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Indian Ngos in Development: A Review

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Abstract

In Indian too, though earlier NGOs were more concerned only on social welfare activities on charity basis, in the recent years their role in economic development is more significant. Hence, it is essential to make a note of such transformation and to evolve an appropriate partnership model wherein government, private and civil society takes their role in both rural and urban development. With this background, this paper attempts to analyse the transformation of NGO sector in India and the nature of their involvement in both rural and urban development.

The main aim of this paper is to analyse the changing role NGOs in Economic development and to explore the transitions of NGOs in India in terms of their organisational structure, functions and resource base. Following the evaluation of historical evolution of voluntary sector in India, a brief case study to illustrate the trends of change is also carried out.]

Keywords: Civil society; Foreign aid; NGOs; Rural development; Welfare.

Introduction

In addition to state intervention and market operation, third sector initiatives deploying the concept of 'civil society' are increasingly involved in the process of both rural and urban development. There is consensus that public, private and civic role are crucial to growth and development. Realizing that social capital is equally important as other forms of capital, institutions are looking for strong public constituencies to support them. In the rapidly changing global environment, they are looking for a new way of working with the principles of civil society. In Indian context also, though they were more concerned only on social welfare activities earlier, in the recent years their role in economic development is more significant. Hence, it is essential to make a note of such transformation and to evolve an appropriate partnership model wherein government, private and civil society takes their role in both rural and urban development. With this background, this paper attempts to analyse the transformation of NGO sector in India and the nature of their involvement in both rural and urban development.

Objectives

The main aim of this paper is to analyse the changing role NGOs in Economic development and to explore the transitions of NGOs in India in terms of their organisational structure, functions and resource base. Following the evaluation of historical evolution of voluntary sector in India, a brief case study to illustrate the trends of change is also carried out. The specific objectives of the paper are;

- To analyse the historical root of NGOs activities in India and to provide a discussion on their present Status.
- To examine the changing role of NGOs in development.
- To analyse nature of funding to NGOs, - Grants, Donations, Sponsorship, Philanthropic Contributions, foreign aid etc.

Methodology

Paper attempts to arrive at the above objectives by reviewing litterateur and secondary data available. Attempt is made to provide theoretical and conceptual discussions followed by a case study of NGOs functioning in Coastal Karnataka.

Non-Governmental Organization

A non-governmental organization (NGO) is an organization that is neither a part of a government nor a conventional for-profit making business. They are non-political and having the aim of service providing. They were Philanthropy, charity organisations were mainly supported by rich donors. But now we see that they were usually set up by common people, and may be funded by governments, foundations, businesses, or private persons. Some avoid formal funding altogether and are run primarily by volunteers. NGOs are highly diverse groups of organizations engaged in a wide range of activities, and take different forms in different parts of the world. Some may have charitable/ philanthropy status, while others may be registered for tax exemption based on recognition of social purposes, others may be with political, religious, or other interests also.

It is difficult to define the term 'NGO'. In some countries the term NGO is applied to an organization that in another country would be called an NPO, non-profit organisation, and vice-versa. There are different classifications of NGO in use. The classification of NGOs are commonly on the basis of "orientation" and "level of operation". An NGO's orientation refers to the type of activities it takes on. These activities might include human rights, environmental, improving health, or development work. An NGO's level of operation indicates the scale at which an organization works, such as local, regional, national, or international.

The term "non-governmental organization" was first coined in 1945, when the United Nations (UN) was created which, itself is an inter-governmental organization, made it possible for certain approved specialized international non-state agencies, NGOs to be awarded observer status at its assemblies and some of its meetings. Later, the term became used more widely. According to the United Nation, any kind of private organization that is independent from government control can be termed an "NGO", provided it is voluntary in nature, not-for-profit, non-political and are charity based with cooperative principles.

One characteristic these diverse organizations have in common is that their non-profit motive means they are not hindered by short-term financial objectives. Accordingly, they are able to devote themselves to issues which occur across longer time horizons, such as climate change, malaria prevention or a global ban on landmines. Public surveys reveal that NGOs often enjoy a high degree of public trust, which can make them a useful but not always sufficient proxy for the concerns of society and stakeholders.

