

# Development Ofnon Governmental Organisation (Ngo's) In Tiruchirappalli.

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**ABSTRACT:** *The purpose of the study is to understand the present development of Non - governmental organization in Tiruchirappalli. The city is known for its tanneries, cigar-manufacturing units and a major engineering equipment manufacturing and fabrication hub in India. Obviously, the district prevails in a better place as far as education is concerned. The district has a work force of 30.5 percentage of its total population (main and marginal workers). The majority of people belong to the category of Agricultural Labourers. NGOs were part of many developmental activities, in which their focus is on development of Children, Education, Health, Women development, Person with Disability, Elderly care, Agriculture, youth development, etc., The objective of the study is to see the present status of Non-Governmental organization on Legal compliance, Accountability, Governance, Internal control and Financial Management. The primary data for the study is collected from the secondary sources like journal articles, textbooks, online reports and web sources. Researcher used interview method for collecting data, researcher collected 50 samples from NGOs in Tiruchirappalli who are registered under Societies of Registration Act, 1860, Indian Trust Act 1882 and Section 8, Companies Act 2013 and implementing their activities minimum a year and above.*

**Keywords:** *Non-Governmental organization, Accountability, Governance, Legal Compliance, Internal Control, Financial Management.*

## 1. INTRODUCTION:

The focus of NGO has transformed over time. NGOs that emerged after the World War I and II were more involved with relief work, attention gradually shifted to welfare activities in Third World countries and still later to providing funding and technical services to effective grassroots organizations. The 1970s saw the emergence of NGOs devoted to advocacy of the rights of disadvantaged classes of society and these began public campaigning and parliamentary lobbying in pursuit of socio-political changes. During the 1990s, the trend among NGOs was to get involved in micro-level. Reform, involving activities such as building rural institutions, redirecting agricultural, extension services and bringing about changes in attitudes towards women. The primary objective of NGOs was to bring about change – in values, institutions and technologies.

The NGO is a platform for the person, who wants to work for the development of society and on certain social issues. NGO works for the betterment and upliftment of the weaker and backward sections of the society and to bring them into the mainstream for their growth. As a community NGO provides several service tasks for development works with the objectives and tasks to bring the required constructive changes in to the community development or

required areas of our society. Apart from financial services NGO helps to make mass aware with their legal rights and provides them legal support in every required litigation aspect. Apart from legal and financial services NGO supports and maintains the records and status of government organizations, departments, concerned ministries for the respective related purposes, aims and objectives.

## 2. LITERATURE REVIEW:

This study aims to understand the present scenario of the NGO's. There is less literature available on management of NGOs as compared to management of business or corporate sector. Researcher has emphasized more on present and recent information on NGOs for better relativity of the study subject. Literature review includes sources like books, articles from various journals and information from newspapers.

**R. Sooryamoorthy and K.D. Gangrade (2001)** inform that, "The NGO sector today is subject to a number of issues that emanate from both within and outside the individual organizations that, jointly or individually determine the existence, survival, or decline of the organizations. Internally, NGOs confront problems relating to objectives, ideology, perceptions on the concerns of the organization, organizational matters, management, volunteers, paid workers, staff programs, resources, and the like."

**S.L.Goel and R. Kumar (2004)** mention that: Most of the NGOs use suspicious methods and lack transparency. In ancient India, persons associated with NGOs were men of character with spirit of service and dedication. Today NGOs are not functioning well. NGOs face various challenges of 21st century like need of honest and dedicated persons to run the NGO. NGOs need to practice ethical values, need of transparency in functioning.

Observation of **D Rajasekhar & R. R. Biradar (2004)**: Most of the small NGOs face the shortage of funds to meet the salaries of their permanent staff. Such a resource crunch often forces them to participate in any on-going government programmes to obtain resources, and thereby reduce the tension of seeking funds elsewhere. However, this problem is not acute among large NGOs as they have greater organizational capacity to mobilize funds from international donors."

**Rajesh Kumar Shastri (2008)** states that: Nature and quality of individual NGOs varies greatly; it is extremely difficult to make generalizations about the sector as a whole. Some specific weaknesses generally associated with the NGO sector include; lack of experienced manpower, limited financial assistance, focus on short range objective, political Influence, legal obligations, high rate of growth in number of NGOs, high corruption rate.

