### Block 3

**STAKEHOLDERS IN PHILANTHROPIC SOCIAL WORK**

<table>
<thead>
<tr>
<th>UNIT</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Religions</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Government</td>
<td>22</td>
</tr>
<tr>
<td>3</td>
<td>Corporate Sector</td>
<td>32</td>
</tr>
<tr>
<td>4</td>
<td>Non-Profit Organizations (Donor Agencies)</td>
<td>46</td>
</tr>
<tr>
<td>5</td>
<td>Civil Society</td>
<td>59</td>
</tr>
</tbody>
</table>
**Expert Committee**

<table>
<thead>
<tr>
<th>Dr. J. Prasant Palakkappillil</th>
<th>Prof. P. K. Ghosh</th>
<th>Dr. Koteswar Raju</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>Head of Department</td>
<td>Director</td>
</tr>
<tr>
<td>Sacred Heart College</td>
<td>Visva-Bharati, Santiniketan</td>
<td>D.N.R. College, Bhimavaram</td>
</tr>
<tr>
<td>Thevara</td>
<td>West Bengal</td>
<td></td>
</tr>
</tbody>
</table>

| Dr. V.M. Thomas,            | Dr. Udaya Mahadevan | Dr. Ashutosh Pradhan |
| D.B. Institute of Management| Department of Social Work | Associate Professor |
| Guwahati                    | Loyola College, Chennai | Department of Social Work |

| Prof. Anjali Gandhi         | Dr. Suresh Pathare   | Dr Joseph Xavier |
| Jamia Milia Islamia, New Delhi | Director, CSRD, Ahmednagar | Indian Social Institute |

| Fr. Nadackal George        | Dr. S.R. Billore     | Prof. C.P. Singh |
| Director                   | Barkatullah University, Bhopal | Chairman |
| Don Bosco Ashalayam        | Dr. Sayantani Guin  | Department of Social Work |
| New Delhi                  | IGNOU, New Delhi    | Kurukshetra University |

| Prof. Gracious Thomas      | Prof. A.S. Inamshashtri | Dr. Sayantani Guin |
| IGNOU                      | M.G. Kashi Vidyapeeth Varanasi | IGNOU, New Delhi |

| New Delhi                  |                             |                  |

**Block Preparation Team**

<table>
<thead>
<tr>
<th>Unit 1</th>
<th>Dr. J. Prasant Palakkappillil CMI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
</tr>
<tr>
<td></td>
<td>Sacred Heart College, Thevara</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Units 2 &amp; 5</th>
<th>Dr. Ashutosh Pradhan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Associate Professor</td>
</tr>
<tr>
<td></td>
<td>Department of Social Work</td>
</tr>
<tr>
<td></td>
<td>Central University of Himachal Pradesh</td>
</tr>
<tr>
<td></td>
<td>Dharmashala, Kangra Distt. Himachal Pradesh</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Units 3 &amp; 4</th>
<th>Prof. P.K.Ghosh</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Head, Department of Social Work</td>
</tr>
<tr>
<td></td>
<td>Visva-Bharati, Sriniketan, Dist: Birbhum</td>
</tr>
<tr>
<td></td>
<td>West Bengal</td>
</tr>
</tbody>
</table>

**Course Editor**

<table>
<thead>
<tr>
<th>Prof. Gracious Thomas</th>
<th>Course Coordinator</th>
</tr>
</thead>
<tbody>
<tr>
<td>IGNOU, New Delhi</td>
<td>Dr. Sayantani Guin</td>
</tr>
</tbody>
</table>

**Course Coordinator**

| Dr. Sayantani Guin         | IGNOU, New Delhi                 |

**Print Production**

<table>
<thead>
<tr>
<th>Mr. Kulwant Singh</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Section Officer (P)</td>
<td></td>
</tr>
<tr>
<td>IGNOU, New Delhi</td>
<td></td>
</tr>
</tbody>
</table>

March, 2013

© Indira Gandhi National Open University, 2013


All rights reserved. No part of this work may be reproduced in any form, by mimeography or any other means, without permission in writing from the Indira Gandhi National Open University.

Further information on the Indira Gandhi National Open University courses may be obtained from the University’s Office at Maidan Garhi, New Delhi-110 068.

Printed and published on behalf of the Indira Gandhi National Open University, New Delhi, by Director, School of Social Work.


Printed at:
Welcome to the block of the course entitled ‘Introduction to Philanthropic Social Work’. This block, “Stakeholders in Philanthropic Social Work” is the third block of MSW-010. It is comprised of five units.

**Unit 1** on ‘Religions’ explains the meaning & purpose of religions and the salient features of the various religions. The unit attempts to understand religions as stakeholders in philanthropic social work.

**Unit 2** is on ‘Government’. This unit examines the role of government as a stakeholder in philanthropic social work in the Indian context. You will be able to analyze the regulatory role played by the government in the establishment and management of philanthropic organizations.

**Unit 3** on ‘Corporate Sector’ examines the development of corporate philanthropy and corporate responsibility during the 20th century in India. The unit also highlights the development of corporate sector and its relations to social work professionals in the country.

The **fourth unit** on ‘Non-Profit Organizations (Donor Agencies)’ focuses on the types, forms, purpose, mission and vision of non-profit organization and donor agency. The unit will enable you to understand the role of social work professionals in strengthening the non-profit organizations and donor agency.

The **fifth unit** on ‘Civil Society’ provides a basic understanding of civil society, its various forms and their role as a stakeholder in the philanthropic sector. The unit discusses the policy implications on the growth and development of the civil society sector and outlines the stake of civil society in development and promotion of justice.

On the whole, this block will provide you an overview of the stakeholders in philanthropic social work.
Stakeholders in Philanthropic Social Work
### Block 3: Stakeholders in Philanthropic Social Work

<table>
<thead>
<tr>
<th>UNIT 1</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT 2</th>
<th>22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT 3</th>
<th>32</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Sector</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT 4</th>
<th>46</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Profit Organizations (Donor Agencies)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT 5</th>
<th>59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Society</td>
<td></td>
</tr>
</tbody>
</table>
### Expert Committee

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Institution/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>Dr. J. Prasant Palakkappillil</td>
<td>CMI Principal, Sacred Heart College, Thevara</td>
</tr>
<tr>
<td>Dr. V.M. Thomas,</td>
<td>Dr. Ashutosh Pradhan</td>
<td>Associate Professor, Social Work Department, Central University of Himachal Pradesh, Dharmashala, Kangra Distt., Himachal Pradesh</td>
</tr>
<tr>
<td>D.B. Institute of Management</td>
<td>Dr. P.K. Ghosh</td>
<td>Head of Department, Visva-Bharati, Santiniketan, West Bengal</td>
</tr>
<tr>
<td>Fr. Nadackal George</td>
<td>Dr. S.R. Billore</td>
<td>Director, Barkatullah University, Bhopal</td>
</tr>
<tr>
<td>Prof. Anjali Gandhi</td>
<td>Dr. Sayantani Guin</td>
<td>Department of Social Work, Loyola College, Chennai</td>
</tr>
<tr>
<td>Prof. Gracious Thomas</td>
<td>Prof. A.S. Inamhashtri</td>
<td>Course Editor, M.G. Kashi Vidyapeeth Varanasi</td>
</tr>
</tbody>
</table>

### Block Preparation Team

<table>
<thead>
<tr>
<th>Unit</th>
<th>Coordinator</th>
<th>Role</th>
<th>Name</th>
<th>Institution/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dr. J. Prasant Palakkappillil</td>
<td>Principal</td>
<td>Dr. J. Prasant Palakkappillil</td>
<td>CMI, Sacred Heart College, Thevara</td>
</tr>
<tr>
<td>2 &amp; 5</td>
<td>Dr. Ashutosh Pradhan</td>
<td>Associate Professor</td>
<td>Dr. Ashutosh Pradhan</td>
<td>Associate Professor, Social Work Department, Central University of Himachal Pradesh, Dharmashala, Kangra Distt., Himachal Pradesh</td>
</tr>
<tr>
<td>3 &amp; 4</td>
<td>Prof. P.K. Ghosh</td>
<td>Head, Department of Social Work</td>
<td>Prof. P.K. Ghosh</td>
<td>Head, Department of Social Work, Visva-Bharati, Santiniketan, West Bengal</td>
</tr>
</tbody>
</table>

### Print Production

Mr. Kulwant Singh  
Section Officer (P)  
IGNOU, New Delhi
Welcome to block of the course entitled ‘Introduction to Philanthropic Social Work’. This block, “Stakeholders in Philanthropic Social Work” is the third block of MSW-010. It is comprised of five units.

**Unit 1** on ‘Religions’ explains the meaning & purpose of religions and the salient features of the various religions. The unit attempts to understand religions as stakeholders in philanthropic social work.

**Unit 2** is on ‘Government’. This unit examines the role of government as a stakeholder in philanthropic social work in Indian context. You will be able to analyze the regulatory role played by the government in the establishment and management of philanthropic organizations.

**Unit 3** on ‘Corporate Sector’ examines the development of corporate philanthropy and corporate responsibility during the 20th century in India. The unit also highlights the development of corporate sector and its relations to social work professionals in the country.

The **fourth unit** on ‘Non-Profit Organizations (Donor Agencies)’ focuses on the types, forms, purpose, mission and vision of non-profit organization and donor agency. The unit will enable you to understand the role of social work professionals in strengthening the non-profit organizations and donor agency.

The **fifth unit** on ‘Civil Society’ provides a basic understanding of civil society, its various forms and their role as a stakeholder in the philanthropic sector. The unit discusses the policy implications on the growth and development of the civil society sector and outlines the stake of civil society in development and promotion of justice.

On the whole, this block will provide you an overview of the stakeholders in philanthropic social work.
Stakeholders in Philanthropic Social Work
UNIT 2 GOVERNMENT

Contents
2.0 Objectives
2.1 Introduction
2.2 Government as a Stakeholder
2.3 Government as a Welfare State
2.4 Relationship between the Philanthropic Sector and Government
2.5 Regulatory Function of the State in Philanthropy
2.6 Role of Government in Promoting Philanthropy
2.7 Provision of Tax Relief for Philanthropic Contributions
2.8 Policy Relating to the Voluntary Sector in India
2.9 Let Us Sum Up
2.10 Further Readings and References

2.0 OBJECTIVES

This unit is designed to provide the reader a basic understanding of the role of government as a stakeholder in philanthropic social work in Indian context. After studying this unit you would be able to:

- discuss the role of government as a welfare state;
- enumerate the regulatory role played by the government in the establishment and management of philanthropic organisations;
- understand the role of Government in promoting philanthropy;
- outline the stake of government in the healthy growth of philanthropy;
- specify policy implications on the growth and development of the philanthropy sector.

2.1 INTRODUCTION

The role of the state in philanthropy is crucial for the development of this very important sector. This is clearly indicated in the Constitution of India and made explicit reference to in the recently adopted National Policy on the Voluntary Sector of 2007. Elsewhere in the US, where philanthropy has developed fast and has made visible contribution to the provision of social and developmental services, consecutive governments have made their contributions for the establishment of the non-profit and philanthropic sector on a strong footing.

It is worth mentioning that the creators of the first foundations in the US appeared to agree with the traditional relation between philanthropy and government enunciated so clearly by President Franklin Pierce when he vetoed an effort to establish a national program for mental institutions (Karl 1985). His statement that government intervention would dry up the wellsprings of charity turned out to be a landmark in the growth of the philanthropic movement. He shared the view that the serious
dislocations faced by the working populations of industrial society were a responsibility that the society as a whole would have to face. The new breed of philanthropic endowments and foundations posed themselves as alternatives to government intervention.

2.2 GOVERNMENT AS A STAKEHOLDER

Every government whether capitalist or socialist has an agenda for the development of the nation and its citizens. There is an attempt to cause social development and equitable growth. It also works to achieve universalisation of services – education, health, employment, etc. as also welfare services to the elderly, the differently abled, scheduled groups & populations, and the socially excluded. It seeks the assistance of various sectors like the nonprofit organisations, business and corporate bodies, individual businessmen, and other private players to meet these varied objectives and in mitigating various social problems and crises including the impact of large-scale disasters.