Indian NGOs

Historically, Indian Voluntary Sector has undergone changes and it can be viewed in three phases; firstly, during British rule, secondly during planned development period after independence and recently with globalization. Major changes may be noted in terms of divergence in their structure, functions and resource base. They have now become major agents of promoting civil participation in development programmes. Their resources and sphere of activities differ greatly between not only urban and rural associations but also between associations in different regions.

Panchayath system was the strongest civil society organization in the Indian villages providing services like

justice whenever there was dispute, protection against exploitation, maintenance and managing villages public works. The people through discussion and consensus constituted the panchayath. Usually, people who can contribute to the public service both resource and time were made as judges and representatives. Just as village panchayath there were caste panchayaths to decide the problems associated with members of the caste, deciding about attitude of the members towards new cult and reformist movement.

The entire traditional panchayath organization was articulated on the principles of adhoc bodies of leaders in the village community. However, their importance has considerably diminished as state organized institutions of local self-government and public action have tended to replace them. The types of institutions, which seem to be gradually replacing the adhoc panchayaths, were the state organized elected panchayaths, caste associations, supported by political parties, government grant based, occupational associations and unions, and the non-governmental philanthropic organizations.

As a result, most significant change seen was transformation from a consensus based 'civil society' to a state organized 'competitive society'. During the British period the penetration of the power of the state into the peripheral village community reached its maximum. The exercise of the British power was through various institutional mechanisms like, (i) the process of incorporating socially accepted leaders as village chiefs deriving their power now from the office that they held; (ii) there was the setting up of a system of cadastral survey of lands and issuing of ownership rights to the settled families rather than the village community as a whole, thus, breaking the economic base of the collective identity of the village communities; and (iii) the state made it for the individuals to appeal to the state-judicial system directly there by reducing the social control exercised by the traditional village panchayaths.

Another very important factor that reduced the significance of the village community and the civil society was the immensely increased possibility of migration of individuals and families. Weakening of the traditional system of social control and social action was accompanied by the increased penetration of the colonial regime to the lower levels of civil society. The emergence of the organized interest groups recognizing the supremacy of the established colonial state, and appealing to the state for "justice" is a major change in the mode of the functioning of the civil society during the British period. Three types of interest articulations through the creation of organized associations could be identified during this phase. They were the caste and community-based organizations with or without political ambitions and the groups, which had wider, ideological and universalist concerns. The caste associations typically represented the first category and Brahmo-Samaj, Arya Samaj etc., the second category. A third category of organizations arose to represent an individual's own personally felt social concern. These were the charitable trusts established by rich individuals, families or companies with specific or a set of charitable objectives. The establishment of schools and colleges, Choultries, hospitals, Dharmashalas and student hostels were part of a broad movement within the civil society. These organizations may have been motivated by the impulse of

“charity” and empathy for the struggling young people belonging to one’s specific community, but were, in fact engaged in a competitive struggle with each other to help one’s own community to occupy positions of power within the newly emerging urban centres.

Later, Gandhiji began his Sevagram experiment not only to remove poverty but also to restore human dignity and self-respect in the individual. The Firka Development Scheme of Madras aimed at attainment of Gandhian ideals. In the late forties, Sarvodaya Scheme of Bombay and Nilokheri experiments (Refugee Rehabilitation Project) were also involved in some aspects of rural development. These projects were all devoted to animate rural India.

After independence, a change in the perception on development and also the role of NGOs in rural development took place. In 1950’s and 1960’s 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 poor, the poorest and women, whom were thought to be incapable of participating in programmes aimed at economic growth. The responsibility of the welfare programmes was vested with Social Welfare Ministries of the State governments. National governments and aid agencies to assist in the implementation of this community development and welfare programmes especially in rural areas approached NGOs. 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 1960’s, 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. The government to enlist programmes for rural poor and help out in their implementation called upon Indian NGOs. The tax concession policy of the government (1980) stimulated a number of industrial houses to channelise their contributions through voluntary action for the public welfare in general or rural reconstruction in specific. Many of the religious centers also channelise their contribution for the public welfare in an organized way.

