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ISSUE THEME: **NGO MANAGEMENT**

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AMBER

Acharya Management Business and Entrepreneurship Review

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Editorial

I am pleased to place second issue of AMBER in your hands. As per our policy, we have focused on 'NGO Management' in this edition. Last issue focused on 'Business Vision' for India to successfully reach 2020 as global power with a big bang.

Non-Governmental organizations are playing key role in nation building. In terms of economic and social impact, third sector as a whole has crucial role to play. The management of NGOs has become crucial as they have grown big and impact so many lives in different ways. Among different schools of thought about 'voluntarism' versus 'professionalism' in management of NGOs, we are skewed towards professionalism. We know there are many who disagree with us. We respect their freedom of opinion. There are many shades of NGOs. It is very difficult to generalize.

This issue has thrown light on new paradigms in management of NGOs. I congratulate all the contributors. I thank our chairman Dr. Vijay Pal Reddy and Director (Admin) Mrs. Poornima Reddy for their support in bringing out this issue. I also thank my editorial team members Dr. A. Dhanalakshmi and Prof. L.R.S. Mani for their contribution. We know, we have to set new benchmarks in every issue of AMBER, and then only the resource and experience that goes into making this journal is justified.

Next issue would focus on **'changing global dynamics and business opportunities for India'**. India has huge opportunities in tourism, IT, retail, medical tourism, education, manufucaturing, agri-processing, Infrastructure, service and many other sectors. Indian companies are acquiring big business establishments in other parts of the world. Some MNCs coming to India to set up their shops want Indian partners. Indian human resource is a great asset of the universe. There is huge opportunity to tap this in a big way. India is at a point of inflection. In different ways, India and Indian companies are going to benefit from changing global dynamics. We want forthcoming issue to throw light on all these aspects. Hereby, I invite research articles for the next issue.

I welcome your feedback in making AMBER a treasure house of knowledge and research.

Dr. H. R. Venkatesha

Chief Editor

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ISSUE THEME: NGO MANAGEMENT

1 A Theoretical Perspective to Discern Culture Specifics of NGOs

Abstract

NGOs are many a times referred to as "Poor man's Private sector". The efficiency attributed to private sector; the non profit motive attributed to public sectors seem to have been juxtaposed in this "Third Sector", i.e. NGO sector.

NGOs too have changed their role over a period of time. In its earliest role, the motto was "Helping others"- thereby assuming "Service provider orientation". In their second role, they started addressing the questions of empowerment. The third role was to "Help grass root level NGOs". Later from 1980 onwards there emerged the role of "Networking of NGOs"- as was the trend in other types of business organizations.

A suitable theoretical framework, is suggested in this article, to study the specifics of organizational culture, by categorizing few elements of Mc Kinsey 7S Model viz. I) Skill, Staff and Style and II) Structure and System. It is also argued that for a NGO Skill, Staff and Style are the predominant causes of organizational culture; whereas Structure and System, whenever are created or changed, will create and change organizational culture accordingly.

Key Words: *Organization culture, Person culture, Structure, System, Skill, Staff and Style.*

Emergence of third Sector-A New Cultural Orientation

Non Governmental Organizations(NGOs) have not only gained the attention of general public and governments, but have also created great impacts on the society, through implementation of various socially oriented programmes. Though these types of organizations were less visible a few years ago, are now prominently visible all over. They are rediscovering themselves as well as reinventing themselves through conceptualization as well as realization. With the complex changes occurring all over the world, definitely there is a paradigm shift in the definition of role as well as performance.

NGO as a phrase, though applicable to all sectors other than government, is usually limited to such sectors, which are neither public nor private. However, the principles and practices of management are equally applicable, as in other domains of human activity, to this sector which is sometimes referred to as THIRD SECTOR. "The third sector institutions, in sum, not only practice management, in some cases more seriously than American business, but at the same time are becoming management innovators and pioneers" (Peter F Drucker,1990). Thus risk taking and innovation which go together has entered the domain of NGOs-perhaps a new hall mark Non-Governmental Organizational culture.

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According to Peter F Drucker, the great management thinker, many NGOs have even become so. That is innovators and pioneers of management practices. It is obvious to state that these practices correspond to many principles also, which is for the academicians to identify. All the studies which look at innovations with reference to business organizations, either government or private, can now look at NGO models.

A New Metaphor

The third sector as it is identified now is also referred to as "Poor man's private sector" Implied in this metaphor is the efficiency of the private sector and the non-profit motive of public sector. It must be noted here that, voluntary organizations, non profit organizations are the other words interchangeably used with the word NGO, in general. In the context of Indian organizations, this inter changeability is still more pronounced.

Structure, Process and Design – Do they differ significantly ?

Whatever the process being adopted in an NGO; With whatever the structure for its operation and whatever the design it has made for itself - they in a way have to orient to the function of social marketing. It is either non profit organization or public service organizations, which are involved in Social marketing (Ravishankar, 2004). When an organization, (here a NGO), is involved in production, (here it is a service), it cease to exist tangibly as well as intangibly, unless it markets its product. In the case of NGOs it culminates into social marketing.

In the contemporary times (as well as in past), the role of NGO is developing and promoting of non profit initiatives outside the frame work of business and commercial enterprises and also the government's apparatus.

As evident from the above observation, commercial and business enterprises operate with the profit motive and cease to exist if there is no opportunity for profit. "The difference between commercial marketing and social marketing, being that, commercial marketing talks to people who have money; social marketing talks to needier section; commercial marketing's success and failure hardly affect society; social marketing has major impact on society; commercial marketing rarely needs to involve government; social marketing must work with government to ensure National priorities" (Ravishankar, 2004). Thus commercial and business enterprises look at the "demand", implying the purchase power. Where as NGOs look at the "needs" which could be anything that the society is deprived of.

The reason and the rationale for the existence of the state thereby the government, lies in its accountability and responsibility towards the society, which has created. Whether the economic philosophy is socialism or capitalism, state's responsibility will be there either directly as in the case of socialism setup or indirectly as in the case of capitalism. It is evident that the state discharges its social responsibilities through the machinery of government and its departments. For the reasons known too well the government adopts Beauracratic organization. Hence all the disadvantages and dysfunctions of Beauracratic organization are evident in all public sectors-either in their initiatives or execution.

The observations by Lewis M Schneider, way back in 1965 are quite relevant when the "marketing" " as an organizational function is either not understood or misunderstood. "Mass transit companies have

not been able to enthuse general public because there is authority and responsibility for its marketing personnel" (Lewis Schneider,1965). Though service was produced rarely it has been consumed by the consumers indicating the missing link of "marketing".

Contrary to such observations, private sector would be more than happy, if there is profit in producing and marketing such services. Marketing in its broadest meaning implies the link between the producer and the consumer. Hence, irrespective of the sector classification - Public, Private and Third sector, it would be as efficient as its marketing than perhaps the production. "Essentially the organization becomes extremely efficient in serving the organizational market purpose. But here comes the weakness. The world and the markets are continuously changing, while the organization stand still" (Philip Kotler,1978). Are there any special features which make an NGO, as an organization, dynamic? Do NGOs need to incorporate the culture of marketing including its selling function? If profit motive is not there, then what else should be its motive? It in this context, this article proposes to examine the three soft S's, viz., Style, Skill and Staff of Mc Kinsey's 7 S Model.

Style, Skill and Staff elements of Mc Kinsey's 7S Model and Non Governmental Organisational Culture

Style: Style is an indication of the process of management adopted to achieve the tasks at hand. Intertwined with style is the culture of an organization. The assumptions, values, beliefs which constitute culture also constitute the style. The very assumption of motive of profit or non profit determines style. The concept of rule which usually goes with governmental organizations, has to be replaced with the concept of service. The 'style' of 'ruling' to achieve the objective is definitely not suitable for the organization members of NGO; but as can be inferred it should be the 'style of service'.

Staff: It denotes the human resource of an organization. It encompasses such aspects of HR management as recruitment, selection, placement, training and development etc. Its importance need not be overemphasized, as an NGO is "for the human being; of the human being and ; by the human being."

Skills: It refers to the key attributes of an organization. Skills are not only developed over a period of time but also essential ingredient for the birth of an organization, including organizations such as NGOs. What else could be the most important skill than the human skills for an NGO ?

Where do the Style, Staff and Skill of an NGO reflects its Culture ?

Various types of organization cultures have been identified by authors. As identified by Handy, there are four general types viz., Club culture, Role culture, Task culture and Person culture (Handy,1988). Club culture will have its charismatic leader at the centre stage of the organization. Role culture will have its organization with clearly demarcated roles for all the constituent members. Organizations with Task culture will have its people used to accomplish the tasks than in mere following the procedures. Organizations with Person culture will have its people considering themselves as the resources.

Without much arguments it can be conveniently conceptualized that Staff i.e. Human resource in its broad meaning, is reflected in the outcomes of the NGO, through the culture of person. Style and Skill are less pronounced in the culture, but definitely gets pronounced through other modes. Following

is the diagrammatic representation. (Fig.1)
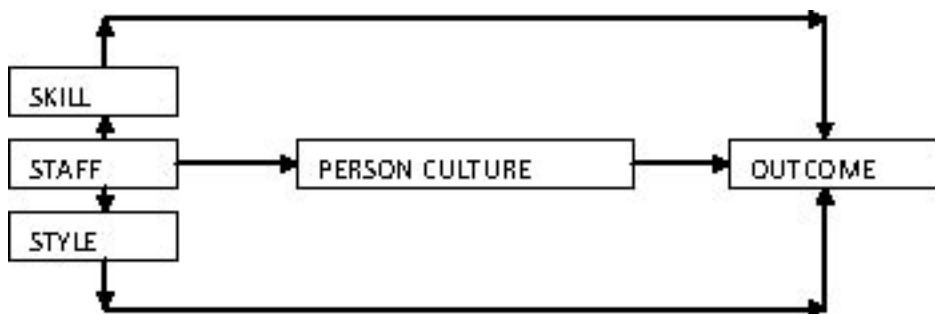
Costs Versus Benefits of NGOs

It is worthwhile here to note the purposes which gave rise to the emergence of NGOs. In its initial years NGOs were inspired by the motto " Helping others". Hence the first role was that of a "Service orientation", In their second role they had "Development orientation". In their third role, it was "Helping grass root level NGO orientation". From 1980 onwards it was "Network of NGOs orientation". Hence it can be stated that super ordinate goals of NGOs have changed keeping in accordance with the changes across the world. In their service provider role, NGOs provide services as needed by the community with greater efficiency and least cost; with extreme commitment and dedication. In this role they are highly responsive to the needs of the community. The highly responsive organizations show a keen interest in learning about the needs, perceptions, preferences, and satisfactions of its constituents and relies on systematic information collection procedures such as formal opinion survey and consumer panels (Philip Kotler.1978). Regarding cost, it should be noted that NGOs are known for cost effectiveness. However, many costs being indirect, are difficult to measure. Hence, all out efforts are made by NGOs to reduce them. It is rather difficult to measure all the costs and therefore effort should be to reduce them (Michael Rothshield, 1979).

NGOs and their relationship with the Government

NGOs as third sector are not only reaching the consumers who are either not reached by public and private sector, or who are not cared to be reached; but also are" Empowering" these consumers. Some of the typical issues in which NGOs are involved are unemployment, homelessness, illiteracy, malnutrition, corruption, communal violence, abuse of drugs, rights of women and children, rights of tribal human rights, gender discriminations, rights of physically and mentally challenged etc.

Building people's organizations, strengthening them and empowering them are the focal points of NGOs. As can be seen government in its social manifestations is created to address the same problem. Hence, it is imperative that government takes NGOs into confidence, while policies are made. In fact many governments are doing the same already. But it is in the implementation stage, where the government is averse to involve NGOs. NGOs being voluntary organizations of citizens promoting development in the society, would like to have their own rules of the game than to be governed by the game rules of others. The reasons are too obvious. In the beauracratic set up, i.e. Governmental

setups all avoidable routes to reach the goal are necessarily included, thus goal reaching and objectives achievements are totally lost sight of.

It is the "Rule orientation" of government set ups and "service orientation" which work at cross purpose. Government feels that NGOs shall act as the 'contractor' thereby abiding to the terms and conditions of 'contract'. On the other hand, NGOs feel that it should not be viewed as a contract but to be viewed as 'partnership' endeavour. This view is highly appropriate as both governmental organizations and NGOs are endeavouring to meet societal needs and expectations only. Though this concept is imbibed by NGOs, governmental organizations are yet to imbibe the same. Thus the inefficiency of governmental organizations seen through its aversion to such a concept, causes more disservice than the service to the community.

Organisation Culture Vis-à-vis Structure and System

A discussion on structure and system inter alia organization culture is worthwhile to see if organization culture is a separate creation or not.

Structure: It is the depiction of the organs of an organization and their inter relationship. It indicates the communication channels, procedures, coordinating links, rules, decision making mechanisms, authority/responsibility relationship. As is the case with any effective organization, it is desirable that NGO has a flat and flexible organization. It is seen that many of the NGOs are flat and flexible; lest the efficiency and speed are lost. The relationship between strategy and structure though important rarely provides unique structural solutions (Waterman Jr.,1980).Problems are generally encountered in relation to the execution of the strategy. Thus the structure, a deliberate creation, will in its course of creation and change will be leading culture creation and change.

System: System refers to the rules, procedures, methods-both formal and informal. The typical systems of an NGO are production (of service) system, Marketing system (taking to consumers) and all other systems such as Information, Costing etc. which are subservient to above systems. Here too, system is a deliberate creation and culture i.e. organizational culture is an effect of it. Any change in system will automatically lead to change in organizational culture too.

Organizations do not have cultures that can be identified and isolated from other aspects of organization - instead organization cultures are and are constantly enacted and recreated as part of an organization's ongoing everyday existence (Wright S ,1995). Other aspects have been categorized as; i) Skill, Staff and Style and ii) Structure and System, in providing a theoretical frame work to study the specific organizational cultural elements of NGOs. Skill, Staff and Style are the predominant causes of organizational culture; where as Structure and System, whenever are created or changed, will create and change organizational culture accordingly; leaving no scope for permanency.

Conclusion

Organization culture manifests itself in various ways and modes. Whether an organization is Non governmental or otherwise will be operating in its own culture-created and sustained by themselves. The 7S frame work provided by the US consulting firm McKinsey in 1970s provides a framework for the organizational studies, presumably including the organizational cultural studies. However, in this article

an attempt has been made to categorize several of these elements viz. i) Skill, Staff and Style and ii) Structure and System.

It is argued in this article, by providing a suitable theoretical frame work, that for an NGO Skill, Staff and Style are the predominant causes of organizational culture; whereas Structure and System, whenever are created or changed, will create and change organizational culture accordingly; leaving no scope for permanency.

NGOs popularly called Third sector, seems to be having the advantages of both public sector and private sector; either relating to the efficiency issues or effectiveness issues; which by themselves make them culturally different.

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2 Automating NGO Management : The Technology Way

Abstract

Organizations in the not-for-profit sector are considered to be voluntary organizations striving to fulfill vital social objectives. Independent from government influence, these organizations differ considerably in size, resources, organizational level, mission, form, and orientation; engaging in wide variety of Programmes ranging from humanitarian causes to economical endeavors. Funded by public and private charitable contributions; accountability, transparency and efficiency are critical in this sector. Although NGOs are not primarily for profit making; the profit generated as part of the mission, if managed well can help the organizations to grow. Contrary to Advocacy NGOs where fund raising is on a smaller scale, Operational NGOs have to mobilize resources, in the form of financial donations, materials or volunteer labour, in order to sustain their projects and programs which is very complex. Finance obtained by grants or donations require time and expertise to be spent on planning, budgeting, accounting and reporting. Major fund-raising events need advertising and media relations. In this scenario while the contribution of technology as a booster to NGO movement and management cannot be denied, they tend to be expensive thus discouraging smaller players in this domain. Non profit software is widely available for a price, but one can find many inexpensive and open source solutions that drive NGOs to achieve operational efficiency like any other profit-oriented organization.

Key words: *NGO management, NGO software, Donor management, non-profit organization and open source software.*

Introduction

NGOs are civil society actors and different causes that have been championed by NGOs in the Human evolution included Humanitarian NGOs, Human Rights NGOs, Educational NGOs, Environmental NGOs, Women's NGOs, Children's NGOs, Youth NGOs, Peace and Conflict NGOs, Health projects to name a few. They have a specific agenda for the improvement of society, and act on the desire to advance and improve the human condition (Gallin 2000). It was only about a century later that the importance of NGOs was officially recognized by the United Nations. Since 1850, more than 1,00,000 private, not-for-profit organizations with an international focus have been founded. After the Second World War, about 90 international NGOs founded each year, compared with about 10 each year in the 1890s, although those organizations founded after the wars have had a better survival rate. Some of the best known NGOs include the International Red Cross, Salvation Army, CARE International, and Oxfam International, Melinda-Gates Foundation concerning with the life and welfare of displaced Persons and with the delivery of social services including food delivery, health and mental care, nutrition, and education and training.