## 3. OBJECTIVE OF THE STUDY:

The researcher made an attempt to review the accountability and credibility of NGOs in Tiruchirappalli. This study concerned with specific terms, credibility and development of NGOs and accordingly, the objective of this study is: -

1. To study the legal, governance, financial and accountability of the NGO's
2. To study and understand the present scenario of the NGO's
3. To study the credibility of the NGO's

### **3.1 RESEARCH METHODOLOGY:**

It is a Descriptive study which are concerned by describing the characteristics of the NGO's. This study concerned with specific predictions, with narration of facts and characteristics concerning the NGO's:

### **3.2 CHARACTERISTICS OF NGOS:**

Based on the opinion of different authors like S.R. Maheshwari (1987), Michael Banton (1968), David L. Sills (1968), William Beveridge (1949), D. Paul Chowdhary (1971), Mancher (1999) etc., the following can be taken as the characteristics of a voluntary agency.

1. It is a group organized by some person/ persons on their own initiatives to pursue common interest of its members
2. It is initiated and governed by their own member's democratic principles.
3. It is not subjected to any external control, government or otherwise.
4. Its activities are organized on non-profit basis.
5. Its membership is purely optional; members may join or resign at their own will.
6. It is spontaneous in nature.
7. It is a combination of different people joined together with shared values of concern for some specific purpose.
8. It acts as an intermediary between people and the state.
9. It is registered under an appropriate act to give a corporate status.
10. Its staff may be either paid or unpaid or partially paid. (If paid it will be a subsistence wages opposed to the market wage).
11. The funds may be received thorough contributions, donations, government and foreign aid.
12. The organized sector of the economy such as the business establishment / companies, trade unions will not come under the purview of voluntary agencies.

### **3.3 NON-GOVERNMENTAL ORGANISATION IN INDIA:**

In India the different legal entities under which civil society organizations can register themselves are:

#### ***Societies of Registration Act, 1860***

Societies Registration Act, 1860 is a Central Act for registering not-for-profit organizations. Almost all the states in India have adopted (with modifications, if any) the Central Act for creating state-level authorities for registering various types of not-for-profit entities. According to the Act, any seven persons who subscribe to the Memorandum of Association (MoA) can register a society. The memorandum should include the name of the society; its objectives; names, addresses and occupations of the members subscribing to it as well as the first governing body to be constituted on registration.

#### ***Indian Trust Act 1882***

##### ***Public trust***

Public trusts can be created for public charitable purposes. There is no All-India Level Act for setting up public charitable trusts. Some of the states in India have enacted the Public Charitable Trust Act, while most states in India do not have a trust Act. An NGO can be created only under a public trust Act. Madhya Pradesh and Rajasthan have independent state-level public trust Acts. States like West Bengal, Jharkhand and Bihar do not have any Act to register a public trust.

A trust can be registered in one state, but the same has the scope to operate in any number of states. In the state of Maharashtra and Gujarat, all organizations that are registered as Society are by default also registered as public trusts under Bombay Public Trust Act, 1950.

#### ***Private trust***

A private trust, created under and governed by the Indian Trusts Act of 1882, aims at managing assigned trust properties for private or religious purpose. A private trust does not enjoy the privileges and tax benefits that are available for public trusts or NGOs.

#### ***Nonprofit companies***

Non-profit laws of India, Section 8, Companies Act 2013

Conferring of corporate personality to associations that promote cultural and charitable objectives, but exempting them from some cumbersome requirements (which are essentially for regulation of business bodies but are difficult for compliance by non-profit companies), are the noteworthy features that are provided under the Companies Act, 2013.

According to section 25(1) (Companies Act, 1956): "Where it is proved to the satisfaction of the Central Government that an association is about to be formed as a limited company for promoting commerce, art, science, religion, charity or any other useful objectives, intends to apply its profits, if any, or other income in promoting its objectives, and to prohibit the payment of any dividend to its members, the Central Government may, by license, direct that the association may be registered as a company with limited liability, without addition to its name of the word "Limited" or the words "Private Limited".

### **4. DEVELOPMENT OF NGO'S**

The Interview Schedule was used to collect information from the sample respondents covering the following areas; the questions were addressed to the respondents in English and Tamil language. The interview schedule consisted 20 to 25 questions under six parts and schedules were administered to all the respondents. The interview schedule covered various aspects relating to the identification of data About the organization, educational qualifications, accountability, governance, legal compliance, internal control and Financial Management. 100 samples have been collected of which first 50 samples were analyzed.

### **5. FINDINGS:**

#### **5.1 ABOUT THE ORGANIZATION.**

- **Registration of NGO's** most of the respondents(58%) are registered under Indian Trust Act 1882, followed by (38%) are registered under Societies Registration Act,1860 and (4%) are registered under the specific Act in line with their work. This shows that NGO's have complied with registration of their organization through the state government for providing services to the needy people.
- **Education**, most of the respondents (52%) completed Master's Degree, followed by (20%) completed Bachelor's Degree, followed by (14%) completed other educational studies, followed by (8%) completed professional social work and (6%) completed Doctorate degree. Researcher found that most of them (52%) completed Master Degree and others who are part of management are well educated and familiar in the management of NGO's.