Sixth Five Year Plan (1980-1985), the government identified new areas in which NGOs as new actors could participate in development. These areas included:

1. Optimal utilization and development of renewable source of energy, including forestry through the formation of renewable energy association at the block level
2. Family welfare, health, nutrition, education and relevant community programs in the field
3. Health for all programs
4. Water management and soil conservation
5. Social welfare programs for weaker sections
6. Implementation of minimum needs program
7. Disaster preparedness and management (i.e. for floods, cyclones, etc)
8. Promotion of ecology and tribal development, and
9. Environmental protection and education.

Under the Seventh Five Year Plan (1985-1990) the Indian government envisioned a more active role for voluntary organizations to aid in making communities as self-reliant as possible. These groups were expected to show how village and indigenous resources could be used and how human resources, rural skills and local knowledge, grossly underutilized at present could be used for their own development. NGOs, because of their situation and interaction with local people can be very effective in bringing change since they are able to address issues that governments are often not able to comprehend. That is, because these organizations work at the grass-root level, they are able to sense the urgency of issues and prioritize into the problem-solving mode at a quicker pace.

The Indian government has also noticed this advantage. In the Eighth Five Year Plan the importance of NGOs is further enhanced, paying particular attention to the role of these agencies as participants in rural appraisal for drawing up development plans at a very low cost and involving the rural community. The plan document states, ‘A nation-wide network of NGOs will be created. In order to facilitate the working of this network, three schemes relating to the creation, replication, multiplication and consultancy development have been worked out by the Planning Commission.’ The Association of Voluntary Agencies for Rural Development (AVARD) an apex body of voluntary agencies was established in 1958. By amalgamating People’s Action for Development India (PADI) and Council for Advancement of Rural Technology (CART), Council for Advancement of People’s Action and Rural Technology (CAPART) was formed in 1986 to promote voluntary action in rural development.

Although there has been no complete census of NGOs, it is estimated that about 25,000 to 30,000 are active in India. In fact, as of December 31st, 1989, there were 12,313 NGOs registered with the Ministry of Home Affairs, Government of India under the Foreign Contribution (Regulation) Act (FCRA) 1976; furthermore, 726 NGOs are unregistered but under the prior permission category.

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 of these NGOs are,

1. Operational or Grassroots NGOs

- Work with the oppressed sections of society.
- Some NGOs are big, while some are small.
- Charity NGOs are involved in charity (giving food, clothing, medicine, alms in cash and kind, etc.)
- Welfare NGOs are involved in welfare (providing facilities for education, health, drinking water, etc.)
- Development NGOs may be involved in providing development services such as credit, seeds, fertilizers, technical know-how, etc.
- Social action groups are involved in raising the consciousness of the people, awakening, organizing, recording priorities to suit social justice, redeeming the past and opening doors for opportunities to the oppressed and the exploited.
- Empowerment NGOs combine development activities with issue-based struggles.

2. Support NGOs

- They provide services that would strengthen the capacities of grassroots NGOs, Panchayath Raj Institutions, Cooperatives and others to function more effectively through training programmes and by bringing out periodicals.
- Some do not engage in grassroots action while others do have field projects.

3. Umbrella or Network NGOs

- They are formal associations or informal groups of grassroots and /or support NGOs that 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.

4. Funding NGOs:

- The primary activity of these NGOs is funding grassroot NGOs, or people's organizations.
- Most funding NGOs in India generate a major part of their resources from foreign sources.

