefore, a need for all the different types of NGOs which are genuinely involved in the process of strengthening sustainable livelihood systems and institutions of the people to combine development work with sustainable models and policy advocacy.

### **Need for Dual Track Approach**

NGOs have now attained legitimacy and credibility. But, the cooperation with the government has to take place in the very same environment which has made some of the policies that go against the poor. Hence, NGOs have to play a dual role of collaborating with the government critically and oppose those policies of the government which are anti-poor. NGOs and their people's organisations could play this dual role only when they attain independence and become self-reliant. A continued dependence on external funding might not enable the NGOs to play the dual role effectively. The challenge before NGOs is how to become self-reliant and reduce their dependence on external donors.

## **8. What Could Be a Viable Strategy for NGOs?**

The liberalisation policies pursued since 1991 also suggest that the NGOs need to undertake those activities which would provide safety nets to the poor. In other words, they need to provide services to the poor. However, the 'spatial limitation' does not enable the NGOs to provide services in a sustainable manner. Service provision by NGOs also makes the people more dependent on NGOs and influences them to turn away from the government

with which they have a more legitimate relationship. Another danger is that the increased role for NGOs in service provision can make the state perpetually inefficient to discharge its duties to its citizens, and can relieve the state from pressures to provide efficient services. This, in turn, adversely affects those poor who are not covered by NGOs within (and also outside) their project areas (Webster, 1995). This suggests that there are limitations to NGOs in so far as provision of services and that the state still has (would have) a considerable role to play in service delivery, and that NGOs cannot replace the state in this important function.

A viable strategy for NGOs would, therefore, be to facilitate those mechanisms through which the people (that they work with) would demand the government to deliver more goods and services, and help them to put pressure on the state to become a "better developer". For this, NGOs need to concentrate on the following:

- \* First, provide qualitative services to the poor. This includes the formation of people's organisations, building capacity of the poor and leadership among them, facilitating the provision of efficient and effective services (such as credit, watershed development, etc), enabling the people to plan, implement and monitor their development activities, enabling their organisations to become self-reliant, self-sustainable and independent of NGOs.
- \* Second, they need to build the capacity of the people that NGO is working with, and their organisations to access the resources from the government as their right. In this context, it is important for these organisations to enter into gram panchayats as it is the local government which plays an important role to plan and implement development projects at the village level under the 73rd Constitutional Amendment.
- \* The NGOs need to develop the people's organisations at various levels in a project area. Such organisations would be in a strong position to gain access to government resources, and participate in the local decentralised government.
- \* NGOs need to form networks by overcoming their differences to influence government policies at various levels through lobbying and advocacy.

## REFERENCES

- Bedi, Narinder (1999). 'Development of Power'. In D Rajasekhar (ed.), *Decentralised Government and NGOs: Issues, Strategies and Ways Forward*. Delhi: Concept.
- Bhat, M K (1999). 'Sustainability and Local Governance'. In D Rajasekhar (ed.) *Decentralised Government and NGOs: Issues, Strategies and Ways Forward*. Delhi: Concept.
- Edwards, Michael and David Hulme (eds) (1995). *Non-Governmental Organisations - Performance and Accountability: Beyond the Magic Bullet*. London: Earthscan.
- Edwards, Michael and David Hulme (1996). 'Too Close for Comfort? The Impact of Official Aid on Non-Governmental Organisations'. *World Development*, 24 (6).
- Farrington, John et. al. (eds) (1993). *The Reluctant Partners? Non-Governmental Organisations, the State and Sustainable Agriculture*. London: Routledge.
- Fernandez, Aloysius P (1996). *The MYRADA Experience: Working with the Government in Multilateral and Bilateral Projects*. Bangalore: MYRADA.
- Joshi, S. et al (eds) (1997). *Experiences of Advocacy in Environment and Development*. Bangalore: DSI and NOVIB.
- Kothai, Krishna (1994). 'Economic Impact of Rural Development Projects on Small Farmers'. *Journal of Rural Development*, 13 (2).
- Kumar, R Gopa (1999). *Foreign Contributions to Voluntary Organisations in India: A Geographical Analysis*. JNU, New Delhi (mimeo).
- Murthy, R K and Nitya Rao (1997). *Indian NGOs, Poverty Alleviation and Their Capacity Enhancement in the 1990s: An Institutional and Social Relations Perspective*. New Delhi: FES.
- Namerta (1999). *Income and Employment Generation Programmes of NGOs in India*. Bangalore: Development Support Initiative.
- PRIA (1991). *Voluntary Development Organisations in India: A Study of History, Roles and Future Challenges*. New Delhi: PRIA.
- Rajasekhar, D (1996). 'Problems and Prospects of Group Lending in NGO Credit Programmes in India'. *Savings and Development*, 20 (1).
- Rajasekhar, D (1998). 'Rural Development Strategies of NGOs'. *Journal of Social and Economic Development*, 1(2).
- Rajasekhar, D (2000). 'Impact of Micro-Finance Programmes on Poverty and Gender Equality: Evidence from Indian NGOs'. *UNIRSD Discussion Paper*, Geneva. Forthcoming.