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In its latest updates; the Charity Commission, the independent regulator for charitable activity in England and Wales indicated that some members have instituted wage freezes, hiring freezes, travel restrictions, etc. due to economic recession and there also have been functions eliminated and layoffs. Most of the foundations claimed to have had substantial decline in receiving funds. In such circumstances it has become imperative to make use of online networks and digital communications to maintain correspondence with different stakeholders.

Significance of the Study

Large Non Governmental Organizations have to maintain large number of employees, their payroll, volunteer expenses, donor database management, grants and funds management, application for tax exemptions et cetera. Additionally in the Information age with global reach, software solutions which simplify the complexity of NGO management are explored with a wider spectrum ranging from simple office management to Enterprise level packages.

Framework of NGO Management

Like any other business organization Non Governmental Organizations also contain planning, decision making, organizational design and structure, personnel management, recruitment, performance monitoring plan, work allocation, supervision, coordination, training, organizational assessment, fund management, capacity building, social marketing, network expansion, information management and so on. Fund-raising process comprises collections, deposits of collected funds, creation of donors, identification of causes towards which funds have to be allocated, issuing receipts and filing of statutory reports under various applicable laws. There should be a better coordination between resource generation and utilization and other departments and improved donor service.

Figure 1: Framework of NGO Management
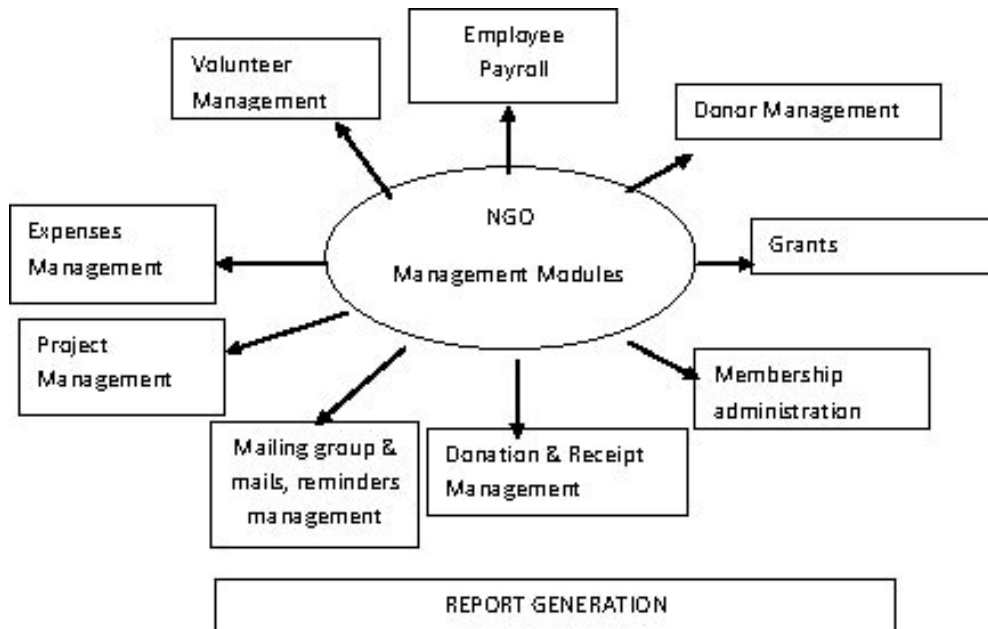
Software tools for NGO Lifecycle

Most of the Non Governmental Organizations have to optimize every paisa of their budget, which can be done efficiently via software applications designed specifically for their purpose; which is especially true in case of large organizations with large number of stakeholders. They also have large amount of core accounting jobs to maintain. It is simply not possible to manually manage all the data and information. A software becomes handy in the management of project, finance and reports; in channellising funds and assets of a non-profit organization in an efficient way.

Starting with a minimal office management package to a simple web page to a non-profit accounting software, the organization can easily maintain the payroll of its different employees, track the maintenance expenses given to voluntary workers and keeping a tab on material management. The most important thing that a non-profit software does is, to track donations and grants as they are central to the functioning of a non-profit organization. Recording of such grants and of fund-raising data in a proper manner is also important. Tracking of an event, the attendance of sponsors and donor information can be easily done with this software.

Office Management Software

Free software like open Office which has powerful spreadsheet, word processor, presentation, and drawing programs and is compatible with Windows, Mac OS X, and Linux; while GoogleDocs includes a word processor, spreadsheet, presentation, drawing, and form. The cool thing about GoogleDocs is one can share files with others in organization so everyone can see them and easily collaborate.

Organizational website

If the organization can afford to have its own website by hiring web designers or one can set up these days using a blog that offers inexpensive web hosting.

Accounting Packages

General Accounting packages like Tally to specialized Accounting packages for non-profit organizations. Peachtree Premium Accounting for Nonprofits: known for its scalability, affordability and reliability. This accounting solution helps to manage donor aid, programs and reports of funds and core accounting features. software is very easy to start and learn. It is scalable making it capable of supporting the life cycle of non-profit organization.

Donor Database software

Controlling the costs as a non profit will always be an important task, but in the beginning it is especially important. You might want to start with these options: Donation Solutions, Donor Access, Donor Records, and Easy Gift, though there are many others. Initially, one may be able to manage with a spreadsheet for donor donations, but eventually, it is better to invest in actual donor database software.

Enterprise Software - with complete NGO Solutions
NatNGO

NatNGO, an NGO solution from NatSun Technology Services Pvt. Ltd. helps in managing non-profit organizations by connecting all departments together namely Projects, Beneficiary, Donors, Staff and so on. NatNGO is an intuitive software package created with the latest development tools to manage NGOs better. The module Project Management helps in Creating main projects and its sub detailed project with cost and duration details; Beneficiary Management module maintains beneficiary information, Connects the beneficiary with a project; Donor Management maintains a Donor list with their information and Connects them with a particular project by setting up the duration and due dates or simply add the donations to an unassigned project; Accounts management accepts payment information by cash, cheque, debit or credit card Payment made against the due dates and for a particular project; Reports, generate reports for monthly or yearly payments and expenses, reports for project list, donor list, staff details, beneficiary list etc. or as required by management.

Symmetry's Enterprise suite for   NGOs

It comprises applications for fund-raising, collections, donor management, project management, grant management and contact management. Applications in this suite are available on per-application basis or as a part of an integrated suite.

Symmetry's Web-based Donation Management System helps Child Rights and You (CRY), one of India's largest NGOs, in streamlining fund-raising operations. Until 2006, these processes were decentralized with each branch managing these activities on local desktop applications. This decentralization not only led to a duplication of efforts but also higher maintenance costs. Over 25 percent growth, these systems were not able to support expansion plans. Therefore, CRY's IT envisioned the centralization of the entire fund-raising process. Symmetry's centralized Donation Management System went live in CRY in August 2007 and is now being used by over 100 users across India.

		Organization type	
Symmetry Solutions	**Public Trusts**	**Private Foundations**	**Funding Agencies**
eFundRaiser	●		
eCollect	●		●
eContactManager	●	●	●
eGrants		●	●
eIntelligence	●	●	●
eDevelopment	●	●	●

Source: Symmetry-it.com

The module eFundRaiser automates the fund-raising activities of NGO's with features for campaign management, channel management, agents, commission rules and calculations, campaign costs and budgeting; eCollect automates collection activities with features for constituent/donor management, collection recording, receipting, statutory reporting, and integration with payment gateways for online collections, eGrants automates activities related to grant applications, reviews, approvals and release of funds; eDevelopment automates activities related to managing development projects, assigning achievement targets, measuring performance, and reviewing success rates; eContactManager automates activities related to managing donor/constituent queries and requests while eIntelligence, a business intelligence module provides analytics for decision making.

Being 100 percent web-based, Symmetry's system maintains Seamless integration with payment gateways for authorization, capture and settlement of online donations. Automation of banking processes such as deposits and bank reconciliations and support for complex commission schemes with complete support for specialized management of international donations as required by FEMA and FCRA. Additionally, it comes with User-definable reporting through Excel templates and data filters, Multi-level securities with securities at field, screen and option levels, Comprehensive audit trails and logs, Dashboards for management reporting .

Donorsnap

DonorSnap is an on-line Donor/Contact Management System. Some of the features of it include tracking for donations, pledges, interaction; Unlimited User Defined Fields; Excel import/export; and Document Management. No long term contract, free data conversion for most and simple pricing of $40 per month that allows unlimited users, unlimited usage and up to 5,000 contacts in your database.

It comprises Donation Tracking, Volunteer Tracking, Campaign Tracking, Communication Tracking, Analytical and Standard Reports, Excel Export, E-Mail Notification, Pledge Management, Membership, Appeal Tracking, User Query Package, Customizable Screen Layout.

NGO-in-a-Box

The Base Edition of NGO-in-a-box is a collection of essential tools for running a small-to-medium sized NGO. One can use this toolkit to set up and coordinate office, organise and manage projects, collaborate online and support campaigns. The Box contains a set of peer-reviewed Free and Open Source Software tools, with associated guides and tutorials, giving one the technical foundations to build upon.

Produced by Tactical Tech in association with Women's Net, the BaseBox is aimed at activist and advocacy organisations with a particular emphasis on developing and transition countries. The contents of the toolkit were selected by an editorial team made up of leading international practitioners working in technology support for non-profits, social justice organising and the development and deployment of Free and Open Source Software.

Sahana Disaster Management System

The Sahana project aims to provide an integrated set of pluggable, Web-based disaster management applications that provide solutions to large-scale humanitarian problems in the relief phase of a disaster. Sahana currently has three projects: Eden, being developed in Python; Agasti, being developed in PHP; and the localization project, L10n.

The Sahana project has 7 modules that address common disaster coordination and collaboration problems: Missing Person Registry, An online bulletin board of missing and found people. It captures information about the people missing and found, and also the information of the person seeking them; Organization Registry, A collaborative "Who is doing what, where" tool which enables tracking of the relief organizations and other stakeholders working in the disaster region. It captures information about the places where each organisation is active and the range of services being provided; Request/Pledge Management System, An online repository where all relief organizations, relief workers, government agents and camps can effectively match requests of aid and supplies to pledges of support. It tracks aid provision from request to fulfillment; Shelter Registry, which Keeps track of the location and basic data of shelters in the region. It also provides a geospatial view to plot the location of the camps in the affected area; Inventory Management, tracking the location, quantities, expiry of supplies stored for utilization in a disaster; Situation Awareness, gives an overview of the event and allows people to add information on what is happening on the ground. It features the ability to plot a note and a photo with additional information on a Map, so that people can collaboratively capture the current disaster situation; Volunteer coordination, Helps NGOs keep track of all their volunteers, their contact information, project allocation, availability and skills to help them distribute staff resources.

Sahana also includes tools for synchronization between multiple instances, allowing for responders or district offices to capture data on victims in the field and exchange the data with the other field offices, headquarters or responders. The Past Deployments of Sahana include Tsunami - Sri Lanka 2005, AsianQuake - Pakistan 2005, Southern Leyte Mudslide Disaster - Philippines, Sarvodaya - Sri Lanka 2006 - Deployed for Sri Lanka's largest NGO, Terre des Hommes - Sri Lanka 2006 - Deployed with new Child Protection Module, Yogjakarta Earthquake - Indonesia 2006, urRemote and Indonesian whitewater association and Indonesian Rescue Source, Peru Earthquake - Peru 2007 - Deployed and localized into Spanish, Myanmar Cyclone - Myanmar 2008, and Haiti Earthquake - Haiti 2010.

CiviCRM

CiviCRM is a Constituent Relationship Management system designed specifically for non-profits. With the available civicontribute module CiviCRM will work as both a contact and donation management system.

CiviCRM allows for storage of common nonprofit contact data (individuals, organizations, and households) that support donor management, case management, voter, and advocacy applications, CiviCRM is highly configurable and in most cases can be configured to work with existing business processes, Designed for the civic sector. CiviCRM was designed for use by non-governmental organizations that engage in advocacy, community and political organizing, and non-profit work.

CiviCRM integrates directly into the popular free software web systems Drupal and Joomla. Web

site registrations automatically become CiviCRM records and individuals can maintain their own CRM record, Available add-in modules such as civicontribute, civimail, civievent, and civimemeber make CiviCRM one system that is well suited to both contact management and donor management can pull directly from payment processors such as Google Checkout and PayPal (creating new 'individual' records automatically as needed, for names / email addresses it hasn't seen before). Amnesty International is using CiviCRM to collect website registration and Fundraising while Wikimedia Foundation uses CiviCRM for their fundraising efforts.

ERP5

ERP5 is a full featured high end free software solution published under GPL license and used for mission critical ERP / CRM / MRP / SCM / PDM applications by industrial organizations and government agencies. Apart from accounting, CRM, trade, warehouse management, shipping, invoicing, human resources, product design and production management; Capabilities built in that are specific to governmental agencies can also work well for non profits and NGO's.

OpenPetra

It provides an easy to use software system for the administration of non-profit organisations. It covers Contact Management, Accounting, Processing of Donations, Personnel, Conference Management, Fund Raising, and more. The strength of the software has always been that it is easy to use. Integration of all aspects of the administration of a charity means that data can be used through all modules. It is specifically targeted on charities, therefore handling of donations etc comes naturally to the system. OpenPetra supports Windows/Linux/Mac, both for the client and the server.

Conclusion

The modern NGO movement has largely reflected the patterns in the world history whether it is the cause it is championing or the techniques by which it is managed. Scientific principles are deployed in the not-for-profit organizations in managing human, financial and other material resources. Similar to that of business organizations, the influence of Digital Revolution has been there in automating the activities of NGOs. Many software solutions are developed exclusively for NGO management to track donations and grants as they are central to the functioning of a non-profit organization. Informative sites like wikipedia, Social Networking sites like facebook are playing a critical role in spreading awareness on the concept of "giving back to society" and are becoming excellent channels for social marketing.

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3 NGOs and Corporates: Identification of a Symbiotic Strategic Fit for CSR

Abstract

NGOs get funds from the government, corporate houses or are given donations by individuals in India or abroad. But the trend is that the corporates listen to only those NGOs which they fear can read the fine print of their balance sheets and expose flaws in their processes and products. Herein lies a big task before the NGOs to understand the workings of big business houses and with this understanding, they can demand accountability and transparency.

For the research the top 5 sectors (pertaining to their sales) and their CSR rating of various companies from the respective sectors is gained from "Karmayog CSR Rating 2007-2008." Further a relationship is established between the sales and the CSR rating of companies in these sectors. Cross tabulation and chi-square test has been employed. The study ends with a conclusion which allows the various NGOs to identify potential organizations and sectors which may be more positively predisposed to CSR activities in the future. Thus, it clearly forecasts the need and creation of a symbiotic relationship between NGOs desiring resources and organizations willing to share their resources with them.

Keywords: *NGOs, CSR, Organizations.*

Corporate Social Responsibility

The World Business Council for Sustainable Development explains CSR as 'continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.' Shankar Venkateswaran in his book, 'The business of social responsibility' wrote 'Islands of prosperity cannot survive in a sea of poverty – the sea will ultimately engulf the islands.' Society's expectations from business are increasing and therefore, being socially responsible provides certain advantages. Therefore unless the Company gives back to the land and people from which it has taken so much, unless it looks beyond business and enables the disadvantaged communities to fend for themselves, act as a catalyst of socio-economic development, issues like growing poverty, unemployment, lop-sided development would continue to haunt the society and indirectly the company itself. Global industrial history and statistics prove that the companies which survived the test of times are those which never compromised on issues of ethics and 'Corporate Social Responsibility'.

According to social enterprise CSR Asia's 'Asian Sustainability Ranking' (ASR), India was ranked fourth in the list, India has been named among the top ten Asian countries that are paying an increasing importance towards corporate social responsibility (CSR) disclosure norms, a survey says.

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In India we find surprisingly high levels of disclosure, particularly from large companies with recognised brands such as Tata and Infosys. Leading oil companies (such as ONGC and the Indian Oil Corporation) also have reasonable levels of disclosure, the report said.

The economic research wing of The Assocham Research Bureau (ARB), has studied the theme activities undertaken by top 300 Indian companies (based on the net sales of 2008-09) that are active in CSR initiatives.

These companies are classified under 18 broad sectors according to their economic activities.