It is important to understand the role of ‘government as principal’ and the philanthropic/non-profit sector as ‘a set of agents’ from whom, collectively, the government wants to maximize service provision. Essentially, the role of government as ‘stakeholder’ imposes a normative perspective from which we need to assess the philanthropic sector. There are a number of reasons for the state to foster a philanthropic/non-profit third sector that supplements for-profit and government provision of basic commodities (Brown 2006).

Weisbrot (1975) argues that democratic choice of governmental levels of provision will leave high-demand citizens or the poor and needy unsatisfied, and their residual demand is addressed through nonprofit provision or as an outcome of philanthropic action. Hence, there is a need for a proactive role of government in the field of philanthropic and nonprofit sector.

If we consider the government as a stakeholder in the philanthropic sector, the question arises as to what role do and should governments play in philanthropy and the management of philanthropic organizations? How do governments matter in this regard? Should we have more or less government regulation with respect to the control over the financial assets and properties held by trusts and other philanthropic organisations, the nature of functions they fulfill and the services they provide, all of which affect philanthropic organizations directly? This debate will continue as long as government and the culture of giving and such issues exist in society that demands governmental attention.

2.3 GOVERNMENT AS A WELFARE STATE

The Welfare state is a system whereby the state undertakes to ostensibly protect the health and well being of its citizens, especially those in financial need. “A welfare state is a state in which organized power is deliberately used (through politics and administration) in an effort to modify or control the play of private and market forces in at least three directions – first, by guaranteeing individuals and families a minimum income; second by narrowing the extent of insecurity by enabling individuals and families to meet certain ‘social contingencies’ (for example, sickness, old age and unemployment) which lead otherwise to individual and family crises; and third, by ensuring that all citizens without distinction of status or class are offered the best
standards available in relation to a certain agreed range of social services.” (Briggs, 1967:29).

The first and second objects may be accomplished, in part at least, by what used to be called a ‘social service state’, a state in which communal resources are employed to abate poverty and to assist those in distress. The third objective, however, goes beyond the aims of a ‘social service state’. It brings in the idea of the ‘optimum’ rather than the older idea of the ‘minimum’. It is this idea of reaching-out to and serving more and more people that determines the government’s policy of adopting diverse modes and channels for meeting the needs of citizens. This has been realized due to the promotional policies of the government for the establishment and functioning of philanthropic organisations and foundations as also non-profits. Further, the conception of ‘social contingencies’ is strongly influenced by the fall-out of industrialism and economic recession on the poor and financially & socially excluded.

Some studies having a capitalist lineage reject the role of government in many ways than not. In the context of the discourse on ‘social justice’ and ‘social inclusion’ many thinkers and mainstream writers consider the government as a major player in the public policy process and its role in society. It has the avowed role of maintaining a just social order and also to cater to the needs of the lesser citizens of the country. In this sense, it is a major stake holder.

Philanthropy has been important in India since the middle of the nineteenth century, largely due to a strong heritage of community influence and paternalism among traders-turned-entrepreneurs. In the Indian context and as enshrined in Article 37 of the Directive Principles of State Policy in Part-IV of the Constitution of India it is stated that it is the responsibility of the “State to secure a social order for the promotion of welfare of the people”. To meet this end and for proper and healthy governance, governments have an explicit role to institute laws and frame policies that would help in establishing a social order for the welfare of all and especially the vulnerable and needy.

2.4 RELATIONSHIP BETWEEN THE PHILANTHROPIC SECTOR AND GOVERNMENT

Mutually-reinforcing relationships between government and the domains of private initiative became evident globally in the second half of the twentieth century. The greatest and most rapid growth for philanthropic and other nonproprietary entities paralleled the rise of the welfare state in the decades following World War II. In the US, most of these were non-stock corporations registered with the federal government as charitable tax-exempt/”nonprofit” organizations. In India most of the philanthropic organisations and foundations are registered as Societies, Trusts, or Non-profit Sec.25 Companies both sectarian and non-sectarian.

Over the years there has been an exponential growth in the number of nonprofits and charitable institutions. No wonder this dramatic expansion is because of the grant support, tax exemptions and other incentives provided by the central/federal or state governments to encourage its growth. While it is government that has the prime responsibility for social welfare; the private sector – that includes NGOs, individual businessmen, and corporate bodies – continues to play an important role in the provision of social welfare. The role played by the government is both as promoter and regulator in this sector.
From a social welfare perspective, philanthropy is concerned chiefly if not exclusively with abnormal groups. The philanthropic intervention of the State has been on behalf of its weaker classes, and especially of those classes when their distress results from some special and incalculable disability (Kirkman 2009).

Check Your Progress I

Note: Use the space provided for your answer.

1. Discuss the role of government as a welfare state.
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................

2. What is the relationship between the philanthropic sector and government?
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................

2.5 REGULATORY FUNCTION OF THE STATE IN PHILANTHROPY

India has a long tradition of philanthropy. Much of it has been of a religious nature, and motivated by ones’ own faith and religious affiliation. It was believed that giving is an essential ingredient of life and salvation. And much of this is in the nature of providing relief to the poor and destitute, by way of alms in cash or kind, or donations for places of worship which would ultimately reach the poor and deprived. Other forms of giving were often for the support of educational institutions or health care facilities, again more as a charitable responsibility than as a systematic contribution to generating community self-reliance or national development. To ensure a sense of transparency and accountability in the way donations are utilized and managed it is critical for the government to regulate the way the non-profit and philanthropic organisations are functioning.

It is known to all and sundry that philanthropic work in contemporary society is undertaken in a large-scale by philanthropic organisations established for the purpose. In the context of the development sector in general and the philanthropic arena in particular the government is a major stakeholder because it has to regulate the functioning of philanthropic and charity organisations so that public funds and resources are managed properly.

Charity in India is on the concurrent list of subjects where both the Center and the States are competent to legislate. Accordingly some of the laws are Central and applicable all over India, while others are enacted by individual states. Philanthropic and charity based organisations in India are established in the form of Societies, Trusts, Waqfs and other endowments and can be placed in four broad groupings:
Stakeholders in Philanthropic Social Work


ii) Trusts and charitable institutions registered under the Indian Trusts Act, 1882; Charitable Endowments Act, 1890; the Bombay Public Trusts Act, 1950; and similar other State Acts. There is however no Central Act for registering or regulating public charitable trusts. A variation of the Indian Trusts Act of 1882, which applies only to private trusts, is in force in different states. Maharashtra and Gujarat have offices of the Charities Commissioner, created under the Bombay Public Trusts Act, 1950, to oversee charities in these states; Tamil Nadu has a Department of Religious and Charitable Endowments, and other states have some similar organization for charitable trusts.

iii) Under Schedule 7 of the Indian Constitution, the subject ‘Trust and Trustees’ finds mention at Entry No.10 in the Concurrent List. ‘Charities & Charitable Institutions, Charitable and religious endowments and religious institutions’ find place at Entry No.28 of this list. The first legislation on this subject was enacted by the then State of Bombay in 1950. Known as the Bombay Public Trusts Act, 1950, it was meant to deal with an express or constructive Trust for either public, religious or charitable purposes or both and included a temple, a math, a Waqf, or any other religious or charitable endowment and a Society formed either for a religious or a charitable purpose or for both and registered under the Societies Registration Act, 1860 – Section 2(13).

Trust is a special form of organisation which emerges out of a will. The will maker exclusively transfers the ownership of a property to be used for a particular purpose. If the purpose is to benefit particular individuals, it becomes a Private Trust and if it concerns some purpose of the common public or the community at large, it is called a Public Trust.

It is worthwhile to note that, the possibility of mismanagement of trusts is higher due to an undemocratic governance style. The government and offices of the Charity Commission have more power to intervene in the affairs of the trust as compared to societies.

iv) Those engaged in pure religious and charitable work, that represent various religious or sectarian denomination, registered under the Religious Endowments Act, 1863; the Charitable and Religious Trusts Act, 1920; the Waqf Act, 1995 and similar other State Acts;

v) Non-profit Companies registered under Section 25 of the Companies Act of 1956. It is administered by the Registrar of Companies.

The Legal Frame-work - The following Acts enacted by central and state governments regulate the establishment and functioning of philanthropic/non-profit organisations:

a. The Acts related to Societies were enacted partly to give organisations working in the field of charity and social service a legal standing and social recognition. While the original Act of 1860 was remarkably clear in not introducing any form of State interference into affairs of such institutions, except
routine matters of filing annual statements, many of the State legislations (through post-Independence amendments) went for widespread governmental controls to deal with abuses, malfeasance and nonfeasance of Societies. The legal measures include: State’s power of enquiry and investigation; cancellation of registration and consequent dissolution of Societies; supersession of the Governing Body; appointment of administrator; dissolution; and deletion of defunct organisations. Property of the society cannot be shared by the governing body or executive members. On dissolution of the society even, the act provides for the transfer of such property to other organisations working in the same field or to the government.

b. **The Charitable Endowments Act, 1890** – is an Act to provide for the vesting and administration of property held in the trust for charitable purposes. In this Act charitable purpose includes relief of the poor, education, medical relief and the advancement of any other object of general public utility. However, it does not apply to institutions of a purely religious nature with its purpose relating exclusively to religious teaching or worship for which separate laws have been passed from time to time as given below.

c. **The Hindu Religious and Charitable Endowments Act, 1951** – This Act allowed the state governments to take over Hindu Temples. The Act bestows several powers on the governments like auditing temple funds, appointing archakas (priests), constituting a committee to monitor temple affairs, creation of a common pool fund, regulation of investment of funds and use of surplus funds. All appointments, property, finances, renovations, Pujas etc. are monitored and controlled.

d. **The Charitable and Religious Trusts Act, 1920** - This Act provides more powerful control over the administration of charitable and religious trusts. It extends to the whole of India except the State of Jammu and Kashmir. Although this Act does not provide for any administrative machinery to exercise supervision over the Waqfs, any interested person could apply to the court of the District Judge to seek information, from the trustee regarding value, condition, management, nature and object of waqf. The court direction could be obtained to get the accounts examined and audited. However, this Act applied only to waqfs created for public charity, and in particular, it did not apply to private waqfs.

e. **The Foreign Contribution Regulation Act (FCRA)** – Organizations receiving foreign funds must abide by this Act and are regulated by the Ministry of Home Affairs. It is a central act to regulate the acceptance and utilization of foreign contribution or foreign hospitality by certain persons or associations, with a view to ensuring that parliamentary institutions, political associations and academic and other voluntary organizations as well as individuals working in the important areas of national life may function in a manner consistent with the values of a sovereign democratic republic, and for matters connected therewith or incidental thereto. Bilateral development assistance to NGOs continues to be governed by the Foreign Contribution (Regulation) Act, 1976. Only organizations registered under the act—nearly 30,000 at present—are permitted to receive bilateral assistance.

To ensure that funds from outside sources do not land in the hands of illegal operators of crime and terror or in creating instability in the country or a region the Govt. of India has to ascertain the sources of funds and the purpose for which it is used. The welfare of the citizens in general is paramount to the interest of the government. It is,
therefore, mandatory that only organisations which have been registered under FCRA are eligible to receive funds from outside sources. This helps in keeping a track on the activities of the organisations and to ensure and enforce that funds are not utilized for the purpose of sedition, propagation of sectarian feelings, terrorism, communal strife, etc.

As a representative of its citizens the government will keep a tab on the way in which the money is being spent. Each organisation in receipt of foreign funds is restricted to maintain only one bank account for receiving money so that they can be tracked and monitored by the Home Ministry. However, for purposes of utilization they can maintain multiple accounts but in the same bank as per Section 17 of the FCRA Bill 2010.