These organisations are also classified on the basis of their orientation, or philosophical base, level of operation, and function. By orientation we can see the following kind of organisations

- **Charitable orientation** often involves a top-down paternalistic effort with little participation by the "beneficiaries". It includes NGOs with activities directed toward meeting the needs of the poor peoples.
- **Service orientation** includes NGOs with activities such as the provision of health, family planning or education services in which the programme is designed by the NGO and people are expected to participate in its implementation and in receiving the service.
- **Participatory orientation** is characterized by self-help projects where local people are involved particularly in the implementation of a project by contributing cash, tools, land, materials, labour etc. In the classical community development project, participation begins with the need definition and continues into the planning and implementation stages.
- **Empowering orientation** aims to help poor people develop a clearer understanding of the social, political and economic factors affecting their lives, and to strengthen their awareness of their own potential power to control their lives. There is maximum involvement of the beneficiaries with NGOs acting as facilitators.^[8]

By level of operation NGOs are classified as follows;

- **Community-based organizations (CBOs)** arise out of people's own initiatives. They can be responsible for raising the consciousness of the urban poor, helping them to understand their rights in accessing needed services, and providing such services.
- **City-wide organizations** include organizations such as chambers of commerce and industry, coalitions of business, ethnic or educational groups, and associations of community organizations.
- **National NGOs** include national organizations such as the YMCA/YWCAs, professional associations, and similar groups. Some have state and city branches and

assist local NGOs.

- **International NGOs** range from secular agencies such as Ducere Foundation and Save the Children organizations, OXFAM, CARE, Ford Foundation, and Rockefeller Foundation to religiously motivated groups. They can be responsible for funding local NGOs, institutions and projects and implementing projects.^[8]

Apart from "NGO", there are many alternative or overlapping terms in use, including: Third sector organization (TSO), Non-Profit organisations (NPO), voluntary organization (VO), civil society organization (CSO), grassroots organization (GO), social movements organisations (SMO), private voluntary organization (PVO), self-help organization (SHO) and non-state actors (NSAs).

Resource base of Indian NGOs

A majority of non-profit organizations, which are small in size and working in the grass-root level, receive support from general public. This type of support generally takes the form of small, individual contribution derived from vast number of donors. These types of donors are typically motivated by factors like social pressure, guilt, sympathy or a desire for a 'warm glow' (Andreoni, 1990). Many other non-profit organizations receive grant and other funding from other non-profits (Foreign Aid or governmental agencies). Organizations that receive federal funding require special audit in accordance with prescribed government standards.

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 them and facilitate the flow of resources in favour of the poor (Rajasekhar and Reddy, 1997).

Foreign Aid

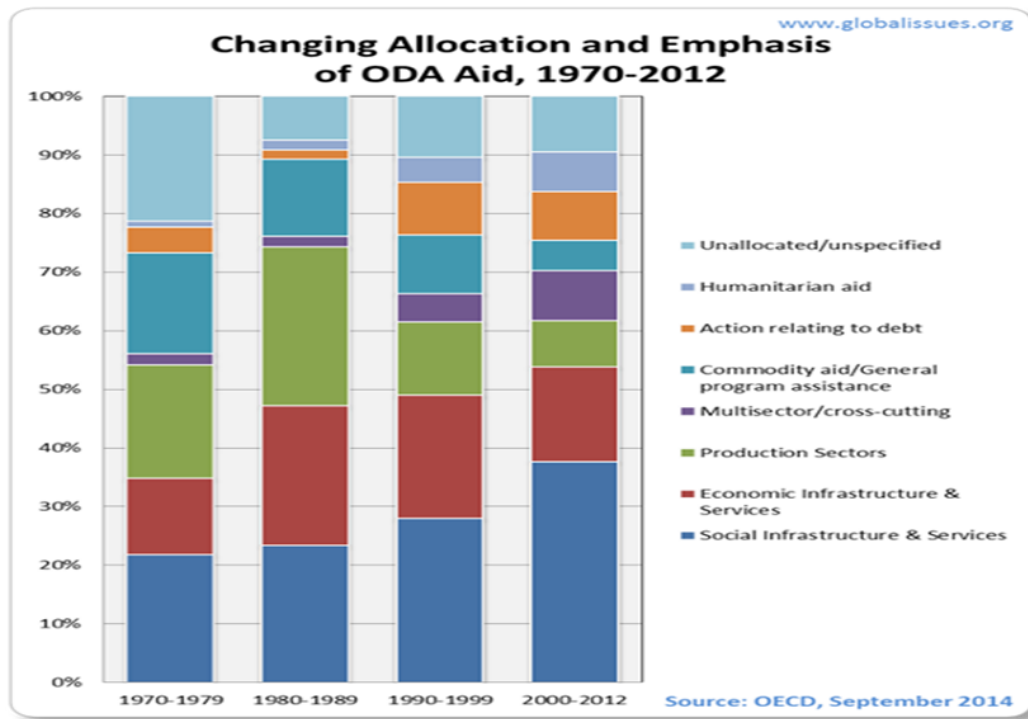
Foreign aid or (development assistance) is often regarded as being too much, or wasted on corrupt recipient governments despite any good intentions from donor countries. In reality, both the quantity and quality of aid have been poor and donor nations have not been held to account.