- Rajasekhar, D and N L Narasimha, Reddy (1997). *Local Development Programmes and NGOs: A Guide on Local Government Programmes for Field Workers*. Bangalore: DSI.
- Reddy, N L Narasimha and D Rajasekhar (1996). *Development Programmes and NGOs: A Guide on Central Government Programmes for NGOs in India*. Bangalore: BCO and NOVIB.
- Riddell, R and Mark Robinson (1992). 'The Impact of NGO Poverty Alleviation Projects: Results of the Case Study Evaluations'. *Working Paper No. 68*. London: Overseas Development Institute.
- Robinson, M (1993). 'Governance, Democracy and Conditionality: NGOs and the New Policy Agenda'. In A. Clayton (ed.), *Governance, Democracy and Conditionality: What Role for NGOs?* Oxford: INTRAC.
- Sangitha, S N (1990). 'Self-Employment Programme for Rural Youth: The Role of Non-Governmental Organisations (NGOs)'. *IIMB Management Review*, 5 (2).
- Sen, Siddhartha (1999). 'Some Aspects of State-NGO Relationships in India in the Post-Independence Era'. *Development and Change* Vol.30, 327-355.
- Stephen, F (1990). *NGOs: Hope of the Last Decade of this Century*. Bangalore: SEARCH.
- Sundaram, I S (1986). *Voluntary Agencies and Rural Development*. New Delhi: B R Publishing Corporation.
- Webster, Neil (1995). 'The Role of NGOs in Indian Rural Development: Some Lessons from West Bengal and Karnataka'. *The European Journal of Development Research*, 7 (2).

# Recent Working Papers

**M PRAHLADACHAR AND**

**K GAYITHRI**

Industrial Potential in Karnataka

**M PRAHLADACHAR AND K GAYITHRI**

Electronics Industry: Status and Prospects

**M PRAHLADACHAR**

Some Aspects of Ground Water Resource Development and Management in Karnataka

**PRAKASA RAO V L S THIMMAIAH G MAJUMDAR H K AND SESHIAH S**

District Planning Officers Training Programme

**RAMESHWAR TANDON**

Asian Debt Scenario for the Late 1980s

**V M RAO, H G HANUMAPPA AND S ERAPPA**

Karnataka Dry Land Agriculture: Some Policy Issues

**P H RAYAPPA AND M LINGARAJU**

Demographic Transition in the South: A Regional Perspective

**P H RAYAPPA**

Right to Work

**S N SANGITA AND VAIDYA VIBHAVATHI**

Ethics in Superior Civil Services in India: With Special Reference to Recruitment and Training

**T R SATISH CHANDRAN**

Fiscal Discipline and Fiscal Consolidation at the Central and State Levels: Problems and Prospects

**T R SATISH CHANDRAN**

Economics of Power Generation: Issues and Choices

**N SIVANNA**

The Public Distribution System in Karnataka: A Study of Its Organisation and Management Aspects