Table 1: Share of CSR in various areas

CSR areas	Total companies CSR initiatives Share (in %)
Community Welfare	21.93
Education	19.64
Environment	17.02
Health Care	15.22
Rural Development	6.06
Women Empowerment	3.44
Donations	2.95
Girl child	1.64
Disaster relief	2.29
Children Welfare	1.47
Poverty Eradication	1.47
Water Management	1.15
Blood Donation	0.98
Livelihood	0.98
Sports	0.98
Physically Challenged	0.82
Training	0.49
Educating Farmers	0.16
Emergency Services	0.16
Energy Conservation	0.16
HIV/AIDS	0.16
Relief Work	0.16

Road Safety	0.16
Self Help Group	0.16
Senior Citizens	0.16
Supports NGOs helping special children	0.16

Source: Assocham Research Bureau

Table 2: Rank of Sectors in CSR

Sectors active in CSR areas	Rank Sectors active in CSR areas Share (in %)
Chemicals	12.11
FMCG and Consumer Durables	10.15
Textiles	8.67
Software and ITES	8.18
Construction	8.02
Cement	7.86
Power	7.86
Engineering	7.36
Fertilizers	5.89
Oil and Gas	5.56
Metal	4.42
Automobiles	4.09
Logistics	3.60
Telecommunications	2.29
Entertainment and Media	1.15
Computer Hardware	1.15
Jewellery	0.82
Retailing	0.82

Source: Assocham Research Bureau

Role of NGO's

Philanthropic activities across the world are said to have taken a big hit and India is no exception. Hurt by the global economic downturn in their operations, companies are increasingly seeking brand-building and other strategic benefits from their corporate social responsibility (CSR) initiatives, rather than straight philanthropy and charity work. Companies might try to use least resources for maximum branding and competitive advantage. According to Tata Capital managing director and CEO Praveen P Kadle the CSR initiatives by companies will remain constant and may be more strategically planned following the downturn in the global economy, Non-profit organization 'SOS Children's Villages of India', which gets contributions from corporate houses for well-being of children, said there has been no impact of slowdown on the companies' social benefits initiatives. SOS Children's Villages of India Dy National Director (PFR) Joygopal Podder said that "CSR budgets do not seem to have been hit by the current economic slowdown with trusts and foundations of MNC's operating out of India, which are headquartered abroad, continuing to send contributions to SOS-India once they are convinced of the viability and quality impact of the project proposal that has been sent to them". What has been affected is the due diligence process in NGO selection, Corporates are now more cautious and selective and shortlist only NGOs with high credibility, transparency in accounting procedures and a long track record of high quality social work.

NGOs have played a vital role all over the world in tackling range of issues like Human Rights, Displacement, Forest Land Rights and Tribals, Child Rights, Women Empowerment, Right to Information, Right to Food, Panchayati Raj, Peace, Animal Welfare, Labour Rights, Health and Education. Some NGOs are devoted to specific issues such as women's health care or HIV/AIDS. The role of NGOs in a country such as India is very crucial, reason being that the civil society in India is very diverse and NGOs manage the host of issues concerning the civil society.

It is estimated that there are 1.4 million NGOs working in India, but only half are officially registered with the government. There are more than 80 percent of NGOs that are one-person organizations, while two-thirds of NGOs focus mainly on rural areas. They get funds from the government or are given donations by individuals in India or abroad. The government launches many schemes but the success of such schemes is based on the activity and campaign done by various NGOs in order to ensure better implementation of the scheme. There is common understanding that those who fund NGOs generally decide the organization's field of work. Then it may be any project on environment, education, health etc. The role of any NGO in the civil society is to step in where the government is failing to reach. These NGOs bring much improved services to communities. They also initiate an awareness campaign on many important issues. These organizations aim to bring change and keep lawmakers as well as government officials on their toes. NGOs work to attract the attention of both corporates and politicians towards the issues concerning the common people. But the trend is that the corporates listen to only those NGOs which they fear can read the fine print of their balance sheets and expose flaws in their processes and products. Companies get awry only if NGOs are capable of influencing consumers and punish its brand in the market. Herein lies a big task before the NGOs to understand the workings of big business houses and with this understanding, they can demand accountability and transparency. There is one organization, CSE which keeps tracking and evaluates the environmental record of companies.

The Business leaders communicate with Indian politicians quite easily but the challenge before

NGOs is to raise voice for the people who get sidelined or are left out of this communication loop. Many NGOs have successfully met these challenges. Latest example being farmers in the Himachal Pradesh forced Ranbaxy, one of India's biggest pharmaceutical companies, to close one of its units because of the pollution problems. Ranbaxy tried to bluff and then tried to force farmers into silence. But the farmers sought expert scientific advice, registered a case and went to the court. People's Science Institute and the Hazards Centre, two NGOs played key role in finding the evidence and helping to strengthen the farmers' case.

Role of Organizations

Non Governmental Organizations undoubtedly play major role in the corporate social responsibility, but the Human Resource Management Department of the industry can also play a vital role in linking industry with community. To develop better rapport with the people, HR managers have to make use of their Strategic Relationship Management Skills. The HR managers can initially conduct Focus Group Discussion (FGD) with the community and community leaders with the help of Non Governmental Organizations and conduct need evaluation and need prioritization. Here HR managers can act as facilitators in the Corporate Social Responsibility initiatives. The community may have unlimited social needs. It is the responsibility of the HR managers to intervene into those needs and give a realistic perception to the community members related to their unlimited and unrealistic needs. The needs of the community have to be segregated into important and unimportant needs. Also short-term goals and long-term goals are to be segregated. The discussion has to be encouraged so that the need categorization and finalization should come from the community itself. The HR managers who act as the implied leaders should lead the community towards realistic goal perception that integrates the goals and objectives of Corporate Social Responsibility program initiated by the organization. This indicates that as leaders of the Corporate Social Responsibility program HR managers should integrate the needs of the community and that of the organisation. The list of social development needs and the environmental protection needs is to be discussed soon after the Focus Group Discussions, with the top management in order to ascertain whether all those needs can be met with the budget allotment for the developmental programs. A multi level discussion, with members of the NGO's, HR managers and representative of the Top Management, is to be initiated for the finalization of the social intervention program. Corporate Social Responsibility offers the HR community opportunities to demonstrate its strategic focus. The relationship with the community and Non Governmental Organizations indicates the level of HR manager's success role in the Corporate Social Responsibility effort.

Objectives, Data and Methodology

This paper focuses on the top 5 sectors (pertaining to their sales) of the economy and their CSR contribution. The paper aims to identify potential organizations which may be more positively predisposed to CSR activities in the future. The reason for the premise being that large organizations (with largest sales and profits in the respective sectors) with less or near to negligible CSR activity, shall be under increasing pressure from government for increasing their CSR and these organizations would naturally be seeking NGO's with high credibility, transparency in accounting procedures and a long track record of high quality social work. Thus it clearly forecasts the need and creation of a symbiotic

relationship between NGOs desiring resources and organizations willing to share their resources with them. The above mentioned objective has been statistically proved by establishing the relationship between the sales of top 5 sectors and their CSR activities respectively. Chi- square test and cross tabulation has been used to prove this relationship.

Hypothesis for chi-square test

H0: There is no relationship between sales and CSR rating of all the companies in the five sectors respectively.

H1: There is a relationship between sales and CSR rating of all the companies in the five sectors respectively.

The top 5 sectors are Oil and Gas, Banking, Power, Iron and Steel and Automobiles which consists of the following number of companies and their respective sales in crores. The CSR rating of the various companies from the respective sectors is gained from "Karmayog CSR Rating 2007-2008."

Table 2: Rank of Sectors in CSR

S. No.	Industry Sector	No. of Cos.	Sales in Rs. crores
1	Oil and Gas	19	750000
2	Banking	40	260000
3	Iron and Steel	93	180000
4	Power	46	140000
5	Automobiles	13	100000

Source: Assocham Research Bureau

The CSR rating of the given companies ("Karmyog CSR Rating 2007-2008") is taken in these 5 sectors respectively and scaling is done from 0 to 5, where 0 is worst, 1- moderate, 2- normal, 3 - good and 4 - very good and 5- excellent. Further the sales of these sectors are also segmented and scaled, sales up to Rs1000 cr - very low sales, 1000 to 5000 cr - low sales, 5000 to 10000 cr - medium sales, 10000 to 20000 cr - high sales and 20000 cr & above – very high sales.

Table 3: Necessary criteria for CSR rating

Necessary Criteria	Explanation	Rating Level
If undertaking any CSR Activity	Where any kind of social, developmental or community work is done	Level 1
If CSR is linked to reducing the negative impacts of company's own products or processes	CSR activities that aim to improve processes and products of the company.	Level 2
If CSR initiatives are for the local community	CSR activities that are focused on those who are affected directly by the company	Level 3
If CSR is embedded in the business operations	CSR activities form a part of the daily business activities of the company.	Level 4
If innovative ideas and practices are developed for CSR	CSR activities enable sustainable and replicable solutions to problems faced by society.	Level 5

Source: Karmayog CSR rating

Analysis and Findings

1)   In Oil and Gas sector, 36.8% companies have (7 out of 19 companies) very high sales and it has been observed that none of the company has a worst rating. Their rating ranges from 1-3, where three companies i.e. Chennai Petroleum Corporation Ltd, Hindustan petroleum corporation Ltd., and Mangalore refinery and petrochemicals ltd. have rating 1, three companies i.e. IOCL, ONGC and Reliance Industries Ltd. have rating 2 and one company i.e. BPCL has rating 3. 52.6% companies (10 companies) have low and very low sales, out of which 70% (7) companies   have moderate and normal ratings. It has been found through chi square test that the null hypothesis H0   (there is no relationship between sales and CSR rating in Oil and Gas sector) is rejected as the df being .065 which is more then the critical value i.e. 0.05. Hence the Alternate hypothesis H1 is accepted.

2)   In power sector there are 4.4% companies (2 out of 45 companies) have very high sales i.e. (above Rs. 20000cr). These two companies are Bharat Heavy Electricals Ltd and National Thermal Power Corporation Ltd. NTPC'S Sales being Rs.37050cr (rounded off) and Net profit after tax Rs.7415cr but its CSR rating is 0 (worst) whereas BHEL's profit being 2800crore has 2 (moderate) CSR rating. There are 93.3% companies (42 companies) with very low sales, out of which 42.8% companies (18 companies) have moderate to good ratings. It has been found through chi square test that the null hypothesis H0 (there is no relationship between sales and CSR rating in power sector) is accepted as the df being .001 which is less then the critical value i.e. 0.05.

3)   In Iron and Steel sector there is only 1% company (1 out of 93 companies) with very high sales. The company name is SAIL and it has 2 rating.. There are 92.4% companies (86 companies) with very low & low sales, out of which 36% companies (31companies) have moderate to good ratings. It has been found through chi square test that the null hypothesis H0 (there is no relationship between sales and CSR rating in iron and steel sector) is accepted as the df being .000 which is less then the critical value i.e. 0.05.

4)   In Banking sector there are 5% companies (2 out of 40 companies) and with very high sales ie. ICICI Bank with rating 3 and SBI with rating 2. It has been found that in banking sector there are 4 companies with high sales and two companies i.e. HDFC Bank has 2 rating and Canara Bank has 3 rating whereas the remaining two companies i.e. Bank of Baroda and Bank of India despite of high sales has 0 CSR rating. There are 60% companies (24 companies) with very low & low sales, out of which 54% companies (13companies) have moderate to good ratings. It has been found through chi square test that the null hypothesis H0 (there is no relationship between sales and CSR rating in Banking sector) is rejected as the df being .338 which is less then the critical value i.e. 0.05. Hence the Alternate hypothesis H1 is accepted.

5)   In Automobile sector there is 7.6% companyies i.e. (1 out of 13 companies) with very high sales i.e. Tata Motor and it has 3 rating. There are 53.8% companies (7companies) with very low and low sales, out of which 28.5% companies (2 companies) have normal rating. It has been found through chi square test that the null hypothesis H0 (there is no relationship between sales and CSR rating Automobile sector) is rejected as the df being .069 which is more then the critical value i.e. 0.05. Hence, the Alternate hypothesis H1 is accepted.

Table 4: Sectorwise contribution to CSR activities

Sr. No.	Industry Sector	No. of Cos.	Sales in Rs. crores	Values in %					
				Level 5	Level 4	Level 3	Level 2	Level 1	Level 0
1	Auto Ancillaries	48	45000	0	0	0.02	22.9	20.8	54.16
2	Automobiles	13	100000	0	0	30.7	30.7	0	38.4
3	Banking	40	260000	0	0	15	22.5	20	42.5
4	Cement	30	47000	0	3.3	0	36.6	36.6	23.3
5	Chemicals	63	45000	0	1.5	4.76	22.2	30.15	41.2
6	Computers	7	21000	0	14.2	0	0	28.5	57.14
7	Construction	57	65000	0	0	3.5	15.7	17.5	63.1
8	Diversified	13	24000	0	0	0	30.7	30.7	38.46
9	Electronics	18	35000	0	0	7.1	14.2	21.4	66.6
10	Engineering	44	40000	0	0	6.8	22.7	20.4	50
11	Entertainment & Media	15	8000	0	0	0	20	6.6	73
12	Fertilizers	19	41000	0	0	0	52.6	31.5	15.7
13	Financial Services	32	50000	0	3.1	3.1	6.2	18.7	68.7
14	FMCG & Consumer Durables	60	75000	0	0	6.6	25	23.3	45
15	Heavy Engineering	10	31000	0	0	10	10	60	20
16	Hotels	9	5300	0	0	0	33.3	22.2	44
17	Iron and Steel	93	180000	0	1	2.1	19.3	18.2	59.1
18	Jewelry	11	19000	0	0	0	0	37	63
19	Logistics	17	27000	0	0	5.8	35.29	29.4	29.4
20	Metals	14	51000	0	0	7.1	50	14.2	28.57
21	Mining	6	13000	0	0	0	50	34	16
22	Miscellaneous	42	45000	0	2.3	2.3	9.5	23.8	61.9
23	Oil and Gas	19	750000	0	0	10.5	26.3	42.1	21
24	Packaging	10	6300	0	0	0	0	30	70
25	Paper	13	7400	0	7.6	7.6	46.1	15	23
26	Petroleum and Petrochemicals	7	6800	0	0	0	14.2	28.5	57.1
27	Pharmaceuticals	49	43000	0	2	2	32.6	34.6	28.5
28	Polymers and Plastics	10	7000	0	0	10	0	50	40
29	Power	46	140000	0	0	4.3	23.9	17.3	54.3
30	Retail	5	8000	0	0	0	20	40	40
31	Software & ITES	40	88000	0	5	5	32.5	15	42.5
32	Sugar	25	15000	0	0	0	28	12	60
33	Telecommunication	20	64000	0	0	10	10	30	50
34	Textiles	77	57000	0	0	2.5	12.9	20.7	63.6
35	Trading	18	68000	0	0	5.5	11.1	11.1	72.2

Source: Karmayog CSR rating

Conclusion:

In oil and gas 70% of the companies with low and very low sales have moderate to normal CSR rating, in power sector 42.8% of the companies with very low sales have moderate to good CSR rating, in iron and steel sector 36% companies with very low sales have moderate to good CSR rating, in banking sector 54% companies with low and very low sales have moderate to good CSR rating and in automobile sector 28.5% companies with low and very low sales have normal CSR rating. If these companies despite of having low & very low sales are contributing to CSR activities, then a major responsibility of involvement in CSR activities lies with those companies which have medium to very high sales but 0 CSR rating

It can be concluded from the above analysis that among the selected top 5 sector, a significant relationship has been found between the sales and CSR rating in Oil & Gas and Banking Sector. Whereas in Automobile, Iron & Steel and Power, there is no significant relationship between their sales and CSR.

In Auto Ancillaries, Computers, Construction, Electronics, Entertainment & Media, Financial Services, Packaging, Sugar, Petroleum and petrochemicals, Power, Telecommunications, Iron & Steel, Textile, Trading and Miscellaneous Sectors, more than 50% companies have "0" CSR rating.

In an interesting development barely days before notification of the last general elections and imposition of the model code of conduct—the government has told state-run oil marketing companies to increase threefold their spending on corporate social responsibility (CSR) activities. The decision was taken at a meeting chaired by petroleum minister Murli Deora with the heads of these PSUs in Mumbai. As these oil marketing companies will be now onwards allocating more funds for CSR activities. henceforth the various NGO's can get more funds from companies belonging to this sector.

The Department of Public Enterprises is in the final stage of preparing guidelines for Central Public Sector enterprises. It proposes a contribution of 3-5% of net profits towards CSR activities. Another recent proposal by the Corporate Affairs Minister Shri Salman Khurshid for a CSR credit system is a reflection of how serious the Indian government is taking the issue. The Minister has encouraged debate over the possibility of establishing a CSR exchange to deal in CSR credits, a bit like trading in carbon credits.

As per government guidelines, CSR Activities has to be carried out by Specialist Agencies; which includes NGOs, Institutes, Academic Organizations, Civil Society/Community-based orgns., Trusts, Missions etc., who have requisite expertise. So a big responsibility lies with the NGO'S in identifying the right companies for generating fund and carrying out their CSR activities.