There are numerous forms of aid, from humanitarian emergency assistance, to food aid, military assistance, etc. Development aid has long been recognized as crucial to help poor developing nations grow out of poverty.

In 1970, the world's rich countries agreed to give 0.7 per cent of their GNI (Gross National Income) as official international development aid, annually. Since that time, despite billions given each year, rich nations have rarely met their actual promised targets. For example, the US is often the largest donor in dollar terms, but ranks amongst the lowest in terms of meeting the stated 0.7 per cent target. In 2012 about 3.0 per cent decline in aid over 2010 is noticed (OECD) and was expected due to the financial problems of the advanced countries followed by the world economic recession. In 2014 Development aid rose by 6.1

per cent in real terms over 2013, and reached a highest level. This rise was rebound after two years of falling volumes, as governments stepped up their spending on foreign aid. But more worried fact is that, during all these

time period, the foreign aid flow to the neediest/poor countries continued to fall. Then what is the purpose of increased flow of foreign aid. The changing allocation and emphasis of development aid may be seen in fig-1



Most of this aid either comes to the poorest areas in India or for infrastructure.

- In 2012, India received US\$33 million in international humanitarian assistance, making it the 46th largest recipient. Initial estimates for 2013 total US\$18 million.
- Between 2004 and 2013 India received on average US\$54 million a year in humanitarian assistance. Humanitarian assistance peaked in 2005 at US\$156.1 million, when it was the 15th largest recipient. International humanitarian assistance to India decreased by 1.0 percent in 2013.
- Between 2003 and 2012 India received US\$19 billion in ODA, making it the seventh largest recipient. Humanitarian assistance on average accounted for just 3.0 percent of this funding in this same period.
- The EU institutions (US\$172 million) were the largest donor of humanitarian assistance to India between 2003 and 2012, followed by the United States (US\$69 million) and Norway (US\$60 million). The EU institutions provided 24.0 percent of all humanitarian assistance to India in this 10-year period.

Foreign aid to Indian VAs

Indian voluntary organizations receive foreign funding from international voluntary organizations, 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 Rs.2, 571.69 crores in 1996-97. Of the total foreign funding in 1996-97, it has been noted that over 80 per cent of voluntary organizations

receiving foreign aid are Christian organizations, which go away with bulk of the foreign assistance.

Even top most donor agencies are Christian funding organizations. For the year 1977-78 the Christian Children Fund (CCF) from the US top the list with Rs. 64.78 crore is followed by Evangelische Zentralstelle (EZE) from Germany with Rs 59 crore; Foster Parents Plan International, US with 55.45 crore; Mission (International Catholic Missionary Work) Germany with Rs. 48.9 crore and Kinder Not Hilfe (KNH), Germany with Rs. 46 crore. The other donor agencies of list are World Vision International (Rs 37.54 crore), Age of Enlightenment Life Trust, Britain (Rs 27 Crore), Inter Church Coordination Committee, Netherlands (Rs. 23 crore), International Planned Parenthood Federation, Britain (Rs. 21.45 crores), Rs 20 crore from Christoffel Blinden Mission (CBM), Germany; Rs 19.9 crore from the Opere Don Bosco, Italy; Rs 19.4 crore from the Christian Aid Britain.