**SUKHPAL SINGH AND VINOD VYASULU**

Fundamental Theoretical Contributions

**G THIMMAIAH**

The Political Economy of Populist Programmes

**G THIMMAIAH**

Economic Liberalisation in Agricultural Sector

**B P VANI AND VINOD VYASULU**

Growth, Variability, Instability and Production Behaviour of Rice Crop in Karnataka: A District Level Analysis

**VINOD VYASULU**

Tariffs and All That: On Some Conundrums in Railway Economics

**VINOD VYASULU**

Management of Poverty Alleviation Programmes in Karnataka: An Overview

**VINOD VYASULU AND D RAJASEKHAR**

The Rural Credit System in the 1990s

**VINOD VYASULU**

On Choosing Environmentally Sound and Self-Reliant Technologies; Reflections on Indian Experiences

**SYED AJMAL PASHA**

Uncultivated Lands: Institutional Aspects of their Use and Management in Karnataka

**S N SANGITA**

Effective and Responsive Government in Karnataka: An Action Plan

**M GOVINDA RAO**

Intergovernmental Transfers in Selected Countries

**K MATHIYAZHAGAN**

People's Choice of Health Care Provider: Policy Options For Rural India

**SUPRIYA ROYCHOWDHURY**

The State in Comparative Politics: A Critique

**M GOVINDA RAO**

Principles of Intergovernmental Transfers: Have the Finance Commissions Followed Them?



**M GOVINDA RAO**

InterGovernmental Fiscal Arrangements  
In A Transitional Economy :  
A Look At Vietnam

**SYED AJMAL PASHA**

Forest use and Management  
A Comparative Perspective from  
India and Canada

**S AMANULLA AND B KAMAI AH**

Indian Stock Market :  
Price Integration and Market  
Efficiency

**ALLEN ROY, S AMANULLA AND  
B KAMAI AH**

Indian Stock Market : A Test of  
A Semi-Strong form of Efficiency

**K V RAJU AND TUSHAAR SHAH**

Revitalisation of Irrigation  
Tanks in Rajasthan: An Approach

**PRABIR KUMAR MOHANTY AND  
B KAMAI AH**

Volatility and its Persistence  
in Indian Stock Market:  
A Case Study of 30 Scrips

**ALLEN ROY, PRAVAKAR SAHOO AND  
B KAMAI AH**

A Causal Test of Fiscal  
Synchronisation Hypothesis in India

**ALLEN ROY, B KAMAI AH AND  
M GOVINDA RAO**

Educational Expenditure Needs of Large  
Indian States : A Normative View

**G K KARANTH**

Does Replication Mean Consensus

**H G HANUMAPPA**

State Policy Initiatives and  
Agricultural Development: A Case  
Study of Karnataka Province, India

**G THIMMAIAH**

Federalism and Economic  
Development: Indian Experience

**T KANNAN**

Caste Violence and Dalit Consciousness:  
A Critical Interpretation of Dominance

**K V RAJU AND JEFFREY D BREWER**

Conjunctive Water Management in Bihar

**MADHUSHREE SEKHER**

Local Organisations and Participatory  
CPR Management: Some Reflections

**PRATAP CHANDRA BISWAL AND  
B KAMAI AH**

Stock Market Development in India:  
Is There Any Trend Break?

**SANGHAMITRA SAHU AND B KAMAI AH**

Some Aspects of Monetary  
Targeting in India.

**AMALENDU JYOTISHI**

Swidden Cultivation:  
A Review of Concepts and Issues

**K V RAJU**

Participatory Irrigation Management  
in Andhra Pradesh: Promise,  
Practice and A way Forward

---

ISBN 81-7791-022-1

Price: Rs.30-00

**INSTITUTE FOR SOCIAL AND ECONOMIC CHANGE**

Prof. V. K. R. V. Rao Road, Nagarbhavi, Bangalore - 560 072, India  
Phone : 0091-80 - 3215468, 3215519, 3215592 ; Fax: 0091-80 - 3217008  
Grams: ECOSOCI, Bangalore - 560 040  
E-mail: kvraju@ isec.kar.nic.in