- **Respondents of gender**, most of the respondents(68%) are Male and (32 %) are Female. It is respectable that most of them are male and it is appreciated that female were also part of management of the Non-Governmental organization.
- **Age group** of the respondents (76%) belong to the age group of 40 -60 years, followed by (14%) belong to the age group of 20-40 year and (10%) belong to the age group of Above 60 years. It is found that majority of them are belong to the age group of 40 -60 years who are part of management of NGOs.

## 5.2 ACCOUNTABILITY

- **Vision of the Organization**, the organization which evolved have focus and objective for the development of Health, Education, Marginalized Community, Women Development, Rural Development, Person with Disability, Religious purpose, Youth Development, Old Age and Child Development.
- **Formation of NGO's**, most of the respondents(50%) of Social workers supported the Formation of NGO's, followed by (28%) of Auditors supported the Formation of NGO's, followed by (12%) of Friends supported the formation and (10%) of Professional Social Worker supported for the formation of NGO's. It is found in general that like-minded (Social Worker) people joined together, doing small social work programs helped majority of them to formation.
- **Need for professional social worker in program and management of NGO's**, most of the respondents(86%) needed Professional Social Worker, followed by (12%) may be there is a need for the Professional Social Worker and (2%) respondents informed no, Professional Social Worker for program and Management Development. It shows that professional social worker support is needed for Management and Program development and it is the need of the hour that professional social worker should equipto the standards and current requirements.
- **Employment of professional social worker**, most of the respondents(48%) expressed yes for employing professional social worker, followed by (40%) expressed No and (12%) expressed maybe they will employ profession social worker in the organization.It is found, most of them expressed, the need for professional social worker, thus there is job opportunity for the professional social workers,
- **Consultation from professional social worker**, most of the respondents(76%) get consultation support from professional social worker, followed by (12%) expressed no and (12%) expressed they may get consultation support from professional social worker. Consultation support to the NGO's is need of the hour because of various changes in laws, acts and amendments in the FCRA, Income Tax act and other statutory laws, most of them expressed they get support from professional social worker.

## 5.3 GOVERNANCE

- **Terms of reference for board members**, most of the respondents (52%) defined and implemented the terms of reference, followed by (40%) has terms of reference and (8%) doesn't have terms of reference for their board members. It is found that (52%) of NGO's defined and adhere to the standards and it shows their credibility.
- **Board orientation process**, most of the respondents (68%) defined and follow the board orientation process, followed by (26%) has board orientation process and (6%) doesn't have board orientation process.

- **Board members are from diverse background**, most of the respondents (58%) Yes, their board members are from diverse background and (42%) No, board members are not from diverse background. If the board members are from diverse background, it is good that the governance and management of NGO's will be accountable and credible organization for beneficiary and for the Donors and government. It is found that most of (58%) Yes, their board members are from diverse background.
- **Active engagement between the board and stake holders**, most of the respondents (72%) has active engagement between the Board members and stake holders followed by (26%) doesn't have active engagement and (2%) has neutral engagement between the Board members and stake holders. It shows the engagement between the board and different stake holders, most of them are active and it will enable their program more transparent and account for both of them and it also reflect the credibility of NGO's.

#### 5.4 LEGAL COMPLIANCE

- **Registration under Income Tax act, National Credibility, FCRA**, most of the NGO's (70%) are registered under Income Tax Act - 12A, followed by (86%) are registered under PAN, followed by (36 %) are registered under TAN and (34%) registered under 80G. Most of the NGO's (60%) are registered under the National Credibility of Darpan and (56%) are registered under the Foreign Contribution Regulation Act (FCRA). It is found that most of the NGO's are registered under 12AA, 80G, PAN, TAN, NGO Darpan and FCRA. Each registration has it value for the NGO's in implementing their programs and financial accountability.
- **Annual Income tax returns**, most of the respondents (64%) Yes, they do annual income tax return and (36%)No, they are not complied. It is found most of the organization comply their statutory requirements, and other are non-complying because of new registration and not much income flow for the organization.
- **Financial AuditStatement**, most of the respondents (56%)Yes, financial auditstatement is available and (44%)No, they don't have financial audit statement. Most of the NGO's (56%) comply and ensure the financial accountability to beneficiary and for different stake holders.