2.6 ROLE OF GOVERNMENT IN PROMOTING PHILANTHROPY

At a global level, large endowments by individual philanthropists like John D MacArthur and Ted Turner and more recently Bill Gates and Warren Buffet have benefited the development sector extensively. In India too we find examples of business families involved in philanthropy, though they are not very organized and evenly spread throughout the country. Two of the earliest global pioneers of large scale development-oriented philanthropy were, in fact, from India businessmen - Jamsetji Tata, and GD Birla and their families, setting models of the highest order for systematic giving, with no expectation of personal gain. In more recent times, philanthropic contributions of High Net Worth (HNW) individuals and businesses have been made for development-related a cause, which has usually come from wealth created by these entrepreneurs or enterprises. Philanthropic giving by HNW Indians has started very recently and will pick up in the years to come, following the early footsteps of the family foundations of IT bigwigs like Narayan Murty & Sudha Murty, Azim Premji, Nandan Nilekhan and Rohini Nilekhan and Deshpande, but currently the total amount given by them to recipients independent of them is not yet very large.

Government can encourage and facilitate the work of philanthropy in numerous ways. To supplement its own work in achieving its goals of a welfare state the government has been working closely with the NGO sector and civil society organisations by providing grants and assistance for the launching of various developmental programmes. Currently, the Government of India on its part has been offering tax exemptions to philanthropic giving under Sections 12 (g) and 35 (i) or 35 (a) of the Income Tax Act in order to promote philanthropy and the growth of the philanthropic sector. HNW Philanthropists are in a unique position to influence government policies and actions by pioneering innovations, demonstrating results and lobbying. A much broader and more systematic set of policies is needed to encourage philanthropic activity, especially aimed at socio-economic development.

2.7 PROVISION OF TAX RELIEF FOR PHILANTHROPIC CONTRIBUTIONS

To promote the non-profit and philanthropic sector and facilitate the mobilization of resources from philanthropic donations, the Government of India offers three principal forms of tax relief for philanthropic and voluntary organizations under the Income Tax Act.
1. Section 80G allows voluntary organizations working in specified areas deemed to be charitable to register with the income tax authority. This enables donors (individuals and companies) to claim tax relief on 50% of the amount donated, up to 10% of the donor’s income. The beneficiary organizations are required to issue a receipt or certificate in a prescribed format to the donor to enable the donor to claim tax deduction. This is the most widely used tax benefit for charitable giving.

2. Section 35AC allows contributions to be 100% deductible. However its application is specific to projects, generally research projects, rather than to organizations. To benefit under this section, the recipient organization must typically be implementing the project itself. Approval must be sought from the National Committee for Promotion of Social and Economic Welfare based in New Delhi. Donations made to various funds set up by the National or State Government (like the National Defence Fund, the Jawaharlal Nehru Memorial Fund, the Prime Minister’s Drought Relief Fund, and the National Foundation for Communal Harmony) qualify for 100% tax rebate (i.e., the whole of the amount donated is allowable as a deduction).

3. Section 35 (I to III) provides for a similar 100% exemption for donations to approved scientific research associations such as universities, colleges, or other institutions for scientific research, research in social science, or statistical research.

4. Section 25 businesses are exempt from paying income tax on profits “incidental to the attainment of the objects of the nonprofit organization,” as long as separate books of account are maintained.

2.8 POLICY RELATING TO THE VOLUNTARY SECTOR IN INDIA

The country had to wait till 2007 for a comprehensive policy relating to the voluntary and philanthropic sector. For ages together there was a lot of adhocism relating to the promotion and regulation of the voluntary sector. The Union Government in its National Policy on the Voluntary Sector, formulated by the Planning Commission and approved by the Union Cabinet in May, 2007, is an attempt by the central government to urgently address the need to identify systems by which the government could work in close collaboration with voluntary and philanthropic organisations in an atmosphere of mutual trust and respect and with shared responsibility.

The main objectives of the policy include:

i) Creating an enabling environment for Voluntary Organisations (VOs) that not only stimulates their effectiveness but also protects their identity and safeguards their autonomy.

ii) Enabling VOs to legitimately mobilize the necessary financial resources from India and abroad.

iii) Identifying systems by which the Government may work together with the Voluntary Sector.

iv) Encouraging VOs to adopt transparent and accountable systems of governance and management.

In the part ‘Establishing Enabling Environment’ it will examine the feasibility of enacting a simple and liberal central law to register societies, trusts and non-profit companies.
Under ‘Partnership in Development’, three instruments of partnership between the Government and the voluntary sector have been recognized and elaborated upon. In the part ‘Strengthening the Voluntary Sector’, there is a commitment to encourage independent philanthropic institutions to provide financial assistance to deserving voluntary organisations. The National Policy on the voluntary sector aims to provide an enabling environment for the voluntary sector and also make it accountable, so that VOs can play their constructive role in development activities effectively.

The policy is expected to encourage the voluntary sector to improve governance, accountability and transparency. This may address the concerns raised by the general public that refers to complaints of mis-utilisation and lack of accountability in using funds, lack of cooperation and constraints in mobilising resources.

The government as well as the NGOs at large are hopeful that this policy will encourage the voluntary sector to come forward for collaboration between states and its various agencies and NGOs in many areas.

**Check Your Progress II**

**Note:** Use the space provided for your answer.

1. Enlist the various acts to regulate the establishment and functioning of philanthropic organizations.

   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................

2. Discuss the objectives of the national policy on the voluntary sector.

   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................

### 2.9 LET US SUM UP

The role of government in promoting and regulating the philanthropic and non-profit sector in India as outlined above is quite favourable to an extent. However, there is still an overarching cause for concern because of a lack of political will. More than anything charity administration suffers from the fact that charity or philanthropy comes way down in the priority list of the government, both at the central and state level. Though the government expects a lot from the non-profit sector for assisting it with nation building, it is yet to create commensurate conditions to enable it to play its proper role. As a result charity regulatory agencies suffer not only from poor budget allocations, but overall neglect.

To add to the doubts of citizens on this sector, philanthropy is also being used for political reasons, both because of the huge pool of funds represented by some of the big trusts, and the potential the laws offer for political control. Influential people running schools and hospitals for profit are able to get politicians to waive action against them. Hence reform is possible only if the administration and the public...
Government perceives a will to act. As mentioned earlier, several committees and commissions and task forces have made recommendations, and very few have been adopted. Unless the charities sector is seen to be of importance in national life and resourced with funds and people accordingly, reforms will remain on paper.

2.10 FURTHER READINGS AND REFERENCES


UNIT 3 CORPORATE SECTOR

Contents
3.0 Objects
3.1 Introduction
3.2 Meaning of Corporate Social Responsibility and Corporate Philanthropy
3.3 Emergence and Growth of Corporate Sector in India
3.4 Why Corporate Sector take Responsibility for Social Development?
3.5 Indian Corporate and CSR – Few Cases
3.6 Social Work and Corporate Citizenship
3.7 Let Us Sum Up
3.8 Further Readings and References

3.0 OBJECTIVES

Social work owes its origin to charity and philanthropy which formed an integral part of every household in India. The corporate philanthropy, of course, is the fallout of industrial revolution that emerged during the period between 18th, 19th and 20th century across the world. This unit covers the development of corporate philanthropy and corporate responsibility during the 20th century in India.

By the end of this unit, you should be able to:

- narrate the evolution of corporate philanthropy and corporate social responsibility and other related terms;
- know the development of corporate sector and its relations to Social Work Professionals in the country; and
- perceive the future direction of social work professionals and their contribution to CSR to grow with sustainable social development;
- advocacy and consultancy with the corporate sector with social work methods and its application in social development initiatives.

3.1 INTRODUCTION

Corporate Social Responsibility in India originated from the merchant’s charity and their benevolent work on religious faith. It is now growing fast due to initial concern of some benevolent employers like Tata, Birla, Mahindra, and corporate business magnets. There is some amount of community expectation and local pressure on the neighbouring industrial enterprises. The national policy making business houses responsible for development of the people around them is also an upcoming phenomena and countries like Denmark has come up with legislations for compulsory spending on social development out of the profit made by corporate. The business organizations had the only concern for profit till the beginning of the 20th century. The rise of competition among the business houses to promote citizenship and good governance along with the business activity with profits for people and planet is now a concern for the merchants too. Though government appeal and inspiration play a
vital role, yet the will of the business owners is the key to corporate philanthropy and social responsibility. As industrial organizations survive with the people and the environment it is imperative that they also share the responsibility for development of the people and preservation of the planet. ‘The semantics of the term ‘social responsibility’ which accompany it are strongly loaded with the notions of intent, good will, sacrifice, and voluntary initiative.’ Such semantics were appropriate when one is concerned with philanthropic activities although semantics become questionable for those firms for which philanthropy is a part of corporate strategy.

There are a number of issues involved in the development of Corporate Social Responsibility in the 1950s and late 60s. The pressure from the neighbouring communities with their expectations from the business were on the rise and the natural law of the state also had drawn the attention of the industrial houses to come forward with social development programme which is due to such communities around them. Its not just philanthropy but legitimacy i.e. legitimate expectation of the people and the state from the industries. Poverty, ignorance, unemployment, and ill health must be dealt by the state with concerted efforts of the industrial organizations, affluent people and the institutions making profit from the society. Hence, the corporate must share (with cost and effort) in development of the social and physical environment at large. This position of industrial organization as one of the stakeholders of social development is the center point of corporate social responsibility or responsiveness developed in the early 20th century and turned into a full fledge programme of social development of the corporate by 1960s defining such initiatives as response to ethical business and not simply a philanthropy.

Social work professionals can contribute immensely towards social development interventions at various levels, especially industrial houses. It is therefore, very important to review the interventions made and being made by the industrial organizations in India and around. Advocacy and consultancy with the corporate sector with social work methods and its application in social development initiatives could be one of the career options for learners of this course.

3.2 MEANING OF CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE PHILANTHROPY

Corporate Philanthropy denotes the social welfare programmes by the industrial organizations for the community to meet their immediate needs for their holistic growth and development. Though the work ‘Philanthropy’ indicates charity by individuals/institutes for benefit of the people to meet their immediate or ultimate needs, there is some amount of religious sentiments attached to it. Literally, corporate social responsibility (CSR), also known as corporate responsibility, corporate citizenship, corporate conscience, responsible business, sustainable responsible business or corporate social performance. It is a form of corporate self-regulation integrated into a business model. Ideally, CSR policy would function as an inbuilt, self-regulating mechanism whereby business would monitor and ensure its support to law, ethical standards, national and international norms. Consequently, business would embrace responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. Essentially, CSR is the
Stakeholders in Philanthropic Social Work
deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line (TBL): concern for people, planet, and profit for sustainable business and ethics. It means, the industry is not only for profit but also be concerned for the people and the planet which are the key to success for sustainable business.

Both Friedman and Lodge have pointed out that value setting is the function of politics, (state institutions) and not of private business. We shall give individual businessman preferences of their own as given to other citizens; they should not use the power of their positions freely outside the established norms of the society. Conscience may be effective sensitizer to those norms, but perhaps not more so than wisdom. The opinion of many reformers is that the business must forgo a part of its profit to serve the social goal. Conservative Economist like Neil Chamberlin, opines that there are not enough profits to forgo out of business to make much difference. In other words, why should the industry shall forgo its profit as the profit earned added up to the business capital for its growth and development to achieve its goal.

There can be hundreds of rationale for and against CSR but the basic reason for which the business must pay back to the social goal is that industry is social system and survives for and with the contemporary society. And that is why CSR or corporate citizenship has been an integral part of business organizations. Further, it adds value to the organizations. Source: Harvard Business Review article Strategy & Society: The Link between Competitive Advantage and Corporate Social Responsibility by Michael E. Porter

Sethi (1975) defines corporate social responsibility as ‘beyond economic and legal obligations and behavior that is congruent with prevailing social norms, values and expectations of society’. This interpretation on CSR relates to the norms and values of the society, hence the industrial organizations are ethically responsible to the people. True to this belief is natural law that governs our life in this planet.

Corporate philanthropy and charity are equated with the concept of service of such philanthropic institutions and charitable organizations as the nature of services and spirit of service convergent in many cases. Since the institutions earn from the people some part of the earning should go back to the people.