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Annexures

1. OIL AND GAS SECTOR

Case Processing Summary

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Sales code CSR	19	20.4%	74	79.6%	93	100.0%

Cross tabulation

			CSR				Total
			worst	moderate	normal	good	
Sales code	verylowsales (upto 1000)	Count	3	5	1	0	9
		Expected Count	1.9	3.8	2.4	.9	9.0
		% within sales code	33.3%	55.6%	11.1%	.0%	100.0%
		% within CSR	75.0%	62.5%	20.0%	.0%	47.4%
		% of Total	15.8%	26.3%	5.3%	.0%	47.4%
	lowsales (1000-5000)	Count	0	0	1	0	1
		Expected Count	.2	.4	.3	.1	1.0
		% within sales code	.0%	.0%	100.0%	.0%	100.0%
		% within CSR	.0%	.0%	20.0%	.0%	5.3%
		% of Total	.0%	.0%	5.3%	.0%	5.3%
	medium sales (5000-10000)	Count	1	0	0	0	1
		Expected Count	.2	.4	.3	.1	1.0
		% within sales code	100.0%	.0%	.0%	.0%	100.0%
		% within CSR	25.0%	.0%	.0%	.0%	5.3%

		% of Total	5.3%	.0%	.0%	.0%	5.3%
	highsales (10000-20000)	Count	0	0	0	1	1
		Expected Count	.2	.4	.3	.1	1.0
		% within sales code	.0%	.0%	.0%	100.0%	100.0%
		% within CSR	.0%	.0%	.0%	50.0%	5.3%
		% of Total	.0%	.0%	.0%	5.3%	5.3%
	veryhigh sales (20000 and above)	Count	0	3	3	1	7
		Expected Count	1.5	2.9	1.8	.7	7.0
		% within sales code	.0%	42.9%	42.9%	14.3%	100.0%
		% within CSR	.0%	37.5%	60.0%	50.0%	36.8%
		% of Total	.0%	15.8%	15.8%	5.3%	36.8%
Total		Count	4	8	5	2	19
		Expected Count	4.0	8.0	5.0	2.0	19.0
		% within sales code	21.1%	42.1%	26.3%	10.5%	100.0%
		% within CSR	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	21.1%	42.1%	26.3%	10.5%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.116	12	.065
Likelihood Ratio	17.737	12	.124
Linear-by-Linear Association	4.539	1	.033
N of Valid Cases	19		

2. POWER SECTOR

Case Processing Summary

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Sales code CSR	45	48.4%	48	51.6%	93	100.0%

Case Processing Summary

			CSR				Total
			worst	moderate	normal	good	
Sales code	verylowsales (upto 1000)	Count	24	8	9	1	42
		Expected Count	23.3	7.5	9.3	1.9	42.0
		% within sales code	57.1%	19.0%	21.4%	2.4%	100.0%
		% within CSR	96.0%	100.0%	90.0%	50.0%	93.3%
		% of Total	53.3%	17.8%	20.0%	2.2%	93.3%
	highsales(10000-20000)	Count	0	0	0	1	1
		Expected Count	.6	.2	.2	.0	1.0
		% within sales code	.0%	.0%	.0%	100.0%	100.0%
		% within CSR	.0%	.0%	.0%	50.0%	2.2%
		% of Total	.0%	.0%	.0%	2.2%	2.2%
	Veryhighsales (20000 and above)	Count	1	0	1	0	2
		Expected Count	1.1	.4	.4	.1	2.0
		% within sales code	50.0%	.0%	50.0%	.0%	100.0%
		% within CSR	4.0%	.0%	10.0%	.0%	4.4%
		% of Total	2.2%	.0%	2.2%	.0%	4.4%
Total		Count	25	8	10	2	45
		Expected Count	25.0	8.0	10.0	2.0	45.0
		% within sales code	55.6%	17.8%	22.2%	4.4%	100.0%
		% within CSR	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	55.6%	17.8%	22.2%	4.4%	100.0%

Case Processing Summary

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.121	6	.001
Likelihood Ratio	8.191	6	.224
Linear-by-Linear Association	2.151	1	.142
N of Valid Cases	45		

a 9 cells (75.0%) have expected count less than 5. The minimum expected count is .04.

3. IRON AND STEEL SECTOR

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
sales code * CSR	93	100.0%	0	.0%	93	100.0%

Cross tabulation

			CSR					Total
			worst	moderate	normal	good	Very good	
sales code	very low sales (upto 1000)	Count	45	12	6	1	0	64
		Expected Count	37.8	11.7	12.4	1.4	.7	64.0
		% within sales code	70.3%	18.8%	9.4%	1.6%	.0%	100.0%
		% within CSR	81.8%	70.6%	33.3%	50.0%	.0%	68.8%
		% of Total	48.4%	12.9%	6.5%	1.1%	.0%	68.8%
	low sales (1000 to 5000)	Count	10	5	7	0	0	22
		Expected Count	13.0	4.0	4.3	.5	.2	22.0
		% within sales code	45.5%	22.7%	31.8%	.0%	.0%	100.0%
		% within CSR	18.2%	29.4%	38.9%	.0%	.0%	23.7%
		% of Total	10.8%	5.4%	7.5%	.0%	.0%	23.7%

		% of Total	10.8%	5.4%	7.5%	.0%	.0%	23.7%
	medium sales (5000 to 10000)	Count	0	0	4	0	0	4
		Expected Count	2.4	.7	.8	.1	.0	4.0
		% within sales code	.0%	.0%	100.0%	.0%	.0%	100.0%
		% within CSR	.0%	.0%	22.2%	.0%	.0%	4.3%
		% of Total	.0%	.0%	4.3%	.0%	.0%	4.3%
	high sales (10000 to 20000)	Count	0	0	0	1	1	2
		Expected Count	1.2	.4	.4	.0	.0	2.0
		% within sales code	.0%	.0%	.0%	50.0%	50.0%	100.0%
		% within CSR	.0%	.0%	.0%	50.0%	100.0%	2.2%
		% of Total	.0%	.0%	.0%	1.1%	1.1%	2.2%
	very high sales (above 20000)	Count	0	0	1	0	0	1
		Expected Count	.6	.2	.2	.0	.0	1.0
		% within sales code	.0%	.0%	100.0%	.0%	.0%	100.0%
		% within CSR	.0%	.0%	5.6%	.0%	.0%	1.1%
		% of Total	.0%	.0%	1.1%	.0%	.0%	1.1%
Total		Count	55	17	18	2	1	93
		Expected Count	55.0	17.0	18.0	2.0	1.0	93.0
		% within sales code	59.1%	18.3%	19.4%	2.2%	1.1%	100.0%
		% within CSR	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	59.1%	18.3%	19.4%	2.2%	1.1%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	97.436	16	.000
Likelihood Ratio	41.113	16	.001
Linear-by-Linear Association	28.466	1	.000
N of Valid Cases	93		

a 21 cells (84.0%) have expected count less than 5. The minimum expected count is .01.

4. BANKING SECTOR

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
sales code * CSR	40	100.0%	0	.0%	40	100.0%

Cross tabulation

			CSR				Total
			worst	moderate	normal	good	
sales code	very low sales (up to 1000)	Count	4	1	0	0	5
		Expected Count	2.1	1.0	1.1	.8	5.0
		% within sales code	80.0%	20.0%	.0%	.0%	100.0%
		% within CSR	23.5%	12.5%	.0%	.0%	12.5%
		% of Total	10.0%	2.5%	.0%	.0%	12.5%
	low sales (1000 to 5000)	Count	7	5	5	2	19
		Expected Count	8.1	3.8	4.3	2.8	19.0
		% within sales code	36.8%	26.3%	26.3%	10.5%	100.0%
		% within CSR	41.2%	62.5%	55.6%	33.3%	47.5%
		% of Total	17.5%	12.5%	12.5%	5.0%	47.5%
	medium sales (5000 to 10000)	Count	4	2	3	1	10

		Expected Count	4.3	2.0	2.3	1.5	10.0
		% within sales code	40.0%	20.0%	30.0%	10.0%	100.0%
		% within CSR	23.5%	25.0%	33.3%	16.7%	25.0%
		% of Total	10.0%	5.0%	7.5%	2.5%	25.0%
	high sales (10000 to 20000)	Count	2	0	0	2	4
		Expected Count	1.7	.8	.9	.6	4.0
		% within sales code	50.0%	.0%	.0%	50.0%	100.0%
		% within CSR	11.8%	.0%	.0%	33.3%	10.0%
		% of Total	5.0%	.0%	.0%	5.0%	10.0%
	very high sales (20000 & above)	Count	0	0	1	1	2
		Expected Count	.9	.4	.5	.3	2.0
		% within sales code	.0%	.0%	50.0%	50.0%	100.0%
		% within CSR	.0%	.0%	11.1%	16.7%	5.0%
		% of Total	.0%	.0%	2.5%	2.5%	5.0%
Total		Count	17	8	9	6	40
		Expected Count	17.0	8.0	9.0	6.0	40.0
		% within sales code	42.5%	20.0%	22.5%	15.0%	100.0%
		% within CSR	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	42.5%	20.0%	22.5%	15.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.434	12	.338
Likelihood Ratio	15.855	12	.198
Linear-by-Linear Association	5.099	1	.024
N of Valid Cases	40		

a 19 cells (95.0%) have expected count less than 5. The minimum expected count is .30.

5. AUTOMOBILE SECTOR

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
sales code * CSR	13	32.5%	27	67.5%	40	100.0%

Cross tabulation

			CSR			Total
			worst	normal	good	
sales code	very low sales (up to 1000)	Count	4	0	0	4
		Expected Count	1.5	1.2	1.2	4.0
		% within sales code	100.0%	.0%	.0%	100.0%
		% within CSR	80.0%	.0%	.0%	30.8%
		% of Total	30.8%	.0%	.0%	30.8%
	low sales(1000 to 5000)	Count	1	2	0	3
		Expected Count	1.2	.9	.9	3.0
		% within sales code	33.3%	66.7%	.0%	100.0%
		% within CSR	20.0%	50.0%	.0%	23.1%
		% of Total	7.7%	15.4%	.0%	23.1%
	medium sales (5000 to 10000)	Count	0	1	2	3
		Expected Count	1.2	.9	.9	3.0
		% within sales code	.0%	33.3%	66.7%	100.0%
		% within CSR	.0%	25.0%	50.0%	23.1%
		% of Total	.0%	7.7%	15.4%	23.1%
	high sales (10000 to 20000)	Count	0	1	1	2
		Expected Count	.8	.6	.6	2.0
		% within sales code	.0%	50.0%	50.0%	100.0%
		% within CSR	.0%	25.0%	25.0%	15.4%
		% of Total	.0%	7.7%	7.7%	15.4%
	vey high sales (20000 & above)	Count	0	0	1	1
		Expected Count	.4	.3	.3	1.0

		% within sales code	.0%	.0%	100.0%	100.0%
		% within CSR	.0%	.0%	25.0%	7.7%
		% of Total	.0%	.0%	7.7%	7.7%
Total		Count	5	4	4	13
		Expected Count	5.0	4.0	4.0	13.0
		% within sales code	38.5%	30.8%	30.8%	100.0%
		% within CSR	100.0%	100.0%	100.0%	100.0%
		% of Total	38.5%	30.8%	30.8%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.517	8	.069
Likelihood Ratio	18.003	8	.021
Linear-by-Linear Association	8.406	1	.004
N of Valid Cases	13		

a 15 cells (100.0%) have expected count less than 5. The minimum expected count is .31.

4 ETHICAL MANAGEMENT: NEED FOR NGOs

Abstract

Non-governmental organizations (NGOs) have proven to be excellent instruments for promoting a wide range of causes. But they need to adhere to strict ethical principles that they usually define in voluntary codes and standards. NGOs have the responsibility to be transparent, honest, accountable and ethical, to give out accurate information and not to manipulate situations for the personal benefit of their boards and staff. NGOs have the responsibility to dedicate themselves for the sake of others and do so according to the highest code of ethical conduct. A code can assist stakeholders in identifying and avoiding "pretenders" and irresponsible NGOs. A Code of conduct and ethics is a set of fundamental principles, operational principles and standards to guide the actions and management of non-governmental organizations. NGOs have a duty to maintain the highest ethical standards and stay the course in terms of their own practices and founding vision of service. It will help to inform and guide the work of NGOs in this capacity. This paper analyses the ethical standards, values and social principles that define its mission and activities. The study is done on NGO accountability issues also.

Key words: *Non-governmental organization, Ethical Code of conduct, Accountability, Responsibility.*

What is a Non-Governmental Organization (NGO)?

The term, "non-governmental organization" or NGO, came into use in 1945 because of the need for the UN to differentiate in its Charter between participation rights for intergovernmental specialized agencies and those for international private organizations.

At the UN, virtually all types of private bodies can be recognized as NGOs. NGOs have grown rapidly in number, size and influence in recent decades. It is governed by private law and with independent legal status, pursuing programs of general interest for the improvement of society in the fields of social welfare and sustainability; community action, education, healthcare, environmental protection, development cooperation and sustainable development (Aenor, 2004). They only have to be independent from government control, not seeking to challenge governments either as a political party or by a narrow focus on human rights, non-profit-making and non-criminal. The majority of these organizations are charity organizations, and thus would not fall under the category of development-oriented NGOs. NGOs with fast expansion in size and services in the late 20th century throughout the world are being considered as the third sector of society, besides, public and private.

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NGOs are organizations that are non-political, non-profit, non-governmental, and accountable to their stakeholders and involved in welfare and socio-economic development of people. For the purposes of the Code of Ethics and Conduct for NGOs, an NGO is considered in its broadest context: a not-for-profit, non-governmental organization. The term non-profit is used in the sense of "not-profit-distributing" in that any profits are invested back into the public mission of the organization, and are not distributed for the benefit of the board, staff or shareholders - thus distinguishing the NGO sector from the business sector. The term non-governmental is used in the sense that the organization is independent of government - it is not controlled by a governmental entity nor is it established by an intergovernmental agreement. Included in the definition are large, international organizations and small, one-person operations, those that are secular as well as those that are faith-based, and both membership and non-membership groups. The idea of NGOs as an active and representative part of civil society is attractive, but highly debatable (Abramson, 1999).

Non-governmental organizations (NGOs) have been defined by the World Bank as 'private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development'. NGO activities can be local, national or international. NGOs have contributed to the development of communities around the world and are important partners of many governments – while remaining independent from governments. According to the Human Development Report , there were in 2002 over 37,000 NGOs in the world, a growth of 19.3% from 1990. The influence of globalization, technological progress, rising standards of living in advanced countries and in many emerging countries, on one hand and also changing political, social, economic and human framework increased the activities of NGOs on the other hand.

An NGO should have commitment to its vision and mission, taking care of external environment, stakeholders and operations. In order to be effective and well managed, it should maintain good relationships with donors and state, and also involve the community in their decision making at the board level. The management system for NGOs is supposed to be different from traditional management thoughts given by Fayol's Modern Operational Management, Taylor's Scientific Management and Weber's Bureaucratic Model, because of their distinctiveness in vision, mission, organisational culture, goals and values from the other two sectors. The number and variety of areas in which NGOs are involved has expanded to include immigration, dependant care, human rights advocacy, peace promotion, the fight against specific diseases or pressure for acts of corporate social responsibility (Eisenberg, 2000).

Accountability is an important issue because of the influence that NGOs have on the life of many people, including those that are not the direct object of the NGOs' promoted policies. There is a variety of alternative accountability meanings, from identity accountability (the NGO is answerable to itself and to its members through its values, mission and culture), to accountability to the owners (for example, the core activists that control the NGO), to those stakeholders who have the ability to influence the results of the organization, or to all those stakeholders upon whom the NGO's actions have or may have an impact (Unerman and O'Dwyer, 2006). In view of neglect of the original goals, lack of legitimacy, inefficiency, lack of transparency etc, NGOs are sometimes criticized across the broad and in specific cases (Zaidi, 1999; Foote, 2001; Gibelman and Gelman, 2001, 2004; MacDonald et al., 2002).

Code of Ethics & Conduct for NGOs

Lloyd (2005) identifies six reasons for self-regulation in the NGO sector: 1) The rapidly increasing number of NGOs and their growing influence has made them key players in society which demands responsibility and accountability. 2) NGOs' success in changing national and international policy has led other agents (governments, companies, unions and public opinion) to question their legitimacy. 3) Their rapid growth has outpaced the ability of many governments to effectively regulate the areas in which NGOs operate. 4) Even in countries with proper regulation, self regulation is seen as a way of going beyond the legal minimum to promote higher standards of governance and accountability. 5) NGOs need to maintain society's trust and to do that they must meet higher standards in their own organization and operations. 6) The need to diversify sources of funding and attract other donors makes self –regulation a necessity.

Self-regulation can be achieved in many different ways along a continuum between two extremes: codes of conduct, on one hand and accreditation and certification systems on the other. Codes of conduct are self-regulatory mechanisms where groups of organizations agree on standards governing their conduct, with each promising to abide by established norms. Accreditation and certification systems are self-regulatory systems involving independent external reviews of an organization's compliance with pre-established standards and norms (Shea, 2004). Codes are voluntary and lack enforcement mechanisms. This makes it more likely that NGOs will adopt them and encourages their members to learn and adapt to the code's requirements. Codes can also be enforced indirectly through awareness of the impact of non-compliance on NGO reputation, or by making compliance a condition for access to certain sources of finance. Certification mechanisms are subject to external control and so are stricter (Leader, 1999), although they do not always have means of enforcement.

The purpose of Code of Ethics is to promote high standards, quality, effectiveness, transparency and accountability among NGOs. In recent years, we have witnessed a dramatic increase in the importance, number, and diversity of non-governmental organizations (NGOs). NGOs now impact policies and advance initiatives that once were nearly exclusively the domain of governments and for-profit corporations, and their humanitarian service has become vital to the well-being of individuals and societies throughout the globe.