#### 5.5 INTERNAL CONTROL SYSTEM

- **Finance Policy, Human Resource Policy and Operational Policy**, most of respondents (72%)Yes, implemented finance policy, followed by (24%) No, they don't have finance policy and (4%) Yes, but not followed finance policy. In Human Resource Policy, most of respondents (50%) Yes, implemented human resource policy followed by (48%) No, human resource policy and (2%) Yes, but not followed the human resource policy. Operational policy, most of the respondents (78%) has implemented Operational Policy and (22%) No, operational policy in the organization. It shows most of the NGO's are implementing the key polices on Finance, Human Resource and Operational Policy which is a statutory requirement.
- **Maintaining of Cash Book**, most of the respondents (74%) expressed yes, they record all transaction in cash book and (26%) expressed no, they don't record the transaction in the cash book. It is an evidence that most of the NGO's follow the simple book keeping records for the organization.
- **Deposit donation in bank account**, most of (54%)expressed yes, they deposit donation into the bank account and (46%)expressed no, they don't deposit donations into the

bank account. It is evident that most of the organization follow the statutory requirements and it shows their transparency and accountability.

## 5.6 FINANCIAL MANAGEMENT

- **Basic books of accounts**, most of the respondents (96%) expressed yes, they maintain basic books of accounts and (4%) expressed no, they don't maintain the book of accounts. This is evidence that most of the respondents comply with financial systems and it is ensured in their organization.
- **Program and Administrative expenses are classified**, most of the respondents (58%) clearly define the Programme and Administrative expenses and (42%) not clearly define the Programme and Administrative expenses. This is a good practice and also ensure the difference in program and admin cost so that the majority of the funds are utilized for programs.
- **Computerized books of accounts**, most of respondents (60%) maintain computerized books of account and (40%) don't maintain computerized books of account. It is evidence that most of them are complying with financial systems and ensure their accountability. Some of them still maintain hard copy, which is also acceptable.
- **Statutory Audit**, most of the respondents (88%) expressed yes, they do statutory audit on time and (12%) expressed no, they don't conduct statutory audit. It is mandatory that all organization need to do their annual statutory audit on time and file their annual returns to the government, it shows most of (88%) are complying with the statutory audit.

## 6. RESEARCH RECOMMENDATION FOR PROFESSIONAL SOCIAL WORKER AND FOR NON-GOVERNMENTAL ORGANIZATION.

Based on the study findings, the researcher made recommendations for professional social worker to impart skills, and for the development of the Non- Governmental Organization.

### 6.1 Professional Social worker

During their studies or in their employment, following should be focused and impart skill and knowledge for professional social workers.

- a) Employment opportunity for professional social worker is enormous as per their specialization but they also should be skilled in NGO management.
- b) Professional social workers should impart skills on governance, accountability, finance and program management.
- c) Professional social worker should get multi-dimension exposure apart from program they should get exposure on governance, financial management, legal compliance.
- d) Experience professional social worker support many organizations for program development but for governance, financial management it is less.
- e) Professional social workers, need skill for the Management of NGO's

### 6.2 Non-Governmental Organization.

- a) They need to comply with legal registration and statutory requirements for the smooth functioning of the organization.
- b) NGO should strengthen the governance and should bring policy and implement them as per the statutory requirements.

- c) They should bring transparency in financial management and ensure internal control mechanism and implementation of financial policy for their accountability of the organization.
- d) They should give an opportunity for the professional social worker to be part of the program as well as in the NGO management.
- e) Many professional social workers support for formation, program implementation, through them NGOs should streamline their governance, policy and statutory requirement of the government, and keep the NGO alive and up to date as per the amendments of laws.
- f) They are registered with required legal compliance and ensure their compliance are active and support the organization for smooth implementation of program.
- g) They should develop systems and policies with support of professional social workers, auditors for finance, admin, human resource, child safety, conflict of interest, policy for person with disability and other policies as and when required.

## **7. LIMITATION OF THE STUDY**

The researcher has few limitations.

- 7.1 The study focused Non-Governmental Organizations in Tiruchirappalli, who are registered and presence from one year and more.
- 7.2 The sample is taken only in Tiruchirappalli and not from other districts, hence there has been less NGO's working here in Tiruchirappalli as compared to the entire state, and managed to adhere and collect the sample as per the standard norms.
- 7.3 The study is focused on NGO's who are registered with legal registration of NGOs apart from FCRA. Many organizations with other registration were also part of the study to ensure their credibility.
- 7.4 Because of COVID -19 pandemic and amendments in the Income tax act, FCRA act, researcher approached many organizations via email, over phone and through personal visit to their organization, due to the legal amendments many NGO were not open to express the responses.
- 7.5 Religious organization could not share much information.

## **8. CONCLUSION**

The research study evidently proved that most of the Non- governmental organizations are having legal registration and implementing their program with support from individual donors and networking with other organizations, similarly NGO's who have additional registration and get exemptions and other benefits, get support from individual donor, state, national and international donations and implement the program for the development of the community. NGOs who had participated in the study has systems and process for governance, policies, and procedures for effective implementation of the program. They are aware about the recent amendments, it was addressed and aligned their organization accordingly.

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