To quote ECOSOC special event, “The corporate philanthropy community was invited to remain engaged in this dialogue in the future. This special meeting was seen as the launch of a series of exchange of views with the ultimate aim of enhancing the impact of development assistance and of philanthropy”. The discussion concludes and, “Panelists agreed that corporate philanthropy is becoming a force for social change and can have a major development impact as it becomes more strategic in its approach. Strategic philanthropy involves aligning the philanthropy of corporate foundations with their core business competencies to address a social issue or cause. In addition to financial contributions, through corporate philanthropy companies can bring strategic assets to international development – a business model, an investment approach to solving problems, advanced technical capacities, marketing acumen, multi-country presence, name brand visibility and logistical expertise. This often involves looking at the corporation’s product-sourcing and supply chain practices, investing philanthropic money in areas that will maximize community benefits, and partnering with other philanthropic organizations as well as businesses and governments to achieve the highest degree of measurable effectiveness and impact”.

This indicates the concern for social development through corporate sector today. In fact, all business houses which spend a modest profit or a part of the same in
Social Development programmes as corporate social responsibility in compliance with ethical business and show off the corporate citizenship. Some amount of legal compliance is also attached as the organization needs ISO certification that creates a positive branding of the corporation. The corporations today apply professional expertise for sustainable human development as well as philanthropy by aiding the voluntary/non-government organizations with finance and material/equipment to address the special needs of the vulnerable population.

3.3 EMERGENCE AND GROWTH OF CORPORATE SECTOR IN INDIA

The genesis of philanthropy could be traced in India with active involvement of the kings, landlords, and the merchant communities who were found in carrying out charitable work by serving the poor, vulnerable persons, and the travelers. Since they earned a lot from the people of the society, they cherished in spending on benevolent activity on moral and religious count. There are two basic reasons of doing charity. One, as an act of religious merit to earn virtues, and other is to acquire name and fame and show off good citizenship to acquire people’s recognition (social recognition) and support. This is why most of these charities were organized in temples, mosques or forming a Trust in memory of persons who made remarkable contribution in human service or by a wealthy person. Giving water, food and clothes were the primary and providing shelter and taking care of all the needs of the people in case of natural calamity were the secondary concerns of individuals and religious/philanthropic institutions. Household charity was mainly confined to religious act of merit and the belief that they served the god by giving alms to the beggars, the vagrants, the aged, the challenged and persons vulnerable to some situation. This tradition continued till the industrial revolution which impacted India in the mid nineteenth century. The joint family played the vital role in providing shelter and other essential necessities of life to all categories physically, mentally or otherwise challenged persons, including the widows, and the orphans. Reference may also be made to community responsibility towards the service for the needy in ancient and medieval India. Merchant’s charity formed one of the major source of aid and assistance during the medieval period. The British invasion and rule in India added to Christian philanthropy with the establishment of a number of Missionaries across the country. The traditional charity or corporatism, however, was limited to the individual’s spirituality and institutional mission for service to the mankind and other living being. Modern corporatism is the bye-product of industrial revolution and post modernism era of the contemporary society. This unit reviews the modern corporate sector, in other words, the current business organizations initiating social development programmes for the people around them as well as the general populations to restore or improve their social environment in the state. This is one of the components in compliance with the Triple Bottom Line (TBL), (business, society and environment) i.e. concern for Profit, People and the Planet. The discussion also covers the corporate sector and professional social work practice –its need, scope and potential for intervention.

The wind of change –acceptance of corporate social responsibility;

The Corporate Society in the world was the outcome of industrial revolution and their Responsibility towards the society (CSR) emerged after the II World War while business organizations were beginning to engage them for national interests and for the well-being of society at large. To quote, Crowther “Organizations must
be responsible to community values”. Therefore, it has to consider its “economic, legal, moral and social impacts (Crowther, 2004) but the true father of Corporate Social Responsibility (CSR) is Bowen with his 1953 landmark book “The Social Responsibilities of the Businessman” (Carroll, 1999). Two famous American Philanthropists, Carnegie Rockefeller and Ford, used their own means for donations and the voluntary provisions of social service. Their policies were in contrast to other business were mainly following Ricardo’s theory, that consider workers just one of the factors of production costs, they can be well replaced whenever not profitable (Walton, 1999). Industrialists had no concern even for the people working for the organizations during the initial period of industrialization but slowly the employees drawn the attention of the government through organized movement and succeeded to bring in human conditions of work. The people in general are the last beneficiary with the introduction of corporate social responsibility on the consideration of ethical and sustainable business.

Since 1960s the concept and meaning of social responsibility has drastically changed from philanthropic and ethical to social responsiveness and compulsion under state and public pressure. Peter Drucker writes ‘One is responsible for one’s impacts, whether they are intended or not. This is the first rule. There is no doubt regarding management’s responsibility for the social impacts of its organization. They are management’s businesses. The first job of management is, therefore, to identify and anticipate impacts-coldly and realistically. The question is not “what we do right?” It is what “Is what we do what society and the customer pay us for?” And if an activity is not integral to institution’s purpose and mission, it is to be considered as a social impact and as undesirable.

Indian society and social structure including its values and norms went through sea change, especially, during the British rule (1757-1947). The impact of industrial revolution in India could be observed during the same period beginning from mid 19th century with British government initiative to further their trade and business in the country potential with natural and human resources. Notably, this trend still continues with industrially developed countries investing in the south Asian countries under developing even today due to the opportunities stated above including marketing of products in these densely populated countries. However, growth of business and industry in India brought corporate philanthropy one step ahead as the industrialists of the country like Tata’, ‘Birla’ and others emerged as big corporate at early part of the 20th century. In India, Gandhi, the Father of the Nation (The Man of the Century) moved the concept of ‘Trusteeship’ making employers and employees equal stakeholder for the business organizations. Both are shareholders and accountable to the society as they share the profit out of the business. Hence, all are responsible to natural and social environment that get affected by the business operations. Sir Dorabji Tata is the first corporate man in India who believed that one should give back to the community for whom the organization is growing and making profit. He promulgated the concern for the employees and the people (consumers) for whom the business runs and earns. Corporate conglomerate like Tata, Birla, Godrej, Shriram, Mohindra, Singhania and Sarabhai groups were active in social reform in India including industrial development. They still continue to spend a percent of profit after tax for CSR programme around their plant or wherever there is need for financial or other assistance. However, in recent times, the corporations have been influenced by several factors to swing away from charity and traditional philanthropy towards direct engagement of mainstream development with greater concern for vulnerable groups of our society. This has emerged both internally by
Corporate will and externally by increased governmental, NGOs and public expectations. Corporate citizenship, therefore, is both ethical and sustainable business and a compelling public benefit adding credibility to industrial establishment.

CSR in India can be divided in four phases. The first phase of CSR from mid nineteenth century to early twentieth century when the industrial enterprises normally aided the philanthropic organizations and charitable institutions, were limited to certain extent as the industries were just in formation stage and the concept of corporate philanthropy was non-existent.

The second phase from 1920 to 1960 was dominated by Gandhi’s ‘trusteeship’ – advocating the ownership of industrial enterprises and accountability of employers, employees and the people of the society to which all resources belongs. Each one of the state and society are due for the benefit out of the business, hence the profit must be shared –the owners must give back to the masses.

The third phase from 1961 to 1980 was the period of formations stage of CSR as both private and public sectors were growing faster in mixed economy of the country. The government regulations on environment and labour were getting stricter with the operations of the industry and its effect on the general masses. Tata, Birla, Mahendra, Sarabhai and others started introducing the CSR projects of their own showing their commitment and concern for the people.

The fourth phase of the CSR i.e. from 1981 till date is overwhelmed by traditional philanthropic engagement, organizations who were the players in the international market followed CSR mandate corporate volunteerism as well as by steps taken to integrate CSR into a sustainable business and social development strategy (Chahoud, 2007). The country opened up the trade and business and went for globalizations putting all industrial enterprises to compete with international standards. Naturally, the international business policy that follows Triple Bottom Line approach had to be incorporated into their business policy.

Check Your Progress I

Note: Use the space provided for your answer.

1. What is corporate social responsibility?

2. Discuss the various stages of CSR in India.
3.4 WHY CORPORATE SECTOR TAKE RESPONSIBILITY FOR SOCIAL DEVELOPMENT?

The industry or business survive and grow with the society and the people. The growth of any business depends on the development of the people in the society. Naturally, industry facilitates the consumers with easy access to goods and services and the consumers in turn strengthen the business economy. It’s the natural law that governs the universe. There is varied and wide range of opinions and justification in this regard and questions the programme of social development initiatives of industrial organizations. Some of these are:

1. The industry earns profit out of its business using the natural and human resources and selling the same to the people, hence some amount must be spent for common causes like developing, preserving and regenerating the resources for the development of the people and social environment. It’s natural law and government regulation as well, making the industry responsible and accountable.

2. The government and business houses accept it as social and moral responsibility of the industry in the interest of their survival in harmony with the people, the profit and the planet (Triple Bottom Line).

3. It can be described as Social Justice Philanthropy which aims at reaching out the poorest, the disadvantaged and the marginalized. They need to be cared by corporate philanthropy and that’s what is called ‘inclusive development’. This eliminates socially and culturally rooted inequality, stigma and discrimination.

4. Companies take the competitive advantage out of the social development programme in the modern business scenario by acquiring the faith of the people creating a brand name and reach out the targeted customers for use their product. So, it’s in the business interest—the organization’s profit.

5. Above all, its national and international standards for ethical business and each company are legally bound to be concerned about the natural and social environments which are largely affected by the industrial operations.

6. Critics say, since the companies earn huge profit out of their business, some take it as the avenue for saving tax or divert a part of the profit in CSR. It may not be the true but such allegations against the business organizations have been prevailing since the introduction of the CSR programme of the industrial enterprises.

Denmark has a law on CSR. On 16 December 2008, the Danish parliament adopted a bill making it mandatory for the 1100 largest Danish companies, investors and state-owned companies to include information on corporate social responsibility (CSR) in their annual financial reports. The reporting requirements became effective on 1 January 2009. The required information includes:

- Information on the companies’ policies for CSR or socially responsible investments (SRI)
- Information on how such policies are implemented in practice, and
- Information on what results have been obtained so far and managements expectations for the future with regard to CSR/SRI.
Its like government’s right to information on company’s trade and business. There is no such law in India but the companies are accountable to the government and communities in many ways like compliance with the environment norms and keeping the books and accounts for government examination.

Whatever may be the cause and effect, CSR is viewed as social responsibility of each business organization as it’s ethical and legal in nature. The national as well as international business organizations is coming up with CSR programmes of varied nature in the area of agriculture, livelihood, entrepreneurship, environment, health and education.

3.5 INDIAN CORPORATE AND CS – FEW CASES

The Mahindra Group defines Corporate Social Responsibility as making socially responsible products, engaging in socially responsible employee relations and making a commitment to the community around it. At the Mahindra Group, Corporate Social Responsibility is not just a duty; it’s a way of life. In 2005, the Group celebrated its 60th anniversary by renewing its commitment to Corporate Social Responsibility. It pledged to dedicate 1% of its profit (after tax), on a continuous basis towards Corporate Social Responsibility. A unique kind of ESOPs - Employee Social Options was launched to enable Mahindra employees to involve themselves in socially responsible activities of their choice. The Group also announced a special gift: to provide free cochlear implants to 60 profoundly hearing-impaired, under-privileged children.

JRD Tata (1969) wrote, “Every Company has a special continuing responsibility towards the people of the area in which it is located. The company should spare its doctors, managers to advise the people of the village and supervise near development undertaken by co-operative effort between them and the company”. The above quote not only illustrates the ethos, but also summarizes the guidelines laid down by Tata steel’ founder, Jamsetji Nusserwanji Tata. The facet of the Founder’s remarkable breadth of conception was his recognition that, corporate social responsibility was fundamental to India’s drive for industrialization, one of his defining tenets being, ‘the wealth which comes from the people must as far as possible go back to the people’. TATA STEEL, one of the pioneering corporate sectors to evolve social responsibility, adhering to J.N. Tata, the founder’s dreams established Tata Steel Rural Development Society (T.S.R.D.S.) in 1979 to share its resources with the rural areas within which the company operates its business. The areas of operation extend to mines and collieries, spread over Jharkhand and Orissa.