Only one Hindu and Buddhist organization appear in list, namely, The Maharshi Ayurvedic Trust, Britain and Sokagakkai Bhinjukku, Japan. It is to be noted that in 1995-96, the first four positions were held by organizations from Germany while in other years at least three were from Germany. This decade alone between 1991 and 1998, Germany has donated Rs 3,091 crore to Indian organizations. The top five donor countries in this decade have been the US (22.6 per cent of the total contribution), Germany (21.3 per cent), followed by Britain, Italy and the Netherlands. According to available figures, voluntary donations from these countries in this decade have been more than Rs 10,000 crore.

The foreign contributions increased at an annual rate of 14.61 percent in 1995-96, while the growth rate increase to 18.57 percent in 1996-97. The contributing factors to this growth differ on the basis of perception that scholars and

activists have on foreign funding and other is no systematic study on this aspect.

Just like the donor agencies, the list of top 25 recipient agencies is dominated by the Christian organizations in India, including three from the top five. For instance, the Foster Parents Plan International has received Rs 210.79 crore between 1991 and 1998, while the world Vision International received Rs 195.24 crore and the CSI Council for Child Care Rs 158.46 crore. Some of the prominent Christian organizations featuring in these annual lists, include Christian Children Fund, Karnataka; Family Planning Association of India, Churches Auxiliary For Social Action, Delhi; Missionaries of Charity, West Bengal; Watch Tower Bible Tract Society of India in Maharashtra; Gospel for Asia in Kerala; Indian Society of Churches of Jesus of Jesus Christ in Delhi and the India Campus Crusade for Christ in arnataa. All of them have received at least Rs 12 crore per annum.

A large chunk of this money has been going to the Southern States, namely Tamil Nadu, Kerala, Karnataka and Andhra Pradesh (nearly 50 per cent). Besides, Delhi and Maharashtra also have been among the top recipient of these donations. The top five recipient of voluntary fund in this decade have been Tamil Nadu (Rs 2,365 crore) followed by Delhi (Rs 2086 crore), Andhra Pradesh (Rs 1,691 crore), Maharashtra (1,516 crore) and Karnataka (Rs 1,486 crore). While the proportion of funding received by the most backward states like Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh was only 8.95 percent. Tamil Nadu and Andhra Pradesh ranked as the top two states in terms of share of foreign funding received (Kumar, 1999).

Case Study

To examine the changing role, structure and resource base of voluntary organizations, a study is undertaken in Dakshina Kannada district of Karnataka state. In this district there are more than hundreds of widely recognized voluntary organizations working on different fields. They can be broadly classified as small in size working in a single area with multiple objectives or single objectives and large in size having district, state or national level coverage with multiple or single objectives. Keeping in view the changing role, structure and sources a study is undertaken with 10 sample organizations. Secondary data were used for the analysis.

It is revealed from the study that voluntary agencies, which are small in size and coverage, have two-tiered organizational structure, comprising the field level and project level. Voluntary agencies fairly medium size and having coverage in district level has three-tiered organizational structure – field level, supervisory level and project level. Some of the voluntary agencies are governed by a governing council consisting of members from society and institutions in the concerned specialized field. It is also seen that such voluntary agency's administration has been decentralized by setting up of sub-committees in different regions. This is also a strategy of encouraging people participation.

Changing Role

The goals of sample voluntary agencies may be looked under three main aspects. First, there is a provision of direct benefits to individual beneficiaries. Second aspect may be described as background services. These may be of

numerous kinds – information for the local groups, literatures, seminars, training and other extension services. Thirdly, there is the social benefit role as a result of which some agencies or the whole society will gain benefits and try to improve their responsibility. The functions of the sample agencies are,

Direct Benefits

1. Financial Assistance
2. Providing household utensils, clothes and the like
3. Seeds and nurseries
4. Medical and veterinary services
5. Providing energy through community biogas plant

Background Services

1. Extension education programme
2. Training programme
3. Information regarding government schemes, improved cultivation and employment.
4. Recommending cases to get bank loans