All NGOs, even the most sincere and selfless, can benefit from a code of ethics and conduct that systematically identifies ethical practices and acceptable standards. The adoption and internal enforcement of a suitable code not only provides an ethical check for an NGO; it also serves as a statement to beneficiaries, donors and the public that the NGO takes seriously the importance of maintaining high standards. Such a code can assist stakeholders in identifying and avoiding "pretenders" and irresponsible NGOs. The Code is a set of fundamental principles, operational principles, and standards to guide the actions and management of non-governmental organizations.

Developed under the auspices of the World Association of Non-Governmental Organizations (WANGO), the Code of Ethics and Conduct for NGOs was formulated by an international committee representing the wide spectrum of the non-governmental community, and included input from NGO leaders from all regions of the world. As institutions that do not place profit as their number one goal, NGOs also tend to be among the most trusted institutions in society. In the Fourth Edelman Survey on Trust and Credibility (2003), both US and European leaders indicated greater trust in NGOs to do what is

right than they professed for business, government or media. In an earlier (June 2000) Edelman survey of 500 US elites and 100 European/Asian elites, the respondents demonstrated that for environmental, human rights and health issues, their trust in NGOs more than doubled their trust in government, corporations, or media.

Notably, in most cases, there is only minimal regulation of NGOs by state authorities – often only enough regulation to see that the NGO has been legally formed or meets its requirements for tax exemption or other concessions. Funding organizations and the public may have little understanding of which NGOs are reputable and which are fraudulent. Nor is it easy to ascertain which NGO are utilizing public money responsibly and efficiently to carry out their activities, and which are spending most of their resources on their staff and board. Compounding the problem is that less than desirable organizations may assume names that are quite similar to those of reputable organizations, or may assume "attractive sounding names" while carrying out little or no activities for the purposes claimed. Foundation grants tend to go to organizations with which the foundation is familiar, rather than risk giving to an NGO that may prove not to use the funds responsibly.

Creeping in of Unethical Deeds

While most NGOs strive ethically and responsibly to promote the public good, there are also many actors in the NGO community that do not follow acceptable standards of conduct, whether in fundraising, governance, or use of public funds. There are also many NGOs that have been set up for unethical ends, such as "Briefcase NGOs" who function mainly to try to attract grants or donations to enrich their owner. Unethical NGOs such as these exploit people's giving nature and weaken the trust of the public and donors in the NGO sector. Ethical and responsible NGOs are tainted in the process.

Given the growing reach and importance of non-governmental organizations (NGOs), it is essential that they utilize consistent and thorough methods aimed at ensuring accountability to their various stakeholders: donors, their own charter or mandate and staff, and last but certainly not least, the communities and clients they seek to help and serve. Particularly in this age of constant media influence, lapses in NGO accountability frameworks or lack of such frameworks altogether resulting in scandal can cause the public to lose faith in these institutions, thus ruining the reputation and ability of similar organizations to raise money and truly enact change.

One example of such public scandal was that of United Way of America, where the CEO William Aramony was found guilty of 25 felony charges including conspiracy to defraud the United Way, filing false tax returns and falsifying records to hide the diversion of money; among other things, he used charitable donations to finance a lavish life style, including trips on the Concorde and an expensive condominium. United Way was hurt both by its affiliates delaying payment of voluntary dues to the national organization and public charitable contributions to both United Way and its affiliates dropping up to 30%.

The Accountability of NGOs

The standard is based on a limited, very pragmatic concepts of disclosure. A limited concept of disclosure entails also a limited concept of accountability (Lloyd, 2005) and therefore, a possible

"accountability gap" (Salamon et al., 2000). The standard does not devote sufficient attention to the principle that NGOs must render account of their activities to all the stakeholders. Taking pragmatic approach, seems to concentrate on donors and the authorities, besides members. A broader concept of accountability would offer greater scope for reflection and self-criticism. This suggests the need for further thought as well as theoretical and practical development of NGO accountability (Najam, 1996). The standard leaves much to be desired in regard to dialogue between stakeholder and client, participation and involvement in planning NGO projects, and at the different stages of implementation, monitoring and reporting. In the stakeholder approach, an NGO must be accountable to a wide range of stakeholders; but this is not easy, since NGO's responsibilities are naturally varied, complex and diffuse and also because the means of enforcing the standard are very weak (McDonald 1999).

The most important stakeholder for NGO accountability must be the clients themselves. Therefore, an NGO must "have some levels of formal or semi-formal accountability to those it wishes to see empowered – its constituents" (Kilby, 2006; Smith-Sreen, 1995). In any case, accountability to clients is ethical and social; therefore, it falls within the scope of social responsibility (Argandona, 2006) and so must be the result of an internal attitude and, where appropriate, a commitment to an industry code or a standard. The broad meaning of accountability look for the involvement of NGOs' leader with accountability, policy and practices, integrating accountability into strategic planning, employing internally driven forms of self-regulation and integrating learning from accountability evaluations into organizational practices (Bies, 2001). The organizations are responsible for engaging in an honest and open democratic debate regarding their policies and actions, and this implies that the organization must provide an honest and open account of their actions to their stakeholders (Unerman and Bennett, 2004).

The standard envisages instruments (codes, reports, audits etc) and the processes for accountability(evaluations, consultations, complaint mechanisms etc) (Ebrahim, 2003). But as Mulgan points out (2003), the crucial thing is, to what extent these instruments and processes lead to a change of behavior. In the standard, accountability is understood as a disciplinary mechanism, not as a driver for change (Young 2000), ensuring continuous improvement of processes and decisions; as rule bound responses of organizations that become important when things go wrong, more than a process that is understood as part of the daily organizations life of the NGO (Fry, 1995).

The standard should be focused on the development of ethical management systems in NGOs, perhaps assuming that this will be sufficient to foster fully ethical behavior in organizations and satisfy the demands for compliance disclosure. NGOs should be organized and managed according to their particular view of the common good, as they have a right to address human needs in whatever way they see fit. They must explain vision, mission and policies and be accountable for them. What NGOs need is not regulation, but oversight, insofar as no real harm is done.

Conclusion

These Human Rights organizations hold political and ideological independence and neutrality among their core values. Of course the organizations are made up of their people. For the organization as a whole to be impartial, it requires that all of its people behave in an impartial manner. For accuracy of reporting to be maintained, it requires that all those collecting data, processing and reporting on it

maintain the highest standards.

Employees must uphold the ethical values of the organizations they work for, at least while they are on-the-job. The requirements place on employees in their free time are debatable, but it is clear to see that someone who spends this time as a political activist for a particular cause can not in good faith work in an area relating to that cause with an NGO. To do so would either compromise the NGOs neutrality or would put the employee in a very difficult position where their own rights and freedom are compromised. Where an employee is campaigning as part of their job, there are other safeguards that must be observed.

In today's world of multiple narratives, human rights workers have to be careful not to get caught up in the cultural narrative of one group. Being involved in one side can lead to selective vision, manipulation of information to better suit one perspective, and interpretation colored by one narrative. Individuals falling into such a trap can bring their organization into disrepute and cause the public to lose faith in human rights organizations in general. Neutrality is never easy but it must be sought after.

No workplace is perfect and no organization always meets its goals. In the arena of human rights organizations, however, important moral principles are at stake and every employee must play their role in upholding these principles. To enumerate the functioning of an NGO and the ethical values they put forth, a case has been given for the study.

Case Study: RAN Targets Mitsubishi

RAN's global campaign against Japanese giant Mitsubishi started innocuously enough. In January 1993, Tachi Kiuchi, then chairman and CEO of Mitsubishi Electric America, began receiving a steady stream of letters from elementary school students, asking him why his company was destroying the world's rain forests. The letters puzzled him. Mitsubishi Electric didn't own any forests, and it used very little paper. How could it be impacting the rain forest?

From his headquarters in Torrance, Calif., Kiuchi called Richard Recchia, then COO of Mitsubishi Motors' U.S. sales arm, whose headquarters was just down the street. His company, it turned out, was also the target of a rain forest campaign. Protesters were locking themselves inside Mitsubishi automobiles at car shows around the country, drawing publicity for their cause.

The force behind the actions was the San Francisco group Rainforest Action Network. According to RAN founder and current board president Randall Hayes, RAN's real target was a third company, Mitsubishi Corp., a Japanese trading company responsible for perhaps 3 percent of the world's trade in tropical timber.

To understand why RAN targeted all of the Mitsubishi companies, including those that had no operations in the rain forest, requires a brief step back into history. "General MacArthur broke up the [Mitsubishi] companies after World War II," explains Jim Brumm, general counsel for Mitsubishi Corp. and an influential member of the corporate board. "Each Mitsubishi company retained the right to use the same name, but they could not be subsidiaries. Because of this, we at Mitsubishi Corp. view Mitsubishi Electric and Mitsubishi Motors as our clients." But "the general public doesn't realize that the Mitsubishi

companies are all separate and distinct businesses," Brumm says. The public's inability to distinguish between the various companies bearing the Mitsubishi name, and the fact that the companies often work together to protect the name, gave RAN a strategic opportunity to apply pressure.

RAN is the ultimate market campaign NGO. RAN concentrates on direct action in the social and economic marketplace. If it can discredit the names or disrupt the business activities of the companies it targets, it believes that it can devastate the profits from rain forest destruction. The problem that RAN faced is that most consumers have never heard of most of the tropical timber harvesters. And even if it had, most of the companies do not sell directly to the public, making a consumer boycott difficult.

That's why RAN picked Mitsubishi. It had a recognizable name, and the various companies it owned or that bore the Mitsubishi name sold numerous products to consumers. Mitsubishi Corp was one of several companies that shared small and roughly equal portions of the tropical timber trade. If RAN could target consumers of autos and electronics, thought Hayes, perhaps those companies could exert pressure on Mitsubishi Corp. to change its timber practices. And if Mitsubishi changed, maybe the rest of the industry would, too.

Striking an Accord

As they came to understand RAN better, Kiuchi and Recchia grew increasingly convinced. Mitsubishi Corp., however, was unconvinced. During the summer of 1996, in a tumultuous meeting in Tokyo between top executives from the three companies, Mitsubishi Corp. broke off direct discussions with RAN and dropped out of its partnerships with Mitsubishi Electric and Mitsubishi Motors.

Freed from Mitsubishi Corp.'s more conservative approach, Kiuchi and Recchia asked Hayes to work toward a formal agreement with RAN. The agreement was based on the belief that even though Mitsubishi Electric and Mitsubishi Motors did not buy large quantities of timber and paper products, their sheer size and links into global supply chains might generate an impact far beyond the companies themselves. Signed in February 1998, the agreement stipulated that Mitsubishi Electric and Mitsubishi Motors would, among other things:

- Phase out purchase of paper or timber from old-growth sources by 1998.

- Achieve a 75 percent reduction in paper use by 1999.

- Phase out of all wood products by 2002.

- Commit Mitsubishi Motors to offer "carbon offsets" tied to sales of its Montero LS, proceeds from which would fund forest reserves.

- Commit Mitsubishi Motors to lobby President Clinton's administration to reduce carbon emissions. Mitsubishi Motors would be the first major car company to do so.

- Fund forest reserves to protect natural resources and indigenous communities.

- Establish a comprehensive system of eco-accounting to measure the net value created by a company, after accounting for social and environmental externalities.

The agreement was risky for all sides. The companies had to trust that RAN would not besiege them with additional demands after they signed. RAN had to demonstrate to its activist base that the agreement was worthwhile even though it did not directly require the company to change its logging practices. Both sides had to overcome internal factions determined never to strike an agreement with the enemy.

What Was Accomplished?

One of the most powerful portions of the agreement turned out to be the phase out of old-growth paper and timber purchases. Once the two Mitsubishi companies made their commitment, hundreds of other companies followed suit. The combined buying power of all these companies created a healthy and growing market for sustainable timber, and set the stage for several later agreements. RAN adopted the role of advocates and agents of a more just and caring society. They exhibited a responsible and caring attitude toward the environment in all of its activities. There is an impact on the public's perception of RANs and that it shares responsibility for the public's trust of RANs.

"It was really the first agreement between corporate entities and an NGO that took a systems approach," says Hayes. "This was one of the first time issues of supply chain management were addressed." The other clause that spread beyond the two Mitsubishi companies was the eco-accounting commitment. To implement it, Future 500 developed a tool for Mitsubishi Electric and Mitsubishi Motors that consolidated several existing systems for measuring corporate social and environmental performance. The tool evolved into a process now known as Global Citizenship 360, which has been adopted by Coca-Cola, General Motors, and a dozen other large corporations.

The most controversial clause committed Mitsubishi Motors to be the first auto company to buy carbon credits for a line of its automobiles and to fund forest reserves operated by indigenous communities. The company has never implemented the clause, nor has RAN ever pressed it to do so.

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5 THE ROLE OF HR IN THE SUCCESS OF NGOs

Abstract

This article discusses the role and importance of Human Resource Management in the success of Non-government organisations. Human Resources are the greatest assets of the NGOs in planning and execution of their strategies and in-turn reaching their end objectives. This article also discusses the link between HR Strategy and the NGO Strategy and also highlights on the importance of proactive and agile Human Resource policies and practices. The Strategic Human Resource Management could lead to higher efficiencies and effectiveness in the functioning of the employees of NGOs. In-turn this would become competitive tool in the success of NGOs.

Key Words: *NGO, Human Resource, Operations Strategies.*

Introduction

Today NGOs play a major role in the development of the society. Their contributions along with the Government and private organisations are highly recognised and appreciated by the society. The competitive environment has compelled the NGOs to streamline their operations and thus enhance their efficiencies. This has resulted in the use of IT and Strategic Human Resource Management as a competitive tool in their success.

The quality of Human Resource plays a significant role in the success of an NGO. It is the people who make the difference between one NGO and the other. Moreover, "the people recruited" in an NGO create the culture which can be leveraged for the advantage of the NGO in particular and the society at large. Though Finance and Infrastructure play a major role in the effective functioning of the NGO it is HR which differentiates one NGO from the other and creates a distinctive identity.

Any NGO's operation strategy has its objectives that are the criteria to evaluate the working efficiency. Operations strategies can be referred in many types and calculated by various factors like objectives of Planning, Organising, Leading and Controlling. This would be followed by effective feedback mechanism which will help an NGO to bridge the gap if any by streamlining its operations. Most of the NGOs do not care about the link between Operation Strategies and the Strategic Human Resource Management.

The NGO managers need to know the importance of recruiting quality human resources for successful operation and to enhance the efficiency and effectiveness of its people. The following are the link between Operation strategies and Human Resource policies:

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1. Operation strategies: Based on low cost

1.1 NGOs features

- Long-term goals

- Low cost for operation

- Detail reports needed.

- Clear assignment of responsibility and accountability

- Simple service process design

1.2 Human Resources policies

- Specific description of tasks or duties

- Focus on rules and regulations

- Careful training

- Achievement based payment

- The aim of working efficiency assessment is to control.

2. Operation strategies: Based on difference

2.1 NGO's features

- Reinforce Service above Self

- Design new processes

- Put priority on systems and processes

- Focus on reputation and quality of services

- Attract competent human resources

2.2 Human Resources policies

- Competency –based Human Resource Management

- Proper Job description

- Allocation of roles and responsibilities based on competencies

- General staff supervision

- Outside service for some tasks

- Promotion of Teamwork

- Competency-based recruitment and selection

- Competency- based performance appraisal

- Competency- based rewards and incentives

How to Attract Best human resources ?

Biggest challenge faced by NGOs today is how to attract great people and retain them. In this regard Human Resource department has to play a key role. Since NGOs are service organisations the people play a significant role in their success. It is imperative that the Human Resource Department has to design appropriate strategy in attracting best people to the organisation.

 Jim Collins in his book Good to Great says "Get the right people on the bus…Once you have the right people in place, figure out the path to greatness."

Today NGOs in India are unable to attract best of the people to their organisations. Even the fresh MBA graduates prefer to work in MNCs and top Indian companies and they are not interested to build their career in NGOs. The success of any NGO is mainly depending on the quality of its people. So having right people for the right jobs with the right competencies is the key determinant of success.

The seven-step process evolved by renowned Management Consultant Jim Geier for attracting and retaining the best people in any organisation are as follows:

Step 1: Develop operation strategy

The first step is to develop a roadmap. One need to define:

• What are you doing?

• Where are you going?

• What is your contribution to the society?

• How do you differentiate your NGO from others offering similar services?

• How will you approach your target audience?

• What are your strengths, weaknesses, opportunities and threats?

 It is important to take the time and effort to answer each one of the above questions. One cannot define the competencies required for the people serving in your organisation unless one get answers for the above questions. With this one can design competency framework which includes the organisational competencies which are common to all role-holders and at least two functional competencies which are function specific. It is also important that one write down his/her roadmap and continue to refine it over a period of time.

Step 2: Define your organisation's culture

Culture has been defined in Webster Dictionary as "the set of shared attitudes, values, goals, and practices that characterises an institution or organization".