The objectives of Tata Steel Rural Development Society (TSRDS):

To create a self sustaining process of integrated rural development

To build a model that could be replicated by like minded industrial houses and other organizations elsewhere with similar Socio-economic situation in India.

Networking with agencies- Government, Non-Govt., national & International for bringing best available resources and practices to the rural community it works with.

The pledge of the organization thus reads:

“We dedicate ourselves to the community we exist in.

We shall constantly strive to be knowledge-based catalysts, enabling the community to achieve economic independence and social integration.
We shall ensure sustainability through continuous participation and empowerment of the people.

We shall adopt current management practices to achieve our goal”.

It shows the commitment of the company to TBL, business ethics and its accountability to the general population belonging to the vulnerable sections of the society. Compliance to this mandate on the part of the company is an international standards like ISO-14001 that relates to environment policy i.e. concern for the people and environment.

The Lupins Labrotaries Ltd. is one of the leading pharmaceutical industries in India has made commitment to more 250 communities in Bharatpur and Alwar districts for a total transformation of their quality of life through CSR programme where the development strategies are in partnership with the state, beneficiaries and the company. The Lupins Human Welfare and Research Foundation go ahead with sustainable projects contributing one-third of its share and organizing it scientifically in association with professional expertise.

**Obstacles for CSR**

The industrial organizations are controlled by the share holders. They dominate with their decision making power. The major share holders are the owners of industrial establishments. The share holders as stakeholders from out side can not vote out them under any circumstances. The attitudes of owners having more than 50 per cent share is important for CSR initiatives. Tata, Birla, Mahindra & Mahindra and hundred others have shown positive attitudes and come up with some program or other as part of corporate citizenship.

Dr. Suad Husnan (1999) in the project report for Asian Development Bank, stating the situation in Indonesia writes “One disastrous result of this closed system was the decision of Indonesian corporations to run up huge foreign currency debts in the years prior to the Asian crisis, as result of which several collapsed after 1997 and many today are technically insolvent. The same scenario has been played out throughout Asia, with varying degrees of severity”. Industrial slackness since last few years has halted the growth of industry and its viable future. The organizations are severely affected in terms of their financial involvement of corporate in social development initiatives.

Other temporary obstacles for the corporate are poor business performance and industrial recessions like last few years (2007-2010) every Indian industry had to cut cost in all heads of accounts to save the organization. Should the business house continue to carry on their CSR programme unaffected is dependant upon the major shareholder’s will and the company’s chairperson’s move to continue in confidence of improving the business economy in the years ahead.

### 3.6 SOCIAL WORK AND CORPORATE CITIZENSHIP

Social work as a professional education in India was introduced by Sir Dorabji Tata—the then leading industrialist in 1936 i.e. during the II phase of the development of CSR. In fact, 1920 to 1960 is the period when corporate social responsibility was taking a formal shape and concern for both industrialists and consumers including those who were getting affected by the industrial development. The founder chairman of a corporate house introducing social work education in India has special
significance when we talk about corporate sector and social work. The basic objectives of the course curriculum was train the social development professional as well as the Welfare Officers employed by the corporate for their plants. Over the time these professionals were taking over the employee relations matters including personnel administration. By the turn of the century in 2001 about 14% of the Personnel/Human Resource Managers (National Institute of Personnel Management) in industrial organization were from social work professional. The separation of personnel management and industrial relations from social work began in the 1970s but there a good number of institutes/schools of social work offering specialized courses in labour welfare, personnel management and industrial relations. Of late, this specialization in social work education is renamed as human resource development and management. Social work education in India is approaching the platinum jubilee and has made its presence felt to all the social development organizations initiated either by the state or by the non-state institutions. The contributions of the professionals are well recognized by the social development organizations. The curriculum and syllabi in social work education has been passing through continuous change over the past few decades, specially, to address to the need of hour in a fast changing society. However, the basic approach and core domain of social work to such development initiatives remains people centered, participative and inclusive in nature. The knowledge and skills required addressing the issues like poverty alleviation; education and health care demand a number of coping strategies with knowledge and skills, which has been ever changing through the core skills of social work like skills in human relations, need assessment/identification through analysis, community mobilization, coordinating the individuals and organization, administrating the welfare programmes, research and development remains the same or similar. The processionals now must be pro-active and visualize the immediate and ultimate impact of the interventions planned and executed. Skills of monitoring the progress of work continuously are one of the key elements in the performance of professional social workers.

The basic tenets and objectives of social work profession are to organize and empower vulnerable to come up and become self-reliant and make the member of them mainstream by creating an enabling environment where the ultimate goal is achieved with sustainability. The integrated and generalist social work practice matches the holistic development approach which is the current look out of CSR projects planned and administered by the corporate houses. Therefore, the CSR projects are the potential avenues for the professional to contribute and enhance the credibility of the profession.

The business organizations initiating the corporate social responsibility programmes expect the professionals to be equipped with the knowledge; skills and attitudes are stated below:

i) shall possess a thorough knowledge about the social structure of the society and functioning of people in the community, including its norms, values and ethics

ii) must be well versant with the prevailing social environment and behaviour of such populations

iii) acquire thorough knowledge about the culture, political dynamics and changing attitude of the people

iv) perceiving the present psycho-social and economic conditions of the people and analyzing the same with pros and cons for change to be bought in
Stakeholders in Philanthropic Social Work

v) planning the total project with timeline, cost and expected output in a given period of time
vi) a strong base of skills in human relationship making it - ‘people’s programme’ effecting them with full participation in their own development
vii) research for analyzing the situation, need assessment and planning the intervention for optimum and sustainable solutions to issues which, need immediate attention
viii) be able to develop strategies for implementing the project with fund flow on time for effective utilization of human and other resources
ix) be capable of mobilizing people and other resources in the desired direction for planned change
x) shall be competent to develop indicators for continuous monitoring and periodical evaluations and communicate others about effectiveness of interventions.

Over the years, Social Workers have been engaged in planning, monitoring and evaluating social development programmes. The CSR initiatives since last few decades have been demanding professionals to work for their organizations and in such interventions social work professional have been found to be effective in organizing and implementing CSR initiatives. This indicates that the professional education in social work matches the need of industrial organizations for CSR programme in this country. Logically, Social Work Professionals need to equip them with necessary attitude, knowledge, skills and abilities to cope up appropriately and enhance the confidence of corporate sector and further social work professionals participation to make programmes need based and sustainable.

It is evident from the above discussion that Corporate Social Responsibility, Corporate Responsiveness, Corporate Citizenship is an outcome of Conscience based on mutual give and take relationship between the industry and the society. Interestingly, such relationship was key element on which the Indian ancient and medieval society was based on. We cannot deny the existence of such relationships as reveals from the CSR or corporate citizenship practices adopted by the industry today is one of the latest forms of mutual give and take relationship.

We can further strengthen this relationship with our skill based and evidence based practice in social work convincing the corporate sector with our input in development initiatives and citing the output comparing the cost and sustainable benefit to the people and society at large. This calls for understanding the perspectives of industry and the society and identify the areas of intervention for mutual benefit. Social work professional must carry on the advocacy for ethical and legal provisions for CSR as done in Denmark.

The triple bottom line guidelines i.e. concern for people, profit and the planet, is now a code of conduct for corporate and compulsions under the law in few industrially developed countries. It is now taking off in developing countries too opening up opportunities for professionals to put up their expertise for sustainable social development.

The corporate sector has introduced CSR programme leaving aside their philanthropic and charitable approach of the past to ensure holistic and sustainable development. Therefore, the journey begun with corporate philanthropy or volunteerism has taken the shape with corporate responsiveness and corporate conscience and will continue to enhance its contribution to the society in the days ahead.
### Check Your Progress II

**Note:** Use the space provided for your answer.

1. What obstacles does CSR face in India?

   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................

2. Enlist the skills and attitudes required for an effective CSR professional.

   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................

### 3.7 LET US SUM UP

Corporate, meaning industrial organizations, initially were interested in maximizing their profit without much concern about the people and the planet, rather minimizing the share of the people and the environment. The pioneer industrialists were moved by the philosophy of sustainable development and felt about a responsible and ethical business as the profits were generated from the people of the society and the natural resources which they were exploiting to maximize their financial gain and growth of their business. The need for eco-friendly business and stakeholders of holistic social development they decided to spend a part of the profit on the development of the social and physical environment. Human and natural resources are the life blood for the industrial organizations, hence their growth and survival rests on these two key resources. Ethically the industry is responsible for their development which will make the business sustainable. Government and people can not be the salient spectators of the consumption of natural resources without any concern for its future and in the same rule social development is their responsibility. People’s expectation and industrialists conscience called for social and environmental development as these are mutually beneficial to each other. Government laws and restrictions minimizing the level of pollution and in the developed countries compulsion of the industries to spend a part of the profit on social and ecological development took the corporate social responsibility to ethical business and corporate conscience to address to the need of the vulnerable population and endangered environment.

Social work professionals engaged in development initiatives of corporate social responsibility has contributed and will continue to contribute in planning, organizing, implementing and monitoring the social development programmes of the industrial houses with their knowledge and skills effectively and innovatively to make it successful in all respect when taken for sustainable and ethical business working in the larger interest of the society.
3.8 FURTHER READINGS AND REFERENCES


ECOSOC Special Event “How corporate philanthropy can contribute to advancing the Millennium Development Goals, particularly for sustainable development” ECOSOC Chamber, 25 February 2008.

ECOSOC Special Event “How corporate philanthropy can contribute to advancing the Millennium Development Goals, particularly for sustainable development” ECOSOC Chamber, 25 February 2008.


TSRDS, website; http://jamshedpur.nic.in/tsrdc.htm


TSRDS, website; http://jamshedpur.nic.in/tsrdc.htm

TSRDS, website; http://jamshedpur.nic.in/tsrdc.htm

Suad Husnan Dr., “Indonesian Corporate Governance: Its Impact on Corporate Performance and Finance”, Gadjah Mada University, Indonesia, Nov. 1999, p-33, a paper as part of the Regional Study on corporate governance for Asian Development Bank.


Suggested Readings

Bhattacharya, Debasish, 2006, Corporate Social Development: A Paradigm Shift, Concept Publishing Company, New Delhi


SMEs Focus.”Making Europe a Pole of Excellence on Corporate Social Responsibility(CSR).


UNIT 4 NON-PROFIT ORGANIZATION (DONOR AGENCY)

Contents

4.0 Objectives
4.1 Introduction
4.2 Emergence and Growth of Non-Profit Organizations
4.3 Donor Agency
4.4 Non-Profit Organizations, Donor Agency and Social Work
4.5 Let Us Sum Up
4.6 Further Readings and References

4.0 OBJECTIVES

Non-profit organizations paved the way for the development of social work as a profession in the United Kingdom and the USA at the turn of the 20th century. Most of the social workers today work with the non-profit organizations and donor agency where social work professional’s expertise is widely used, accepted and recognized. It is therefore, essential to understand the historical background and current status of ‘non-profit organizations’ and its life blood ‘donor agency’ for effective delivery of services to the clientele. Social work education and practice is the skeleton and nerves respectively for the maintenance of non-profit organizations whether it belongs to government, non-government or autonomous bodies.

By the end of this unit, you should be able to:

1. Describe the types, forms, purpose, mission and vision of non-profit organization and donor agency;
2. Know the development and current status of non-profit—donor agency;
3. Concerns of the non-profit and donor agency and conditions of funding;
4. Role of social work professionals in strengthening the non-profit organizations and donor agency.