Social Benefits

1. Guiding local clubs like Mahila Mandals and Youth clubs
2. Organising Shramadhan through which roads, school grounds are constructed, repaired and maintained.
3. Helping Government department to implement their schemes
4. Creating awareness among school/college students on rural development
5. Involving with local Panchayaths to plan and implement the development programmes

The most commonly observed role of NGOs is the provision of direct benefits like financial assistance, providing basic household requirements to the poor and improved seeds and nurseries to the farmers. Providing direct benefits like these requires a variety of expertise – financial properties, personal management and social work. It requires very considerable output of time at organizational level and also a substantial organizational strength behind it. These resources may not be assumed to be available in every locality in the required proportion for the individual organization.

Income

Profitability and viability have been traditionally used as indices of financial strength. These indices cannot however, fully explain the strength of a voluntary agency, since they are more development or welfare oriented as compared to business enterprises. Grants, donations and subscriptions are the major components of their income, which are generally given by other organizations or public, based on the efficiency of the voluntary agencies. Therefore, the annual income variations over the years may be considered to explain the absolute financial position of a voluntary agency.

The major sources of income are grants, institutional donations, membership fees, subscriptions and advertisement charges. Institutional donations came from bank and grants came from government sources. The membership fees and subscription fees are collected in different forms like life membership, annual membership fees and annual subscriptions, subscriptions for more than

one year and the like. It was planned to work out an income index taking the initial years income as base, to examine the nature of income growth over the years, but due to lack of data over the years it could not be attempted. Grants, donations and subscriptions received, increase in beneficiary coverage, institutional influence, participation rate and effectiveness of the various programmes of voluntary agencies would give an insight into their coordination efficiency.

Grants, Donations and Subscriptions

Grants, donations and subscriptions are the important indicators of coordination with the other agencies and the society. Increased inflow of grants would express recognition of a voluntary agency as the expert in a specific field for which the grants are offered. Better utilization of donations and subscriptions received would lead towards appreciation by the donor institution or individuals. Both these together would imply reward for the better utilization capability of the agency.

It is observed from the study that –

- The average share of institutional donations in the total income is 24 percent
- The average share of membership fee and subscriptions is 5 percent
- The average share of grant is 61 percent
- The proportion of the grants to the total income varies over the years, but an increasing trend is observed.
- The proportion of the donations also varies over the years but in this case, it is a downward trend.

Conclusion

After reviewing literature and examining the concept of NGOs we notice that in the last three decades or more all over the world people organise in diversified way to take up services of the social need in the form of civil society participation. Everyone will have a sense of donating to others in small or big way and this has taken an organisational form, in addition to the traditional philanthropic, charity trusts. Such organisations take up developmental, welfare, advocacy, and protective activities. They work for both rural and urban development along with government. The main financial source of such organisations are analysed in terms of government grants, local voluntary contributions, foreign funds, donations and membership fee. The study finds that the voluntary sector seems to be diverging in terms of structure and resource base and sphere of activity. But voluntarism in real sense is converging; the change is seen from 'gift economy' to 'grant economy'.

Major findings of the study may be summarized as,

1. Role of voluntary agencies is seen as direct benefits, background services, and social benefits. Their new agenda includes programmes on health, women empowerment and environment.
2. Financial strength of voluntary agencies with reference to their goal is weak.
3. Voluntary agencies to large extent are depending on government grants.
4. There is a wide gap in the financial sources of different agencies.
5. Their financial transactions rarely audited.

Though voluntary agencies are seeming to be diverging in terms of their structure, resource base and sphere of activity voluntarism in its real sense is converging. They are changing from 'gift economy' to 'grant economy' situation. Voluntary contributions have to be encouraged for community development, and their transactions have to be properly audited.

One problem with NGOs in India in the recent years has been the increasing dependency on governmental funds or donations from external (foreign) donors like the World Bank. This dependent relationship has resulted in a lack of flexibility on the part of NGOs to pick their missions and objectives since many are expected to perform certain tasks in return for funding. But, further still, it has also created structures that have become more bureaucratic in nature and, hence, less effective in development.

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