The very existence of any NGO is determined by its culture. Culture defines who you are as an Organisation and it also defines what you stand for; how you want to be known by your target audience, stakeholders, employees and the society.

Many Organisations find it valuable to define culture in terms of their vision, mission, and values. This is a written document which is being circulated to all employees and the stakeholders of the organisation. The purpose is to remind everyone of the core values of the organisation.

Step 3: Identify the required people skills, competencies, and experiences

Identify the people needed to achieve the organisation goals and who will best fit into the culture of the organisation. Getting the right person for the right job with right competencies will determine the organisation's success.

In this step, one need to identify the right skills and competencies that are needed for the effective functioning of an organisation. These are not job descriptions at this point, but overall guidelines. For example in an oganisation the following were the ten core leadership competencies that were used to evaluate the candidates.

• Strategic orientation

• Entrepreneurial

• Result oriented

• Communication skills

• Relational skills

• Business astuteness

• Analytical skills

• Motivating and leading others

• Team-oriented

• Cross-cultural adaptability

Over the period of time, these competencies will evolve as organisational competencies which are used as tools for performance reviews, succession planning, and recruitment strategies.

Step 4. Identify, attract, assess, and hire the right people

Many talent acquisition managers perceive this step to be the most frustrating and time consuming, but it is the most important. The successful execution of Step 4 will ensure the success of the organisation.

Take the profiles you developed in Step 3 and develop job descriptions. This requires you to think hard about what each job is. If you don't have a clear understanding of the position, how can anyone else? It is important to focus on the tasks, responsibilities and the competencies necessary for the successful completion of the job. Focus on the fact that you're looking for candidates who have the skills, knowledge and the right attitude required for the job as well as the appropriate "fit" for your organisation's culture.

These job descriptions will help during your recruitment advertising, help those interviewing candidates define the interview questions, and help evaluate the employees one hires. Job descriptions can be sophisticated or simple.

When interviewing candidates for a job, it is important to involve others also in the process. Everyone has weak spots in interviewing. Let others participate in the selection process and also go

through the profile and job description. Then make a final selection as a group, choosing the candidate who best fits both the position and the organisation culture.

Step 5: Reward your people

It is vital to reward the good people in the organisation. One should start by developing compensation and benefits policy. One need to understand the compensation package for a given position—the split between base pay and incentives and how competitive one in this regard. In addition, one need to determine if he/she will have other benefits such house rent allowance, house and car loans, transportation facility, medical benefits, funding for children education etc. In short one need to view a person's compensation in terms of both salary and benefits.

Rewards need not be only monetary. Rewarding can be as simple as telling people they are doing a great job. This short statement will take one miles ahead in ensuring that good performers realise they are making significant contributions to the success of the organisation and also keeping them engaged.

Be prepared to pay more to Good people with the right experiences, skills, and competencies. A recent survey by Robert Half International and CareerBuilder.com showed that compensation levels will be rising to better compete for the good candidates.

Step 6: Develop and train your people

It is essential that you know who the good people are in your organisation. You can't afford to lose any of them. They help drive your business strategy, deal with customers, and drive your success. Do whatever one can to not lose the top performers.

One way to identify the people strengths and weaknesses in an organization is to create a succession-planning process. This process allows you to identify your key performers and put in place a personal development plan that will address their gaps to prepare them better for future opportunities.

Possible methods of developing organizations' key people could be any combination of the following: training courses, the opportunity to fill in for the boss, promotion, and involvement in special committees, projects, or task forces. These will give good employees an indication that they are important to the business and give organisation an opportunity to see how they perform.

Step 7: Communicate, communicate, communicate!

This looks like a simple step, but it is the one area where most managers are rated as "Does Not Meet Expectations." Studies done by brand-name consulting firms have shown that organisations that communicate well with their employees have a direct correlation to stronger retention, higher revenues, and increased profitability.

You simply must communicate. Inform your organization about what is happening. Listen to what they are saying. Ensure you communicate to all levels of management and they, in turn, are communicating with their teams. People look toward their boss for information, so middle managers and first-line supervisors need to know what is going on in the company.

One cannot go wrong if one over-communicates. Be as transparent as possible on the issues.

Remember to treat your employees the way you'd like to be treated.

Conclusion

In this competitive environment the success of any NGO depends mainly on the quality of service they offer which in- turn depends on the quality of people working in the organisation. It is imperative that the NGOs build good image in the society which will give them an advantage in attracting best of the people to the organisation.

The B-Schools and Universities should impart a subject dealing with functioning of NGOs in their curriculum so as to create awareness among the students. Building a culture and value of Service above Self among the younger generation would help the NGOs to attract best people.   Once the NGOs are able to attract best people to the organisation next step is to train and motivate them for the long term retention. The salary structure should include both the base salary and other performance based incentives. The performance appraisal should be transparent and should be based on the self and reporting manager's   assessments. A certain weight- age should also be given to the feedback from the target audience who will receive the service.

The Government and private initiatives in establishing a premier institute on NGO management inline with IRMA (Institute of Rural Management Ahmadabad) will facilitate training of required quality managers for NGOs. At college level it is important to start Job-oriented courses on NGOs to provide quality manpower to NGOs. The success of NGOs such as 'CRY', 'Smile' etc. are mainly attributed to their service and quality of people. It is high time for the NGOs to evolve HR Strategies to attract and retain best people.

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6   Charitable Trusts and Institutions: An insight from Income Tax Point Of View

Abstract

CHARITY has emerged as a major platform and is playing a decent role in improving the lot of the under privileged including needy persons. Generally in every city there are very few government schools and hospitals for proper service to the community as against the required number. To meet the requirements either the corporate sector or the individuals are coming up with number of charitable institutions for the service of the mankind. But these institutions are not properly abiding by the rule and the procedures of income tax provisions. This paper gives an insight into the legal provisions related to the same issue so that the institutions can take the best advantage of the same and benefit the society in a more comprehensive manner.

Key words: Charitable Institutions, Charity, Income Tax Provisions, Valid Trust, Public character, Not for Profit.

Introduction – Basics

It is the duty of the state i.e. Central Government and State Government to provide medical facilities and provide education to every section of the society at a cheaper/reasonable rates. However due to inadequate financial resources with the Governments, and out of which major part is spent on heavy administrative/establishment expenses with the result that Central Government and State Governments have not been able to carry out the same effectively. Hence, the CHARITY has emerged as a major platform and is playing a decent role in improving the lot of the under privileged including needy persons. For instance in Ludhiana city in Punjab there are only two Government Colleges, whereas there are more than ten private colleges run by

N.G.O. (Trusts/Societies etc.). Likewise there is only one major Government Hospital i.e. Civil Hospital, Ludhiana, as against many big Hospitals run by charitable Societies/Trusts, Such as D.M.C., C.M.C. Guru Teg Bahadur Hospital, Mohandevi Oswal Cancer Hospital, Pahwa Hospital etc. etc., All these educational/medical institutions are not only serving the major section of Society, besides these have created huge employment opportunities both for professionals and others. For instance D.M.C. and C.M.C. two major hospitals alone have employees strength nearing to 2500 each. In addition to heavy TDS, Service Tax and VAT are being deposited/paid by these institutions.

Objective of the Paper

This paper is an attempt to highlight the income tax provisions applicable to the charitable institutions.

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It is a guide to understand the legal restrictions and the requirements for running a charitable institution for education, health services or any other purpose of public utility.

Charitable purpose

Charitable purpose is defined in the Income Tax Act in a wide manner. Charity for tax purposes is not confirmed to relief of poverty. It is concerned with improving the quality of life all round and embraces all income classes. It may seek to promote health, welfare, happiness and culture. In this sense it is more philanthropy than charity. Word philanthropy appears in Sections 10(23C), (iii ac), (iii ae) and (vi a) of the Income Tax Act, 1961. The dictionary meaning of philanthropic is "desire to promote welfare of others".

The concept of charity under tax law is much wider than the common understanding of charity. Section 2(15) of the Income Tax Act, 1961 ('Act') defines "charitable purpose" to including the following:

i.   Relief of the poor

ii.   Education

iii.   Medical relief, and

iv.   The advancement of any other object of general public utility.

Exemption from tax to trust and legal obligation

Section 11 of the Act, provides exemption from tax the income derived from property held under trust for charitable or religious purposes. Further according to Explanation 1 to Section 13 trust includes any other legal obligation. The various forms of legal obligation apart from the trust are as under:

i.   A society registered under the societies Registration Act, 1860,

ii.   A limited company registered under Section 25 of the companies Act, 1956,

iii.   A Hindu endowment,

iv.   A Muslim wakf

For creating a valid charitable trust four certainties must exist.

i.   A declaration sufficient to show an intention to create a trust by the Settlor (The declaration must be binding on him.) written on appropriate Non judicial Stamp paper.

ii.   Setting apart definite property and Settlor depriving himself of the ownership

iii.   A statement of the object for which the property is thereafter to be held.

iv.   Beneficiary under the Trust.

It means that dedication of property to a charitable or religious trust [including Society registered under Societies Registration Act, 1860 etc.] is permanent. Even the fact that the trustees have failed to carry out the objects of the trust will not invalidate it and neither the founder nor his heirs can resume

it. The founder/trustees can not alter the terms of the trust deed either. Strictly if the purpose of the trust becomes superfluous or illegal due to a change in law or social habits, the trustees are obliged to apply to the court for a cypres scheme providing for alternative charity.

Additional clauses for a valid trust

In addition to usual clauses for creating a valid trust i.e. above stated four certainties, names of trustees including appointment of future trustees, operation of bank accounts etc. may be added. Income Tax department may ask for other information at the time of granting exemption u/s 10(23C) or u/s 12AA of the Income Tax Act.

i.   The benefit of the Trust/Society shall be open to all irrespective of caste, creed or religion.

ii.   The funds and the Income of the Trust/Society shall be solely utilized for the achievement of its objects and no portion of it shall be utilized for payment of the Trustees/Members by way of profits, interest and dividends etc.

iii.   The funds of the Trust/Society shall be invested in the modes specified under the provisions of section 11(5) of the Income Tax Act 1961 as amended from time to time.

iv.   There shall be maintained all accounts of the Trust/Society regularly. The accounts shall be duly audited by a chartered accountant. Every year the accounts shall be closed on 31st March.

v.   No amendment to the Trust Deed/Memorandum of Association/by laws/rules and regulations shall be made which may prove to be repugnant to the provisions of the sections 2(15), 10(23c), 11, 12 and 13 of the Income Tax Act, 1961 as amended from time to time. Further amendment if any as carried out shall be intimated to the concerned commissioner of Income Tax.

vi.   In the event of dissolution or winding up of the Trust/Society, the assets remaining as on the date of dissolution shall under no circumstances be distributed among the Trustees/Members of the Managing Committee/Governing body but the same shall be transferred to another charitable Trust/Society whose objects are similar to those of this Trust/Society and which enjoy recognition under sections 10(23c) and or Section 11, 12 and 13 of the Income Tax Act, 1961 as amended from time to time.

Public Character

To qualify as 'charitable', a purpose must have a 'public character'. It must aim to benefit the community or a section of it, and not particular private individuals or identifiable groups. This test should be rigorously applied to exclude private trusts from benefiting from the exemption. However, it should be borne in mind that every object of general utility to the community is not necessarily charitable.

A trust established for the benefit of the employees of a company, even as big public sector company as the ITI, does not satisfy the conditions of Section 2(15). If the relevant rules indicate that the benefit of the scheme or the alleged charitable purpose can be utilized only by specified persons

who are required to be the subscribers or their dependents, there is no charitable purpose. See CIT v.BEL Employees Death Relief Fund (1997) 225 ITR 270 and CIT v.ITI Employees Death etc. Fund (1998) 234 ITR 308 (both Kar).

However, it was seen that a number of entities who are engaged in commercial activities were also claiming exemption on the ground that such activities were for the advancement of objects of general public utility in terms of the fourth limb of the definition of 'charitable purpose'. Therefore, section 2(15) was amended vide Finance Act, 2008 by adding a proviso which states that the 'advancement of any other objects of general utility' shall not be a charitable purpose if it involves the carrying on of -

a.   Any activity in the nature of trade, commerce or business; or

b.   Any activity of rendering any service in relation to any trade, commerce business; for a cess or fee or any other consideration, irrespective of the nature of use of application, or retention of the income from such activity.

1. Implication from the amendment-

The newly proviso to section 2(15) will not apply in respect of the first three limbs of section 2(15), i.e. relief of the poor, education or medical relief. Consequently, where the purpose of a trust or institution is relief of the poor, education or medical relief, it will constitute 'charitable purpose' even if it incidentally involves the carrying on of commercial activities.

'Relief of the poor' encompasses (include comprehensively) a wide range of objects for the welfare of the economically and socially disadvantaged or needy. It will, therefore, include within its ambit purposes such as relief to destitute, orphans or the handicapped, disadvantaged women or children, small and marginal farmers, indigent artisans or senior citizens in need of aid. Entities who have these objects will continue to be eligible for exemption even it they incidentally carry on a commercial activity, subject, however, to the conditions stipulated under section 11(4A) or the seventh proviso to section 10(23C) which are that

i.   The business be incidental to the attainment of the objectives of the entity, and

ii.   Separate books of account should be maintained in respect of such business.

Similarly, entities whose object is 'education' or 'medical relief' would also continue to be eligible for exemption as charitable institutions even if they incidentally carry on a commercial activity subject to the conditions mentioned above.

2. The newly inserted proviso to section 2(15) will apply only to entities whose purpose is 'advancement of any other object of general public utility'. Hence, such entities will not be eligible for exemption under section 11 or under section 10(23C) of the Act if they carry on commercial activities. Whether such an entity is carrying on an activity in the nature of trade, commerce or business is a question of fact which will be decided based on the nature, scope, extent and frequency of the activity.

2.1 There are industry and trade associations who claim exemption from tax u/s 11 on the ground that their objects are for charitable purpose as these are covered under 'any other object of general public utility'. Under the principle of mutuality, if trading takes place between persons who

are associated together and contribute to a common fund for the financing of some venture or object and in this respect have no dealings or relations with any outside body, then any surplus returned to the persons forming such association is not chargeable to tax. In such cases, there must be complete identity between the contributors and the participants. Therefore, where industry or trade associations claim both to be charitable institutions as well as mutual organizations and their activities are restricted to contributions from and participation of only their members, these would not fall under the purview of the proviso to section 2(15) owing to the principle of mutually. However, if such organizations have dealings with non-members, their claim to be charitable organizations would now be governed by the additional conditions stipulated in the proviso to section 2(15).

2.2 In the final analysis, however, whether the assessee has for its object 'the advancement of any other object of general public utility' is a question of fact. If such assessee is engaged in any activity in the nature of trade, commerce or business or renders any service in relation to trade, commerce or business, it would not be entitled to claim that its objects is charitable purpose. In such a case, the object of 'general public utility' will be only a mask or a device to hide the true purpose which is trade, commerce or business or the rendering of any service in relation to trade, commerce or business. Each case would, therefore, be decided on its own facts and no generalization is possible. Assessee, who claim that their object is 'charitable purpose' within the meaning of Section 2(15), would be well advised to eschew (obstain from) any activity which is in the nature of trade, commerce or business or the rendering of any service in relation to any trade, commerce or business.

In case reported at (2000) 246 ITR 731(Del) in the case of C.I.T. Vs. Kannada Education Society, it was held that condition precedent for availing of exemption for educational purposes under the Income Tax Act are as follows:

a. The educational institutions must actually exist and mere taking of steps would not be sufficient.

b. The educational institution need not be affiliated to any university or board. In fact society need not itself be imparting education and it is enough if it runs some schools or colleges:

c. The educational institutions must exist solely for educational purpose and not for purposes of profit. But merely because there is surplus, it cannot be said that the educational institution exists for profit.

d. If an educational institution makes profit incidentally e.g. the publishing and selling text books, and such profit are to applied only for the spread of education, it is entitled to exemption.

The exemption u/s 10(22) (now 10(23C) is available to an educational institution existing solely for educational purpose and not for purposes of profit. **It is the income of the institution not only the income from the institution, which is exempt. The former is a wider concept.** This has been illustrated by the facts in Brahmin Educational Society v. CIT (1997) 227 ITR 317 (Ker.). The Society had organized chits, the business income from which was used for educational purposes. The court held that it is an institution existed solely for educational purposes. The Income derived by it from any of source would be covered by the exemption in Section 10(22). Further court directed to grant certificate

under Section 80G of the Income Tax to the petitioner for the assessment year required by it.

The educational institution referred to in Section 10(22) {now 10(23C)} need not have a separate legal existence, It can be a constituent of a trust, society or a company. It can be run even by an individual. Still if it answers the requirements of that section, it will qualify for exemption. See the decision of Madras High Court in Calavala Cunnan Chetty Charities (1982) 135 ITR 485 and also Board's Instruction no.1112 dated 9.7.1977. The court has held that in the case of a multipurpose (not merely educational) charitable trust running educational institutions and charities, the educational institutions will qualify for exemption u/s 10(22), if they have distinct identities and accounts. In fact the auditor should ensure that the educational funds are retained and used only for educational purposes.