4.1 INTRODUCTION

The word ‘non-profit’ is distinctively used mostly after the emergence of the industrial revolution though it is much older than the industrial revolution. The nation state civilization had given birth to civil society organizations (CSO) with the objectives of helping citizens to satisfy their primary and secondary needs and lead a good quality of life. The basic focus, however, was to alleviate hunger, poverty and despair of all kinds, the people suffered from due to inaccessibility to resources, ignorance and neglect towards their potentialities or owing to natural and man made disasters. The services of this nature provided by individuals or other bodies were not for profit but for religious and spiritual satisfaction. The word ‘profit’ relates to gain made by merchants or producers against the sale and manufacturing of products. The non-profit organizations are also known as civil society organization, voluntary organization, non-government organization, or trusts. The ‘Non-Profit Organization’ (NPO) is
Non-profit Organisation
(Donor Agency)

popularly used in the USA and Europe but these are known as ‘Voluntary Organization’ (VO) and ‘Non-Government Organization’ (NGO) in India. These are same or similar in nature in its constitution and program of work. The mission and vision of NPOs are different from business or industry as it does not have any profit motive. A non-profit organization (NPO) is also known as a not-for-profit organization i.e. an organization that does not distribute its surplus funds to owners or shareholders. Funds here are used to help people and pursue the organizational goals that lead to social and economic development of the vulnerable sections. List of such NPOs include charitable organizations, trade unions, public arts organizations and civil society organizations. Most governments and non-government agencies meet these essentialities of the definition, but in most countries they are considered as a separate type of organization and not counted as NPOs. These organizations, include the corporate in many countries which, are exempted from income and property taxation.

Characteristics of Non-Profit Organizations

Ownership is the quantitative difference between for-profit and not-for-profit organizations. For-profit organizations can be privately owned and may re-distribute taxable wealth to employees and shareholders. By contrast, not-for-profit organizations do not have private owners. They have controlling members or boards, but they are stakeholders and cannot sell or distribute the surplus to others or personally benefit in any way. If an NGO or NPO is able to earn a surplus at the end of the year such earnings must be retained by the organization for its self-preservation, expansion and future plans. While some nonprofit organizations put substantial funds into hiring and rewarding their internal corporate leadership, middle-management personnel and workers. Other NPOs and NGOs employ unpaid volunteers and even executives may work for no compensation. However, since the late 1980s there has been a growing consensus that nonprofits organizations can achieve their corporate targets more effectively by using some of the methods applied by the profit making enterprises. These include effective internal management, ensuring accountability for results, and monitoring the performance of different divisions or projects in order to benefit from their capital and workers. These require effective management and that, in turn, goes in consonance with the organization’s mission and vision.

NPOs are often characterized by service organizations; they may be organized as a non-profit corporation or as a trust, a cooperative, or may be purely informal. Sometimes, they are also called foundations, or endowments that have large stock funds. A very similar organization called the supporting organization operates like a foundation, but they are more complicated to administer, and are more tax favored, organizing public charities that receive grants from donor agency and have a determined relationship on the issues of intervention. Foundations give out grants to other NPOs, or fellowships and direct grants to participants. However, the term foundations may be used by any non-profit corporation — even voluntary organizations or grass roots groups. Applying Germanic or Nordic law (e.g., Germany, Sweden, Finland), NPOs typically are voluntary associations, although some have a corporate structure (e.g. housing cooperatives). Usually a voluntary association is founded upon the principle of one-person-one-vote.

Dorothea Hilhorst observed “literature on NGOs has by and large taken for granted their organizational properties. As a result, the question of what is non-governmental about NGOs has been extensively debated, whereas the more essential one of what
is organizational about them has largely been ignored”. It is true in the sense that what is non-governmental is run with government or public aid and on other side organizational part is also questioned under many fronts due to vested as well as common interests. The World Summit for Social Development in Copenhagen and the Fourth World Conference of Women in Beijing, both held in 1995 discussed, debated and worked out the policies and principles of the focus of development initiatives and prepared a common agenda to be followed worldwide but unfortunately the follow up lacked in coordination. As a result the NGOs are now following their old principles and policies which may be termed as NGO- for common platform but for individual/institutional interests. The sustainability of the common purposes with common interest is jeopardized.

A non-profit organization, voluntary organization, or non-government organization, therefore, means an organization which is primarily aiming at the welfare of the people by adopting strategies to deal with immediate and long term needs of the society at large. The immediate needs may refer to relief and rehabilitation while the long term needs may be building capacity of the people to enable them to cope up with their problem of poverty, health, and change in attitude of the people. The constitutions of the NPO, VO, or NGO must include these components in its objectives. It has to be run with democratic principles with governing body elected by the general body members. Books of accounts are to be kept open for examination by members as well as the authorities under the act in which it is registered. Each program of the organization is to be approved by the governing body with administrative responsibility to the chief functionary of the organization. Annual general meeting be held at least once a year and meeting of the governing body in every quarter be held and decisions are to be taken about the future course of action. It’s independent in governance but not exception of law governing the management and accountability to public interests. In India, NGOs now have wider scope and space to collaborate with the government and influence policy making and implementing at different levels. Of late, due to inefficient government management and high establishment and administrative cost, the government has been sponsoring all social welfare programs to NGOs. Since then, the registration of NGOs has been on the rise especially during the last three decades. The profit making industries are also launching NGOs and investing in social development on non-profit basis as one of the responsibilities of business. A few corporate houses like Tatas, Mahindra began to organize social welfare and community development beyond the employees long ago. The government of India has now moved to compel all the corporate to invest a part of the profit (2% to 25% depending upon the nature of the industry) after tax in the social welfare and ecological development programs as corporate social responsibility under the law of the country.

4.2 **EMERGENCE AND GROWTH OF NON-PROFIT ORGANIZATIONS**

All religions have made remarkable contribution towards the development of voluntary and non-profit organizations in India. The Hindus believe that serving human being is equal to serving the god. Philanthropic activities, therefore, is the base for Hindus to practice charity. Jesus Christ said ‘love thy neighbor’ and extends all service when others are in need. Muslims with the customs of payment of ‘Zakat’ –the annual alms giving ceremony offer the savings of the household for the use of the poor and the needy. Guru Nanak –the Sikh Guru said ‘the wealth those who do not give alms
will slip away’. Hence, non-profit organizations have its roots in the religious faiths and values in India. In the beginning of the 20th century, different types of non-profit organizations e.g. ‘Mahila Mandals’, Youth Clubs’ and ‘Seva Samities’ came into being and joined the service organizations group mainly working for the women, children, slum dwellers and poorer sections living in the rural areas.

Sreerampore Missionary was established in the 1880s to address the social ills like poverty, polygamy, child marriage etc. but was not accepted by the Hindus as it was basically a Christian Religious Institution. Bombay Mill Hands Association was founded in 1890 for the education of workers and their children in Mumbai. Ramakrishna Mission was founded in 1898 by Swami Vivekananda in Calcutta for serving the poor and the sick. Later on it developed programme of education for tackling different social and economic issues as its mainstream activities. One of the most important objectives of Ramakrishna Mission was to mobilize the youth with health and education for nation’s holistic development. ‘Seva Sadan’ in Pune was established as another voluntary non-profit organization especially for women’s emancipation and education. Hundreds of such voluntary organizations began to emerge from the middle of the 20th century with the objectives of organized charity and philanthropy. Textile Labour Association (TLA) was also founded with the similar mission to which, Gandhiji was also associated. These organizations then spread its activities to holistic social development of the workers in the respective areas.

‘Sewapuri’ is an unique place in the district of Varanasi of Uttar Pradesh founded with the philosophy of Gandhian constructive social work. The call of Gandhi to work for the rural poor several activists engaged in freedom fighting came to work for the organization. In 1956 Saghan Kshetra Vikas Samity was formed with the objectives of empowering the artisans and promotion of agro-based industry to support the farmers and strengthen their livelihood system. These institutions showed the way to development organizations focusing on the sustainable development through capacity building of the targeted population. The change could be observed from charity approach to capacity building approach aiming at self-reliance and self sufficiency.

There is a wide diversity of structures and purposes in the NPO landscape. For legal classification and eventual scrutiny, there are, nevertheless, some structural elements of legal importance:

- Economic activity
- Supervision and management provisions
- Representation & advocacy
- Accountability and Auditing
- Provisions for the amendment of the statutes or articles of incorporation
- Provisions for the dissolution of the entity
- Tax status of corporate and private donors
- Tax status of the foundation

Some of the above must be, in most jurisdictions, expressed in the document of establishment. Others may be provided by the supervising authority at each particular jurisdiction. While affiliations will not affect a legal status, they may be taken into consideration in legal proceedings as an indication of purpose. Most countries have laws which regulate the establishment and management of NPOs, and require compliance with corporate governance regimes. Most of the larger organizations
Stakeholders in Philanthropic Social Work are required to publish their financial reports detailing their income and expenditure for the public. In many aspects they are similar to business entities though there are often significant differences. Both non-profit and for-profit entities they must have board members, steering committee members, or trustees who owe the organization a fiduciary duty of loyalty and trust. A notable exception to this involves churches, which are often not required to disclose finances to anyone, including church members.

In the United States, nonprofit organizations are formed by incorporating in the state in which they expect to do business. The act of incorporating creates a legal entity enabling the organization to be treated as a corporation under law and to enter into business dealings, form contracts, and own property as any other individual or for-profit corporation may do. Nonprofits can have members but many do not. The nonprofit may also be a trust or association of members. The organization may be controlled by its members who elect the Board of Directors, Board of Governors or Board of Trustees. Nonprofits may have a delegate structure to allow for the representation of groups or corporations as members. Alternately, it may be a non-membership organization and the board of directors may elect its own successors.

A primary difference between a nonprofit and a for-profit corporation is that a nonprofit does not issue stock or pay dividends, (for example, The Code of the Commonwealth of Virginia includes the Non-stock Corporation Act that is used to incorporate nonprofit entities) and may not enrich its directors. However, like for-profit corporations, nonprofits may still have employees and can compensate their directors within reasonable boundaries. There are two major types of nonprofit organization.

1. A membership organization elects the board and has regular meetings and power to amend the bylaws. Here, organizations are run on democratic principles from formation, to norms and action. Elections of members to the governing body are must under the rules of such organization. Decision making is collective activity and done on democratic principles i.e. by majority.

2. A board-only organization typically has a self-selected board, and a membership whose powers are limited to those delegated by the board. A board-only organization’s bylaws may even state the organization has no membership, although the organization’s literature may refer to its donors as “members”, it imposes many complexities and requirements on membership decision-making. Accordingly, many organizations have formed board-only structures.

The National Association of Parliamentarians has raised concerns about the implications of this trend for the future of openness, accountability, and understanding of grassroots concerns in nonprofit organizations. Specifically, they note that nonprofit organizations, unlike business corporations, are not subject to market discipline for products and shareholder discipline over their capital; therefore, without membership control of major decisions such as election of the board, there are few inherent safeguards against abuse. A denial to this might be that as nonprofit organizations grow and seek larger donations, the level of scrutiny rises, including expectations of audited financial statements.

In India, the situation of non-profit organizations (NGOs) is different from the western world. All the organizations in our country are registered under The Societies Act 1861 amended in 1961 or under the Indian Trust Act and are governed by bye-laws of the act with control and accountability. If the organization makes profit in any form it is liable to pay tax as per the rules of the income tax. The governing body is usually elected by the general body members who may be classified as general
member, life member and honorary member, etc. Annual general meeting, reports and financial returns are compulsory for sustaining its registration in compliance with the norms of the state.

In 1945, the establishment of the United Nations Organization, non-governmental organizations became extremely popular. Although, before this time, there were other organizations, such as the famous Rotary International, that began its operation in 1904. By the end of the year 1914, there were one thousand and eighty three NGOs in existence. International NGOs played a vital role in the anti-slavery movement, as well as in the movement for women’s suffrage. The official definition of international NGOs was defined on February 27, 1950, by the resolution 288 (X) of the ECOSOC. It is difficult to estimate the number of non-agencies in India but a rough estimate says that these are more than two hundred thousand in the country. Within these, there may be many agencies that are defunct. Various types of Non-governmental organizations include:

1. International NGOs are those organizations like Charity Organization Society, OXFAM, ActionAid, DFID, UNDP etc, which have spread its branches across the countries of the world and work or fund other agencies.

2. Donor Organized NGOs are the organizations which are concentrating on Organizing and Networking the Donors at the individual, institutional, national, levels to collect fund to help and organize social development programs at the local, national and international level for the benefit of poverty stricken, ignorant, ill health populations living without any social security from the state.

3. Environmental NGOs are confining and concentrating their work only to preserve and promote environmental issues like pollution, disaster and global warming issues at the local, country and international level. These organizations are more concerned with the people and the planet.

4. Government-operated NGOs are created by the central and state level to address the basic issues and problems on health, education and livelihood etc., The National AIDS Control Organization (NACO) State AIDS Prevention and Control Society (SAPCS) created by the states, and are working for prevention and control of HIV/AIDS in the country. The terms of such state created organizations may be limited to certain period.

5. Quasi-autonomous NGOs are again run by state bodies with autonomy to function and render some services to special groups or communities.

6. Technical Assistance NGO are specialized institutions that render technical services like project formulation, monitoring and evaluation, training in latest technology to the organizations and people who are need of the professional expertise to update or upgrade their services to others.

7. Grassroots Support Organization are engaged in supporting the NGOs, Clubs and other grassroots organizations to build their capacity to initiate social and economic activities.

8. Market Advocacy Organization like consumers forum advocate in the interest of the consumers. These organizations are also promoting the bio-friendly products and denounce the products that are harmful to human ecology and social environment.

9. Faith Based Organizations (FBO) are basically institutionalized from a religious faith or belief that leads to welfare and development of the people e.g. Catholic Bishops Conference in India (CBCI).
The above list is illustrative and not exhaustive. There are end number of NGOs, NPOs that are available across the world with varied objectives, mission and vision. All the NGOs and NPOs till end of 20th century were dependant on funds from the government or non-government donor agency. Of late, the donor agencies have curtailed fund flow to such organizations and insisting on generating fund for their projects. Rajashekar observed that “fragmented and compartmentalized development models which still had charity and welfare components were replaced by integrated development models. The gender justice, environmental concerns and human rights were understood as a part and parcel of structural aspects of the society, which together with class, caste and ethnicity, were responsible for the exploitation of the marginalized section within society. The priorities and agenda of donor agencies also influenced the development perspective and the programme at the grassroots level.” This led to the change in the approaches to social development by NGOs across the country with more focus on the sustainability.

To conclude the discussion on the emergence of NPOs let us consider the recent concentration of voluntary and non-governmental organization which mostly work for the poor to eradicate their poverty. The poor is now defined as those who are powerless in exercising their will in accessing economic and social opportunities. In this context, the poor in the state remain poor despite several government policies and welfare schemes for eradication of poverty. The poor often understand, or are made to understand, that development benefits are gratis handed down from above. They lack in consciousness on their basic human rights. For instance, flood hit people remain passive and silent even when relief is delayed. There is hardly any people’s collective movement in the areas where starvation deaths are on he rise, with high malnutrition among the people in the country. Such defeated attitude is deeply rooted in the age old neglect of the poor and the marginalized. It is essential and a pre-condition that the poor and marginalized people need to be enlightened and strengthened with good health and sound economy. It is not futile to seek to strengthen every poor person socially, nor is it worthwhile to deliver public goods from a top down approach. We have already launched a bottom up approach with Panchayati Raj Institutions (PRI) to make development need and people driven. Alternatively, the whole system will sustain itself if the stakeholders’ collectives at bottom rung of the society are strengthened to achieve human dignity. Human dignity can be achieved by poor households if they are able to

i) access economic opportunities,

ii) improve their level of consciousness,

iii) improve their environment and health condition

iv) exercise their democratic rights as humankind.

The NPOs and NGOs work today mainly to prevent or eradicate poverty, illiteracy and ill-health of the general populations of the society.

4.3 DONOR AGENCY

Donor agency refers to the agency which collects fund for specific purposes and donating to other non-profit voluntary organizations or NGOs for welfare and development of individuals, groups and communities. In other words, a donor agency is an organization that donates funds for projects of social and economic development at micro and macro levels. The donor agencies till 1950s were marked as philanthropic organizations only. Corporate donor agencies which came into being after 1950s
are basically industrial houses and business organizations. These houses are nowadays concentrating on social development beyond their business activity as corporate social responsibility and ethical business. The concern of the people and the planet is also considered as corporate citizenship or corporate conscience as they are not operating in isolation with those two. In fact, the business would not have existed without the people and the planet. It’s therefore, can be termed as the tradition of ‘give and take’ followed in Indian society since time immemorial. It may be appropriate to say that the family and religious institutions, which solely dominated the arena of social welfare was taken over by the donor agency in the modern era. On the contrary, the families and religious institutions have shifted their responsibilities of individual and community welfare to the non-government organizations and donor agencies. Let us say that all individual and community welfare is dependent on the funding by the donor agency except a few among those which has its own source of income. In the pages of world history of charity, the United Kingdom and other developed countries, the relief recipients became so dependent and fund available being so limited that the policies had to be reverted to control the increasing demands of the people. It was also found that not only dependency of the recipient increased but also it demoralized their work habits and no sign of self-reliance were observed. With these lessons learnt over the time, donor agencies today would like to assess the feasibility and expected outcome to any investment for development. The donor agencies nowadays have their focus on the issues of immediate concern and find out potential fund from different sources so that the expected return is assessed in advance of funding. The donor agencies are promoted by individuals, groups of individuals, trustees and corporate business houses. Individual and corporate donors provide life blood for donor agency.

There are government departments and sections which act as a donor agency with recurring budget of the government from its own source. But major donor agencies belong to trust and other bodies like, Tata Welfare Trust, CBCI, Action AID, OXFAM, Global Trust Fund, Save the Children-India, Goal India, Child Fund – India, DFID, Ford Foundation, Bill Gates Foundation etc. Each one of these has its area of interest for funding as per the constitution of the agency. There are a number of international funding agencies, donors, philanthropy groups and charity organizations. The enlisted organizations are selected from the information provided by NGOs, networks and various other sources. Funding agencies provide technical support and funding to non-profits, grass-root level NGOs, and other organizations; but these agencies provide funds and support according to their own guidelines, terms and conditions structured in their parameters. Government of India has also constituted a number of organization like CAPART (Council for Advancement of People and Rural Technology) mainly to fund the NGOs for development initiatives in agri-business, public cooperation and capacity building, watershed management for the people through local organizations. The Ministry of Social Justice and Empowerment, Ministry of Health and Family Welfare, Department of Women and Child Development, have established autonomous bodies like NIOH, NIHH, NIVH, NIMH, Central Social Welfare Board and fund a good number of NGOs/NPOs for providing services to a large clientele across the country. Hence, donors’ domain is wider with government than that of the private and non-government donors. The basic function of a donor agency is to provide funding. Donor agencies can channel their funding in two ways, through; official (government) channels and private channels Traditionally, government donor agencies have channeled funds through government agencies. Private funding agencies generally channel funds through nongovernmental
organizations (NGOs) to facilitate access to funds at the grass-roots level. A growing amount of development money is being channeled through NGOs frequently and it has a cash ceiling, and may be limited to a specified percentage of any one project. Donor agencies also collect funds from individuals citing its registration under section 80G of Indian Income Tax Act. The individual or industry donors can benefit against payment of income if the NGO is registered under section 80 G of The Indian Income Tax Act. This is applicable only to the person and organization who/which donates fund to an NPO or NGO which has 80 G and issues a certificate stating the amount of donation has been received for social welfare programs.

4.4 NON-PROFIT ORGANIZATIONS, DONOR AGENCY AND SOCIAL WORK

Social work has its roots to charity and philanthropy. Non-profit and Donor agencies also found its roots in the charity and philanthropy. It is, therefore, pertinent to find the relations between these two. Social workers initial platform to come up with organized services to scientific services with these institutions and services supportive to sustainable development. Social work is professional services that aim at solutions of social, economic and cultural problems at the individuals, groups, and community level through a self-sustainable means. The relationship between the Charity Organization Society (COS) and Social Work Education could be taken to birth of each other with professionalism. The outcome of indiscriminate charity in UK, demoralizing work environment and scarcity of resources paved the way for organizing charity for efficient service delivery, restricting charity only to needy. Case assessment by friendly visitors brought to the light a number of issues like controls to serve one who has no other options but live on charity. The general populations who were capable were asked to choose a trade or business to help them with an understanding that the short term aid and assistance extended will result in long term benefit to the persons. Therefore, training of the friendly visitors for case assessment became essential. Today the engagement of social work professionals in NPO/NGOs has widened up to such extent that the professional social workers and such institutions live for each other. Let us consider social workers and NPO/NGOs in terms of need, attachment, expertise and outcome.

The Need for social workers in NGOs as development functionary was strongly felt by the charitable organizations in the early 20th century as these workers were trained and were capable of understanding the psycho-social order in which the client live. They can make a right assessment of the need of the person and find and suggest appropriate strategy to deal with the same. The trained workers are competent enough in terms of the human relations skill to manage, monitor and evaluate the client’s improvement to cope up his/her problems. The organizations effectively need such professionals to manage the increasing numbers of clients seeking help and assistance with the limited resource available at their discretions. The professionals need engagement or opportunity to perform with higher or meager compensation.

The Attachment of social work professionals with the institution and clientele and vice versa is essential as performance of experts as expected by the agency on the contrary. Ethical values inculcated and practiced by social workers matters a lot to the organizations and the clients. Hence, all the three parties i.e. worker, agency and the clients are deeply attached to each other. Interestingly, workers and agencies commitment to social order is deeply attached to each other. These attachments pay back higher dividends to all the parties concern as expected from such attachment and engagement while they interact with each other. The benevolent organizations
rendering services to the target population is also deeply attached to their commitment to a good quality of life.

The Expertise for which social worker is to perform the assigned task are multiple in nature. The skills in human relations, identifying problems, analyzing, developing strategies, mobilizing resources and implementing the program effectively, with continuous monitoring and evaluating on an ongoing basis are some of the illustrative expertise of the social work professionals. The agencies are having expertise in delivering services in different fields of practice. Expertise organizations need specialized skills among the social workers to which this profession has been delivering with greater sincerity. Professional expertise is placed at the core of social dysfunction and correction.

The Outcome of any intervention is assessed on certain parameters and indicators decided before the implementation by the organization by its professionals. Social work itself is multi-disciplinary approach. Social Worker, therefore, coordinates with other professionals in the projects and outcome of the program is a collective benefit of all the expertise availed of by the team. Say, there was a program for advocacy with the government on the issues of poverty in a particular area. This was done by mobilizing the people to draw the attention of the connected government officials. The impact of such movement can be assessed by interviewing the officials to find the change in their attitude towards the issue. Similarly, poverty alleviation projects can be assessed by comparing the status of the beneficiary before and after the intervention. Are we competent to predict the outcome before and assess after the intervention? If yes, we are experts to work for such development initiatives and bargain for the fees/compensation. The social work professionals must be capable of visualizing the outcome of the intervention through study and plan for effective methods of social development for implementation and assessment. Evidence based practice in social work will then come true. This will draw the attention of the government and non-government organizations to trust and engage us fruitfully.

Check Your Progress I
Note: Use the space provided for your answer.
1. Enlist the types of non-governmental organizations.

2. What is the contribution of donor agencies to social work?
4.5 LET US SUM UP

The above discussion on the concept of NPO/NGO and Donor agency gives us an idea about its nature and functions for human welfare and development. Although the roots of non-profit organizations lies in the Civil Society and Religious institutions they are engaged in welfare development work for the people and their initiatives. They operate with or without fund from the government and donor agency but one can not separated from the other. NPOs/NGOs rather are dependant on the fund of Donor agency for executing welfare and development projects. There are varied types of NPO/NGO with similar mission and vision but area of interventions are different.