Conversely, a society formed for the sole purpose of establishing, running, managing or assisting schools and colleges is itself an educational institution is entitled to exemption u/s 10(22). **Aditanar Educational Institution v. Addl. CIT (1997) 224 ITR 310 (SC).** What is to be looked into in such cases is whether the sole purpose of the trust is education – not merely the stated purpose but the real purpose.

It has been further held that eligibility for the exemption is subject to departmental scrutiny year after year. This decision being the law of the land makes it obligatory for all educational institutions to submit their Income Tax returns. Hence the AO will be within his rights in asking the assesses to file its returns and subject itself to tax security. In fact in Action Plan all charitable institutions with gross receipts above Rs.10 crore are taken up for security assessments.

The expression 'not for purposes of profit' does not stipulate that the institution should provide education or medical relief at cost or below cost and should not make any surplus. The very scheme of the law contemplates surplus, as otherwise there will be no need for a provision like Section 10(23C) giving exemption to it. What is prohibited is only private gain from out of such surplus. As long as the surplus is ploughed back into the institution and utilized for its purposes, the exemption will be available. In its instruction No.1112 dated 9.7.1977 the Board has clarified that only 'if the profit of the educational institution can be diverted for the personal use of the proprietor thereof, the income will be subject to tax'.

The university or education institution, hospital or medical institution which satisfies any one of the following two conditions is not required to apply for exemption for availing exemption u/s 10(23C)-

i.   It is wholly or substantially financed by the Government. [Section 10(23C) (iiiab), (iiiac)]

ii.   Where total aggregate annual receipts does not exceed Rs.1 crore [Section 10(23C)(iiiad), (iiiae)].

University or educational institution, hospital or medical institution is required to file return of income

The finance Act, 2002 has inserted a section 139(4C) w.e.f. Asstt. Year 2003-04 which provides that every fund or institution referred to in sub-cluase (iv) or trust or institution referred to in sub-clause (v) or any university or other educational institution referred to in [sub-clause (iiiad) or] sub-clause (vi) or any hospital or other medical institution referred to in [sub-clause (iiiae) or] sub-clause (via) of

clause (23C) of section 10 are required to file return if the total income of such university or educational institution, hospital or medical institution is assessable, without giving effect to provision of section 10, exceeds the maximum amount which is not chargeable to tax. [It may be noted that university or institution, hospital or medical institution wholly or substantially financed by Government is not covered for this purpose].

Such university or educational institution, hospital or medical institution will furnish a return of income of the previous year presently in ITR VII verified in the prescribed manner and setting forth such other particulars as may be prescribed and all provisions of Income-Tax Act shall apply as if it were return required to be filed u/s 139(1). Needless to add this is manual return as per past and all the documents including TDS certificates in original are to be attached with the return.

University or other educational institution, hospital or other medical institution is required to get its accounts audited and file the same with return of income

The 10th proviso (Un numbered) to section 10(23C) inserted by the Taxation Laws (amendment) Act, 2006 provides that where the total income, of the fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or Sub clause (v) or sub clause(vi) or sub clause (vi a) without giving effect to the provisions of the said sub-clause exceeds the maximum amount which is not chargeable to tax in any previous year such trust or institution or any university or other educational institution or any hospital or any other medical institution shall get its account audited in respect of that year by a C.A. and furnish along with the return of income, the report of such audit in the prescribed form 10BB duly signed and verified.

Conclusion

The very purpose of a charitable institution is defeated if it is not able to comply with these provisions and give the best services to the community. If any organization intends to serve the cause of humanity and fulfill its social responsibility, it must take it seriously and try to follow all legal requirements so that it gets the full income tax benefit as well as give the best possible services to the community.

7 ROLE OF NGO (CRHSE) IN ESTABLISHING BRAND IDENTITY OF SHG'S PRODUCTS IN RURAL MARKETS

Abstract

Rural India, a plethora of natural resources and the people harness their traditional knowledge and native skills to produce unique and innovative products with utility values at best prices. But owing to lack of industrial infrastructure and inadequate exposure to business practices, often these products fail to reach wider consumers. Many Non Governmental Organizations (NGOs) have taken the intermediary role of transforming these less known products to branded products. They have initiated revolutionizing the commercialization of the rural products at a wider reach.

This paper discusses the role of Centre for Rural Health and Social Education (CRHSE), Yelagiri Hills, in assisting the rural community, to manufacture and market the rural products. It throws light on how this NGO has brought a change in improving the standard and quality of the products to meet the requirement of the consumers and creating a demand for these products, in and around the villages of Vellore district. It deals with the strategies adopted with respect to the Self Help Groups (SHGs) on the formation, training and guidance provided in manufacturing and marketing and how rural products can be branded or an effective reach to the consumers at a wider range.

Key Words : *NGOs, CRHSE, SEM Mahalir Federation and Branding Identity.*

Introduction

The growth in the Indian economy has also led to the tides of prosperity making their way, even to the remote parts of the villages in our country. The purchasing power of rural communities has multiplied manifold and its time that this huge potential to be tapped. Rural areas today have evolved into a huge and growing market which is consuming large quantity of products. The marketing strategy for rural markets is different from urban markets as their culture and belief system plays a bigger role in their lives.

Small-scale rural producers in India are often limited to the markets in their vicinity. In the earlier days, it had been a difficult task to sell directly to the urban consumers, instead their products have been bought by the middlemen (Kashyap & Pradeep, 1991)[1].

Today's marketing scenario is upgraded with advancement in technology, brand identity, publicity and awareness. In such a situation, the process of branding the products, especially the aspects of brand activation at ATL (above the level) and BTL (below the level) makes a vital contribution for the marketing journey.

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The rural India makes up close to three-fourth of India's population and 51% of the total disposable income which is adequate to ascertain that this market holds a significant amount of potential. But then the per capita calculations would prove the previous statement to be incorrect. However the fact that rural India forms 41% of India's middle class and a mere one percent increase in India's rural income translates to an incredible Rs.10,000 crore of buying power, an evidence enough to know that it holds a promising market (Ashish Mansharamani, Rahul Budhwar and Priyanka Kaushal).[2]

Rural India, with plethora of natural resources, its people harness their traditional knowledge with native skills to produce unique and innovative products with utility values at best prices. But owing to lack of industrial infrastructure and inadequate exposure to business practices, often these products fail to reach wider consumers. Many Non Governmental Organizations (NGOs) have taken the intermediary role of transforming these less known products to branded products. They have initiated revolutionizing the commercialization of the rural products at a wider reach.

The New Economic Policy brought a number of changes in our economic structure. Slowly and steadily the people faced unemployment and underemployment, rather seriously and, as a result, the purchasing power in the hands of lower middle class and below poverty line have been drastically reduced. Slack in money flow has posed a serious threat to the livelihood issues of the rural mass in particular. Through the intervention and enablement of NGOs, they started to realize that unless they have money in their hands, and invest prudently to produce something that has a demand in the market, their survival will be in doubt.

Under this background the study felt important to understand how CRHSE has given a facelift to the products manufactured by the Self Help Groups and the strategies adopted by CRHSE with respect to the SHGs towards the formation, training and guidance in commercializing their products and to study the impact of brand identity created by Women Self Help Group products. Finally to highlight on the achievements of CHRSE in this aspect, of brand management, has been presented in this paper.

NGOs – Vital force in poverty alleviation

NGOs has been playing an important role in the society for more than three decades. To meet the changing needs of the society, the NGOs had to expand their role, into novel avenues facilitating to enhance the standard of living of the rural community. They have understood the social reality, that they can no longer continue with the model of charity, but the necessity to meet the demands ahead. NGOs play multi-faceted roles as the only direct link between several actors in the economy, both as Community Based Organisations (CBOs) and as Civil Society Organisations(CSOs). The emergence of SHGs among the rural population as CBOs is the outcome of the efforts of NGOs. The situation warranted the effective intervention of a promotional agency with an altruistic outlook for the formation of Self Help Groups (Srinivasan Girija, 2002)[3].

The NGOs are involved either as facilitators playing a catalytic role in formation of Self Help Groups and nurturing them in the initiation period or as financial intermediaries by providing loan assistance (micro-credit) to SHGs/individuals, until they are formally linked with Banks. NABARD, RMK and TNCDW, as a strategy, are encouraging small NGOs to take SHG promotion and linkage as an add-on activity (World Bank Report, 2001)[4]. Technical support is also extended in the form of quality training

and capacity building to these NGOs. NABARD, RMK and TNCDW also provide small financial assistance to NGOs for taking up promotion of SHGs in order to obtain both NGOs as well as SHGs (Prasad, R.R. 2003)[5]. The more attractive scheme with less effort is the formation of a "Self Help Group" attached to an NGO, an effective tool to remove poverty and contribute to the rural development. The intermediary role of promoting, facilitating and strengthening of groups have to be taken up by reputed NGOs and their services are indispensable for the development of people living below poverty line, both rural and urban.

CRHSE – A Role Model

Centre for Rural Health and Social Education, located at Yelagiri hills has been stablished in 1978 and is efficiently, effectively and excellently headed by the founder Director Karmayogi Dr. Bennet Benjamine. The main objectives of the project are to promote self supporting health systems among the rural and tribal people through education and training; to develop a community-based health system which is inexpensive; to evolve programmes promoting the welfare of the women, landless, the unemployed and the socially oppressed in the rural and tribal areas. It has been organizing field-based skills and training in community health and development, provides technical support through programme evaluation and consultancy services, promotes environmental awareness through programmes like formation of eco-cells and community forest action group. Apart from the above, CRHSE has also housed 50 children who are orphaned by the Tsunami strike, in its Human Resource Development Centre (HRDC) on Yelagiri Hills beyond the barriers of Caste, Creed or Community. This programme benefited these children by providing Food, Accommodation, Clothing, Health Care, Education and Placement in life.

CRHSE : Main and Ancillary objectives

The main objective of CRHSE is, "to evolve programmes to promote the welfare of working women, the unemployed, the landless and poor peasants, the down-trodden and of the economically and socially depressed people in the rural and tribal areas". The ancillary objectives are: to enable SHGs to achieve autonomy and sustainability through Cluster Level Federations, build capacity of CLF for independent and democratic decision-making, hand over responsibilities of support of SHGs so that NGO can concentrate on training, linkages and quality control, to reduce NGOs burden of managing large number of SHGs with increasing outreach. Apart from the above, the CRHSE has taken additional responsibility to facilitate linkage between SHGs and Govt. Banks, Agencies etc., to enhance the bargaining power over the rights, privileges of SHGs, to access development information and marketing linkages, access policy-making bodies, building solidarity, mutually share experiences and expertise, assist weaker SHGs , achieving sustainability through branding their products and assisting them in marketing their products in the rural markets through "SEM" Brand.

"SEM " Mahalir Federation (CRHSE Model)

The CRHSE has developed a model called "SEM" Mahalir Federation. It is a Network of several SHGs in a given area (20 SHGs) for economic and social empowerment of women members and their capacity-building through collective effort. It functions as a democratic body, uniting SHGs for a

common cause ('OF' SHGs, 'BY' SHG and 'FOR' SHGs). CRHSE's implement the above objectives through the following functions:

1. Platform for sharing information, experience and expertise.

2. Strengthening member SHGs.

3. New Group formation.

4. Training & Facilitation of new SHGs.

5. Monitoring and improving performance of SHGs on a monthly basis.

6. Participatory Grading of SHGs.

7. Ensuring Internal Audit once in six months.

8. Motivating SHGs for Community Action Programme.

9. Linking SHGs with Government, Banks, Agencies, Markets, Insurance companies, ETC.

10. Identification and Utilisation of Local Resources.

11. Facilitating Branding and Marketing of SHG products and purchase of stocks.

12. Organisin Skill/Training programmes.

13. Facilitating, maintaining proper Books of Accounts, Registers etc.

14. Ensuring adequate representation of women in Panchayats and attendance in Grama Sabha meetings.

15. Lobbying to get infra-structural facilities for villages.

16. Creating awareness and advocacy for women's rights.

Training and Development of SHGs

Self Help Groups are voluntary associations of people with homogenous background and interest, perceived of genuine need to help each other and work together for securing greater economic and financial strength for their development. The groups can both be informal as well as formal having regular thrift and create common fund so that members can avail microcredit (ranging from Rs.300/- to 1000) to meet their immediate domestic needs and as a temporary relief. SHGs are working in a democratic style. The number of members in a group is restricted to 20. Among them a member is selected as an 'animator' and two members are selected as the representatives. The animator is selected for the period of two years. The group members meet every week and they discuss about the group savings, rotation of sangha funds, bank loan, repayment of loan, social and community action programmes etc. Further, NGOs facilitate SHGs to avail Microfinance (beyond microcredit) to invest in any Income Generating Activity.

The Human Resource Development Centre at the Yelagiri Hills has been established over the years, systematically and economically and at present financially self -supporting. The financial inputs has come not only from external funding, but to a significant extent from the resources raised locally.

The HRDC can now provide living accommodation for 72 persons, with a large conference hall, seminar room, library, open air meeting place, kitchen and dining hall. The Siddha farm of CRHSE, at Nemur located in a 7.5 acre area has a Training-cum-production Centre, accommodating 20 persons. It is now partially self supporting through its Agricultural Division.

Branding Strategies for SHGs products

Several economic activities are carried over by the SHGs formed by CRHSE, such as, tending Rose Gardens, engaged in Aromatic Flower business, Food Processing business, Agarbatti making, producing perfumes etc. Apart from these they are engaged in petty shop keeping, running provisional stores, medical stores, extending photo-copier facilities to villagers and so on. In their common brand name - "SEM" of their federation, they are united with their diversified activities, and the predominance of this "SEM" brand could be witnessed, in and around Tirupattur, Vaniyambadi Alangayam and Ambur taluks. They have gained the confidence of the consumers through this brand name. The CRHSE has taken a major role in creating a revolution in enabling the SHGs to market their products through the "SEM" brand. It has also taken effective measures to check the quality of the products of SHGs in all the stages – manufacturing, packaging and marketing through their trainers. The graph depicts the KPMG analysis on the growth of income, in the categories of low income group at 3.8% from 1996 to 2002 and 2.6% from 2002 to 2005, mass affluents 3.5% between 1996 to 2002 and 3.7% between 2002 and 2005 and high income groups at 14.3% between 1996 to 2002 and 6.6% between 2002 to 2005, which contributes to the growth of branded rural products .

Graph 1 – Growth in Income (million households)
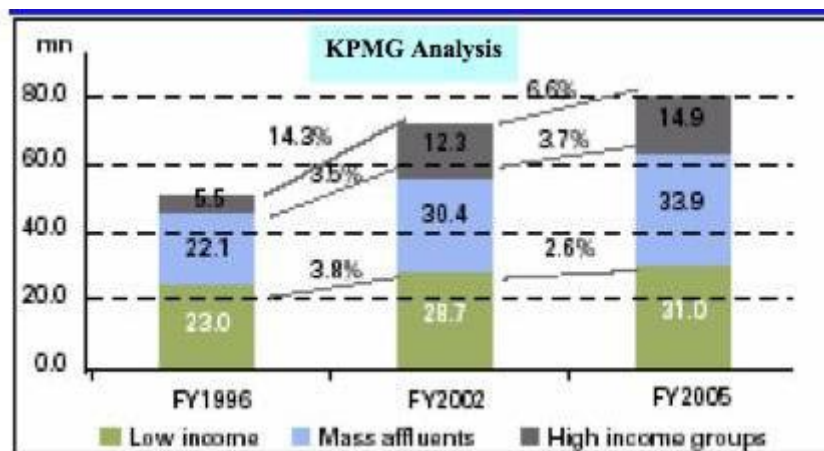
Source : Ashish Mansharamani, Rahul Budhwar and Priyanka Kaushal, brandchannel.com

The Table 1 given below draws a comparison between the penetration in rural and urban areas for various FMCG product categories.

Table 1 : Penetration and per capita consumption - Rural - urban penetration (2002)

Category	Market Size (US$ million)	Urban Penetration (%)	Rural Penetration (%)	Total Penetration (%)
High Penetration categories				
Fabric Wash	1210	89.6	82.9	84.9
Personal Wash	938	97.9	90.7	92.8
Packet Tea	635	91.2	82.2	84.9
Low Penetration categories				
Toothpaste	409	69.8	32.3	43.5
Skin	312	36.6	19.8	24.7
Hair Wash	230	40.1	16.3	23.3
Talcum Powder	148	66	36.8	45.1
Branded Atta	107	44	30.2	34.3
Dish Wash	102	54.6	11.5	24.4
Instant Coffee	55	-	-	-
R&G Coffee	30	-	-	-
Ketchups	25	12.5	0.7	4.2
Deordorants	19	-	-	-
Jams	13	-	-	-

Source : Ashish Mansharamani, Rahul Budhwar and Priyanka Kaushal, brandchannel.com
The table shows that the basic FMCG goods have a deep penetration in the rural markets

Achievements of CRHSE in their Journey

The advent of the New Millennium and the third decade, brought to the CRHSE a fresh challenge in their functioning mechanism. CRHSE was given the responsibility of forming nearly 1000 Women SHGs in the Tirupattur taluk area by the Tamil nadu Corporation for the Development of Women. This also means that it is an enormous task and CRHSE needs to muster all its strength to cope with this new demand and mobilise adequate support from other sources to build a strong movement of women SHGs. This will be a unique experience in their developmental efforts. Some of the implemented tasks of CRHSE are - Formation of more than 1000 women's SHGs allotted to CRHSE, inclusion of 35 SHGs already formed by Government department under CRHSE's supervision, Coordination of nearly 1100 SHGs, encouraging SHGs to get into the habit of regularly saving and obtaining credit from the Banks, training the animators and representatives of all the SHGs (12 modules of 2-days each per month) in leadership and maintenance of their respective SHGs, training for the members of all SHGs formed in 10 modules of one-day each per month (nearly 18,000 women have been covered under this plan), planning and actualizing of linkage programmes of eligible SHGs with government schemes meant for women empowerment, nearly 100 youth SHGs formed in order to train and guide the potential youth for self development and productivity, developing Entrepreneurial and Vocational skills of women and youth belonging to SHGs for income generation and improve their economic self-sufficiency.

Marketing services – A guiding light for the women of SHGs

The centre began to be more active and became the base for launching a movement for empowerment and self reliance of local communities. The movement, called the Social Education Movement (SEM), conceived by the Founder Director Bennet Benjamin had a careful thought out ideological framework with a definite action plan. During this decade as many as 70 units of SEM were organised with their own organizational set up and linkage. The members of the SEM were encouraged to get elected as members of local Panchayats so that genuine participation by the people can be ensured. Several leadership training programmes were conducted at the Training Centre at Yelagiri Hills.

Based on the performance of the CRHSE the invitation has been given by the Government to take up the responsibility of forming and training Self Help Groups (SHGs) in Tirupattur area. The Government decided to involve CRHSE, uniquely placed with a solid base of the community, became the natural choice. The Management Committee discussed very carefully the pros and cons of getting involved in the process and after working out specific guidelines decided to accept the invitation. The CRHSE now proudly claims that it has organized a little over 1000 SHGs and the 18,700 rural and tribal women who are the members have become a very vocal and articulate group. They have been trained in leadership, socio-political entrepreneurial skills and social action to overcome violence against women. The women who have completed their training module have been linked with lending agencies under government programmes for women's development. These SHGs have established a reputation for regular and prompt repayment of loans and have generated savings of almost Rs.2.16 crores through internal lending. CRHSE has once again demonstrated its ability to respond to new challenges in the years to come.

For this study the activities of CRHSE pertaining to women folk has been considered. The NGO had already built 1045 SHGs falling under the Federation of "SEM" Mahalir Manrams (CRHSE Model). It is the network of several SHGs in a given area for economic and social empowerment of women, their capacity building, and it is a democratic body uniting SHGs for common cause. The registered SHGs cover about   18700 rural and tribal women, all of them, who are below poverty line. Their total savings upto March 2009   was   Rs. 2,16,88,812 and internal loan amounting to Rs.4,34,56,154. In all 4,14,518 members have been benefited through microcredit. The members of SHG engage themselves in different Income Generating Activities(Report, 2010).[6]

Limitations of the Study

The study focused on only CRHSE and there are many other NGOs which actively engage themselves in promoting SHGs and assist them in their marketing activities. The study confines to the functions of only one NGO ie., CRHSE and limited to the information collected from this institution.

Conclusion

The global brands may try to suppress the rural products in the markets with its communication and publicity hype. In spite of these constraints, the rural products are forced to increasingly become part of global supply chains, and these products need to adapt themselves, not only according to the

changing tastes of the national market, but also according to changes in tastes in the international market. Therefore, developing alternative and additional market linkages for these products is an absolute necessity. Moreover, the low volumes of rural products, high operating costs, high attrition, and absence of local know how and diluted relationships may also create problem in the process. Henceforth, it is essential to make a way out to cope with these odds.   A process is essential to explore the market linkages and capacity building for SHGs through a bottom up approach and continuous dialogue with stakeholders of rural enterprise. This process should ensure the participation of rural people as consumers and producers in the globalization mechanism, with better livelihoods and global access to markets. Many more NGOs should take active part in Branding the rural Self Help Groups' products allowing the rural products to face the global challenges and speak of their brand identity.

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8 CODE OF GOVERNANCE FOR NGOs

In a globalised world, the role of government in economic activity is shrinking; more pronounced in so called emerging economies. The development goals of the economy are assigned to the private enterprises. Given the profit fixation of the private sector, corporates alone cannot be relied exclusively for solving the host of problems of countries like India. Be it poverty alleviation, health care provision, micro finance, food security, environmental issues, building infra ,the third sector has carved a niche for itself. The book under review discusses the code of governance   for voluntary sector **(Code of Governance for NGOs).** The Committee on Corporate Governance of the Institute of Chartered Accountants of India needs to be appreciated for bringing out this publication.

Code of governance of any organization is about ethical values, accountability and transparency. This book sets out to define the concept of state and corporate governance. In the contest of state governance, good governance is one which meets the aspirations of the citizens; corporate governance deals with the decision making process and execution of the decisions for the environment of all the stateholders. The bottom line of corporate governance is not just profit maximization but   sustained economic, social and environmental development. The book discusses all the issues involved in corporate governance.

NGO-Concept

Governance of an NGO is all together a different ball game. The second part of the book introduces the globally accepted concept of an NGO to the reader: A non-governmental organization (NGO) is .a group of persons or of societies, freely created by private initiative, that pursue an interest in matters that cross or transcend national borders and are not profit seeking.

In India an NGO is not necessarily transnational. All voluntary organizations are NGOs, which are private, do not return profit to the owners, are self-governing, are registered organizations or informal groups, with defined aims and objectives. In Indian context the more appropriate terminology is voluntary sector. The book classifies the voluntary sector into two: Traditional community based and Government sponsored.

Traditional sector comprises various religious and charitable schemes for certain segments of communities, such as, association for women's welfare, micro-credit societies, Muslim's interest free credit societies, wild life protection societies, charitable trusts for education, health care, orphanages and rehabilitation. Government sponsored voluntary sector comprises agencies engaged in welfare programmes (such as rural development, afforestation programmes, watershed management, health and education services as well as those engaged in research and evaluation), with funding support from the government or under Public-Private-Partnership (PPP).

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According to an overview prepared by the Asian Development Bank which is based on a survey conducted by the Society for Participatory Research in Asia, India has a large chunk of NGOs (41.8%) engaged in religious, community, and social service activities, followed by 20 per cent in education, 17.9 per cent in sports and culture, 6.6 per cent in the health sector.

The book presents a picture of the sources of funding including grants-in-aid from the government and external donations are described in detail. Around 51% of the receipt was self-generated through fees/charges for the services rendered and around 29% of the share was from grants and donations. Given the chances of misuse of foreign funds which are likely cause harm to national interest, the provisions of Foreign Contribution Regulation Act and Rules, 1976 are highlighted.

At present 16,430 voluntary organizations are operating in India in different areas. Out of this 6541 voluntary organisations are operating in the area of Rural Development, 2074 are operating in the area of Human Resource and Development, 2944 are operating in the area of Social Justice and empowerment and 1343 are operating in the area of Health and Family Welfare. Other areas in which voluntary organisations are active include Environment and Forest; Culture, Youth Affairs and Sports; Labour and Non-conventional Energy Sources.

Indian NGOs- Evolution

The book traces historical development and the spirit of voluntarism in Indian ethos. All the major religions in India emphasizes on the value of charity, philanthropy and mutual help. Therefore in the initial stages of growth of voluntary sector, the motivation was provided by the religions. No wonder, even today around 42% of voluntary organizations are religion/community based. Social reformist movements of the nineteenth century and nationalist movement of the twentieth century paved the way for voluntarism in India.

Legal framework

The book discusses the Indian legal framework for the voluntary sector. NGOs in India can be registered or remain unregistered. An NGO can be registered under any of the following three acts as: (i) a charitable trust, by formulating a trust deed (ii) a society under the Societies Registration Act (iii) and as a company under section-25 of the Companies Act 1956.

Trust

The Central law governing a trust is the Trust Act 1882. State governments might enact their own law to govern trusts in the model of the Central Act. Some State governments have enacted separate trust laws. In the absence of a State law, the general set of principles of the Indian Trusts Act 1882 becomes applicable.

A trust refers to handover of property (movable as well as immovable) by the owner to another for the welfare of the third person alone or the owner and the third person or it can be said to be a declaration by the owner, to hold the property not for him and the other. In the Indian context, Trusts account for the second most popular form of registration.

Indian Trusts Act does not apply to public trusts which can be formed by any person under general law. Under the Hindu Law, any Hindu can create a Hindu endowment and under the Muslim law, any Muslim can create a public wakf. Public Trusts are essentially of charitable or religious in nature, and can be constituted by any person. The following are the constituents of a trust:(i) An author or a settler who would keep aside a significant property for the welfare of the beneficiaries. The Trust Act defines an author of the trust as the person who reposes or declares the confidence.(ii) One or more trustees who would undertake the responsibility to manage the property set aside by the author for the welfare of the beneficiaries. The Trust Act defines a trustee as the person who accepts the confidence. (iii) One or more beneficiaries for whose welfare the trust is created. The Trust Act defines the beneficial interest or interest of the beneficiary as his right against the trustee as owner of the trust-property.

A trust may be created for any lawful purpose. The purpose of a trust is lawful unless it is (a) forbidden by law, or (b) is of such a nature that, if permitted, it would defeat the provisions of any law, or (c) is fraudulent, or (d) involves or implies injury to the person or property of another, or (e) the Court regards it as immoral or opposed to public policy. Every trust of which the purpose is unlawful is void. And where a rust is created for two purposes, of which one lawful and the other unlawful and the two purposes cannot be separated, the whole trust is void. In a Trust, the trustees are the ultimate governing authority. Therefore, no separate elections are conducted to elect the governing body. Trustees can however elect the office bearer among the working members at intervals. *A Trust Deed usually mentions the rules and regulations regarding management of the trust: (i) Holding of Meetings (ii) Quorum of Meetings (iii) Chairman of Meetings(iv) Adopting a resolution (v) Delegation of Functions(vi) Fixing of Accountability (vii) Sources of Income, including receipt of grants (viii) Modes of Investment (ix) Modes of application of funds, towards attainment of the objectives (x) Prohibition on use of funds for specified purposes (xi) Treatment of unutilized funds in the event of winding up (xii) Statutory audit and other legal formalities (xiii) Opening & Operation of Bank Accounts.*

Society

An NGO can be formed as a society under the Societies Registration Act, 1860, which is a Central Act. Each State government may have its own Act for the registration of a society. Any seven or more persons associated for any literary, scientific, or charitable purpose can form a society. Any seven or more persons associated for any literary, scientific, or charitable purpose, or for any such purpose as is described in section 20 of this Act, may, by subscribing their names to a memorandum of association, and filing the same with Registrar of socities form themselves into a society under this Act.

The Societies Registration Act is applicable to the following types of societies:(i) A charitable society(ii) A military orphan fund or a society established at the several presidencies of India.(iii) A society created for the promotion of science, literature etc. The major documents of any society are (a) Memorandum of association, and (b) Rules and regulations. The governing body of the society shall be the governors, council, directors, committee, trustees, or other body to whom by the rules and regulations of the society the management of its affairs is entrusted. The Rules and Regulations provide for the appointment of members of the governing body.

Company

An NGO can also be registered as a company licensed under section 25 of the Companies Act. Under section 25 of the Companies Act, 1956 the Central Government may issue a license to an association directing that the association may be registered as a company with limited liability, without the addition to its name of the word Limited or the words Private Limited.

Funding

The book presents a picture of the sources of funding including grants-in-aid from the government and external donations. The following are the sources of financing: i) Internal resources. (ii) Donations from individuals and private institutions in the country in which the NGO is domiciled or those located in other countries. (iii)Donations/financial aid from government/government organisations .

Given the chances of misuse of foreign funds which are likely cause harm to national interest, the provisions of Foreign Contribution Regulation Act and Rules, 1976 are highlighted. Every association which receives foreign funds shall maintain, in such form and in such manner as may be prescribed, (a) An account of any foreign contribution received by it, and (b) A record as to the manner in which such contribution has been utilised by it.

Principles of Governance

The third part of the book prescribes the principles of governance, which provide the underlying philosophy. The model code of governance should be used to develop corporate governance code by policy makers. It is expected that donors and other stakeholders will evaluate quality of governance of NGOs, with reference to this code.

In May 2007, the Planning Commission of India (Government of India) issued a National Policy on the Voluntary Sector. The following principles are laid down by the policy document which form the bedrock of corporate governance for NGOs in India :

The governance framework shall promote transparent and efficient Non-governmental Organisations (NGO) within the legal and regulatory framework of the country and also within the international regulatory norms.

The governance framework should facilitate participation of stakeholders in key decisions such as modification of the vision and mission, and nomination and election of trustees (or board members) and major shift in the mode of functioning.

The governance framework should promote ethical practices in transacting with donors, volunteers and beneficiaries.

The governance frame work should ensure that timely and accurate disclosure is made on all material matters regarding the organisation, including the financial position, performance, and governance of the organization.

Rights and interests of beneficiaries are protected and the activity of the organization promotes their wellbeing.

Two case studies

The fourth part of the book provides case studies of how well-governed NGOs apply the principles of governance. Organisations such as, Ramakrishna Math and Ramakrishna Mission, Belur , Child In Need Institute (CINI), Pailan.

Ramakrishna Math and Ramakrishna Mission, Belur

Ramakrishna Math, was registered as a trust under Trust Act in1901. Ramakrishna Mission was registered under Societies Registration Act,1860. Ramakrishna Math and Ramakrishna Mission, both the organizations are considered to be the two sides of the same coin. They are global, non-political, non-sectarian spiritual organizations. They are closely interconnected in several ways, apart from their legal and financial set up, and hence considered to be twin organizations. It constitutes the heart of worldwide spiritual movement known as Ramakrishna Movement or Vedanta Movement, which aims to render religious and communal harmony among all, harmony between the East and the West, harmony between the ancient and the modern, spiritual fulfilment, all-round development of the society, peace and equality of caste, creed, race and religion.

The main aim and objective of these twin organizations, *based on the principles of Practical Vedanta,* are: (a) To spread the idea of the potential divinity of every human being and how to reflect it through every action and thought. (b) To spread the idea of harmony of religions based on Sri Ramakrishna's experience that all religions lead to the realization of the same reality known by different names in different religions. The Mission honours and reveres the founders of all world religions such as Buddha, Christ and Mohammed. (c) To treat all work as worship, and service to man as service to God.(d) To make all possible attempts to alleviate human suffering by spreading education, rendering medical service, extending help to villagers through rural development centres, etc. (e) To work for the all-round welfare of humanity, especially for the uplift of the poor and the downtrodden. (f) To develop harmonious personalities by the combined practice of Jnana, Bhakti, Yoga and Karma.

Both Math and Mission can be basically categorized into Relief-oriented and Development oriented organizations where they are mainly oriented towards charity, relief and grants to the sufferers of various natural calamities, war, accidents, etc, in designing and promoting various development related projects like schools, hospitals etc.,

Mission undertakes basic relief and developmental service with the aim of:

1. Imparting, promoting and undertaking the study of research in the arts, sciences, technologies and industries in all their branches.

2. Training teachers in all branches of knowledge and enabling them to reach and communicate with the masses.

3. Establishing, maintaining, carrying on and assisting schools ,colleges, universities, research institutions, libraries ,auditoriums, orphanages, workshops, laboratories, hospitals, dispensaries, houses for the aged, the invalid and the afflicted.

Child in Need Institute (CINI), Pailan

The major areas of concentration of CINI are as under:

(i)   To give the mother a secure motherhood and the child proper care and nutrition.

(ii)   To arrange for nutrition for the weaker sections of the society especially for the weak women and children.

(iii)   To check unwanted pregnancy.

CINI is one of the leading Non-Government Organizations in India. It was established in 1974 in South 24 Parganas, West Bengal,

Among the field based activities of CINI, those projects which are worth mentioning are:

(i)   Adolescent Health Projects.

(ii)   Child Health Projects.

(iii)   CINI Asha Projects.

(iv)   CINI Bandhan Projects.

(v)   Monitoring Research and Evaluation Projects.

(vi)   RC Projects.

(vii)   Women and Health Projects.

A stakeholder of CINI is one who influences the area of work of CINI, which are health, education, nutrition and protection etc. It includes Funding agencies, Government and the community for whom CINI works. Assessments of expectations are made through formal and informal interaction with the stakeholders

This book is a practical guide to all those socially spirited people for starting an NGO. The recently formulated principles of corporate governance are elaborated. By giving a detailed account of the best run Ramakrishna Mission and CINI, the book has added to the readers' understanding of practical issues in governance of NGOs.

A must read for all social entrepreneurs.