A non-government organization is an association which is based on the common interests of its members, individuals, or institutions with no governmental status or function, and is not created by a government, nor is its agenda set or implemented by a government. Let us call upon the organizations of the United Nations Development system, within their organizational mandates, and to further improve their institutional accountability mechanisms. In this regard the development of performance indicators for gender equality and women’s empowerment (the scorecard) by the United Nations Development Group and encouraging their systematic use by United Nations country teams. This includes, in particular, inter-governmentally agreed gender equality results and gender-sensitive indicators in their strategic frameworks. It takes note of their progress. Paragraph 20 of General Assembly resolution 63/232, in which the Assembly urged the funds and programmes and encouraged the specialized agencies to carry out any changes required to align their planning cycles with the quadrennial comprehensive policy review, including the implementation of midterm reviews as necessary. This is to be reported to the Economic and Social Council on adjustments made to fit the new comprehensive review cycle. The decision of the General Assembly in its resolution 63/232 to hold its next comprehensive policy review in 2012 and subsequent reviews on a quadrennial basis. In this regard, requests of the Secretary-General to continue to submit to the Economic and Social Council detailed reports on results achieved and measures and processes implemented, in accordance with paragraph 142 of Assembly resolution 62/208, at its substantive sessions of 2011 and 2012. Encourage the United Nations Development Group, in close cooperation with the United Nations Development Programme, as manager of the resident coordinator system, to develop standards for the type and level of staff and options for operational support that need to be provided to ensure effective United Nations system coordination in addressing the many interlinked development needs. This must include those countries in transition from relief to development, taking into account countries in complex situations and their challenges as well as the country-specific character of those challenges. The United Nations funds and programmes to reflect in their appropriate annual reports to the Economic and Social Council and to their governing bodies, their specific contributions to and challenges faced in the implementation of the management and accountability framework of the United Nations development and resident coordinator system including the functional firewall of the resident coordinator system, bearing in mind the authorities established for the Council and the executive boards, including by the General Assembly in its resolutions 61/16, 60/265 of 30 June 2006, 57/270 B, 50/227 of 24 May 1996 and 48/162 of 20 December 1993.

The contributions of NPO and NGO in furthering the process of social development are immense. Their role and functions is benefiting hundreds of thousands of the
people in the underdeveloped and developing countries to come up with holistic social development model with the help of the donor agencies belonging to the national and international level. Interestingly, many such organizations are dependant on the social work professional. Understanding the dynamics of NPO and NGO including the donor agency, therefore, is key to the success of social workers to perform their job satisfactorily. Networking with the national and international organizations is also very important for the professional. The need for social work professional and their expertise are on the rise, hence a good time to pick up the work responsibly to share the effort for social development according to the need of the hour.

Critical examination of the profile and activities of NGOs/NPOs and Donor agencies in India, it observed that many organizations are doing extremely well whereas many are involved in corrupt practices and defames the good image of Civil Society Organizations/NGOs/NPOs. Although the state authorities are responsible to monitor and evaluate the contributions of such organizations but there is hardly much effort to ensure the transparency, accountability and effectiveness in the interest of the beneficiary or the target community for whom the programs and projects are meant for. The liability of the people and those who are involved (social development professionals) in implementing the projects and programs can not be overlooked. We need to mobilize the community people for raising their voice and bring the culprits to the light to re-establish the reputation of the NGOs/NPOs/CSOs and Donor Agencies.

### 4.6 FURTHER READINGS AND REFERENCES


http://www.differencebetween.net/business/difference-between-ngo-and-non-profit-organizations/#ixzz1D690jURp

Adapted from PRIA, 1991: 35 cited in Voluntary Action, Civil Society, and the State by Dr. Rajesh Tandon; p-19, Mosaic Books, New Delhi, 2002

http://www.differencebetween.net/business/difference-between-leadership-and-management/


Sooryamoorthy, R. & Gangrade, K.D.; NGOs In India, Rawat Publications. Jaipur, 2006


The OXFAM
Stakeholders in Philanthropic Social Work

The Kellogg Foundation
The Ford Foundation, and
The TEAR Fund.

Funding a literacy program
Concept module: donor agency


The Global Trust Fund
UNIT 5 CIVIL SOCIETY

Contents

5.0 Objectives
5.1 Introduction
5.2 Civil Society: Concept and Definitions
5.3 Civil Society Organizations – Types and Functions
5.4 Role of Civil Society Actors as Stakeholder Groups
5.5 Civil Society: A Dynamic Entity
5.6 The Multiplicity of Civil Society Stakeholders
5.7 What Ails the Civil Society Sector?
5.8 Role of Government in Promoting Civil Society
5.9 Let Us Sum Up
5.10 Further Readings and References

5.0 OBJECTIVES

This unit is designed to provide the reader a basic understanding of civil society, its various forms and their role as a stakeholder in the philanthropic sector. After studying this unit you would be able to:

- delineate the concept and forms of civil society;
- outline the stake of civil society in development and promotion of justice;
- discuss the role of civil society in democratic governance and in establishing a just social order;
- specify policy implications on the growth and development of the civil society sector.

5.1 INTRODUCTION

Modern society has moved quite far in terms of technological advancement and economic growth. However, what has not changed much is the fact that poverty still persists and continues to adversely affect large populations mostly in the developing and under-developed countries and regions. Violent conflicts continue to stall the development of innumerable countries who are at war with one another. Ethnic and state sponsored terrorism and civil strife has contributed to the woes of common citizens and have also crippled the development agenda of states that have to invest major portions of their funds in fighting terror and managing conflicts. Development projects like mines, large industries, dams, etc. have adversely impacted the habitat and livelihoods of indigenous populations over-riding upon their human rights. In many cases the state has colluded with market forces in snatching the basic entitlements of the local people and indigenous populations in terms of land, natural resources, and their livelihoods fostering insecurity and distrust among the common citizenry in their relationship with the state.
Civil society fulfills a variety of functions in the space between state and market: providing services, mobilizing interest and engagement, enabling the expression of values and faith, and fostering social entrepreneurship (Antlöv, H., Brinkerhoff, Derick W. and Rapp, Elke 2010).

5.2 CIVIL SOCIETY: CONCEPT AND DEFINITIONS

The term “civil society” has been interpreted variably and there is little agreement on its precise meaning. It has become one of the most popular concepts among academics, policy-makers, international organizations, nongovernmental organizations (NGOs), and activists over the last 20 years. Definitions typically vary in the emphasis they put on some characteristics of civil society over others: some definitions primarily focus on aspects of state power, politics and individual freedom, and others more on economic functions and notions of social capital and cohesion. None-the-less, most analysts try to locate modern civil society between the family, the state and the market, and is said to represent the sum of institutions, organizations and individuals in which people associate voluntarily to advance common interests. This has been aptly shown in figure-1 below:

![Figure 1: The Civil Society Triangle: Location of Associations](image)

Civil society is primarily about the role of citizens and the society they constitute in relation to that of both the state and the market. The academic interpretation of the term is closely related to citizenship and is entangled with the role citizens are expected to play in relation to the neglect or dominance of the state and the market forces that may adversely affect people in general and disadvantaged populations in particular. In a sense, it refers to limiting the power of the state and in the regulation of market economy.

The mechanisms often adopted are creation of public opinion, awareness building among the affected sections, making people and social institutions capable enough to challenge and fight against adverse forces, in the protection of peoples’ rights and fulfillment of entitlements. The prevailing modern view thus views civil society as a sphere located between state and market - a buffer zone or shield strong enough to keep both state and market in check, thereby preventing each from becoming too powerful, dominant and exploitative.

In the words of Ernest Gellner, civil society is the set of “institutions, which is strong enough to counterbalance the state, and, whilst not preventing the state from fulfilling its role of keeper of peace and arbitrator between major interests, can, nevertheless,
Civil Society prevents the state from dominating and atomizing the rest of society”. Civil society is not a singular, monolithic, separate entity, but a sphere constituted in relation to both state and market, and indeed permeating both. It is represented by a multiplicity of actors and players who play various roles in order to ensure maximum pressure on the government for effective policy, legislative and programmatic interventions.

From among a myriad of definitions the post-modern conception of civil society proposed by the Centre for Civil Society’s in the London School of Economics (2004) stands out in presenting the importance of civil society in a changing global social order:

Civil society refers to the arena of un-coerced collective action around shared interests, purposes and values. In theory, its institutional forms are distinct from those of the state, family and market, though in practice, the boundaries between state, civil society, family and market are often complex, blurred and negotiated. Civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Civil societies are often populated by organizations such as registered charities, development non-governmental organizations, community groups, women’s organizations, faith-based organizations, professional associations, trade unions, self-help groups, social movements, business associations, coalitions and advocacy groups.

Civil society is the self-organization of society outside the stricter realms of state power and market interests. As Jurgen Habermas has pointed out, “civil society is made up of more or less spontaneously created associations, organizations and movements, which find, take up, condense and amplify the resonance of social problems in private life, and pass it on to the political realm or public sphere”. Ralf Dahrendorf sees the concept of civil society as part of a classical liberal tradition, and characterized by the existence of autonomous organizations that are neither state-run nor otherwise directed from the central political power.

Goodwin (2005) described the term “civil society” as “a loose framework of associations and activities that would allow ordinary people to engage one another voluntarily around matters relevant and important to the common weal[th], but only indirectly related to governance or the state.” Such activities include attending religious congregations; contributing to a charity; volunteering in the constructions of a temple, or at a hospital or a place struck by a disaster or natural calamity; serving in the parent-teacher association; or doing shramdaan (labour) in community development projects on a voluntary basis like the construction of ponds, open wells, village roads, etc. These are activities that neither involve the government nor commerce and are initiated and funded by the people themselves.

Goodwin further goes on to argue that donor participation is a critical aspect of civic engagement: “Only individual donors can provide an endless stream of new perspectives on changing societal aspirations and needs, each one with the potential of yielding a new charitable mission.” As a stakeholder in the development sector donor standing serves as an “inducement to a particular type of donor engagement within the charitable sector” – which often initiates a new and innovated charitable mission, which in turn, “bespeak[s] a kind of civic imagination where private interests stretch to encompass the interests of others; self-interest is imaginatively reconstructed as common interest.” It is therefore important that the philanthropic social work or for that matter professional social work should engage with and develop strong bonds with the donor community in supporting and carrying forward the cause of civil society.
5.3 CIVIL SOCIETY ORGANIZATIONS – TYPES AND FUNCTIONS

Civil society organizations (CSOs) are non-state actors whose aims are neither to generate profits nor to seek governing power. CSOs unite people to advance shared goals and interests. They have a presence in public life, expressing the interests and values of their members or others, and are based on ethical, cultural, scientific, religious, or philanthropic considerations. CSOs include nongovernment organizations (NGOs), professional associations, foundations, independent research institutes, community-based organizations (CBOs), faith-based organizations, people’s organizations, social movements, and labor unions.

Type of CSOs

In the development sector CSOs are broadly categorized into two types – (i) Operational CSOs and (ii) Advocacy CSOs. Operational CSOs are the ones who implement development programmes with resources raised by itself from its members or the public in general, philanthropic organisations and foundations and occasionally from the state. Operational CSOs directly deliver, or contribute to the delivery of, welfare services such as emergency relief or environmental protection and management. They work at the community, local, district, national, regional, and international levels depending upon their funds and capabilities.

Advocacy CSOs highlight in the public domain specific issues, concerns, points of view, or interests of the public in general or specific disadvantaged groups in particular. They attempt to influence the policies, practices, and views of governments; businesses and multi-national companies; development institutions like the World Bank, ADB, etc.; other actors in the development arena, the media, and the public at large. In order to strengthen itself advocacy CSOs, ever since the mid-1990s, have come together to form national and international networks and consortia that link groups representing common, parallel, or convergent interests. They voice concerns and raise issues in the public domain that they feel would otherwise not be articulated via established social, economic, or political processes.

Types of CSOs in Terms of Function

Taking cue from the typology of CSOs as proposed by the UNEP (2004) the following types of CSOs have been found to be in operation in society that are playing an active role as stakeholders in the development of people and the disadvantaged in particular.

1. Service-delivery CSOs - develop, monitor, and implement projects and programs for the delivery of essential services keeping in view the urgent felt needs of the people they serve. They tend to work closely with community based organisations (CBOs) which are often based at the community level. Such CSOs strive to fulfill the role that most often govt. agencies fail to deliver.

2. Representation CSOs - provide a unified voice for the concerns of particular disadvantaged sections of the population like the scheduled caste, the scheduled tribe, minorities, and the physically and mentally challenged. These groups include CSO umbrella and network organizations, as well as indigenous peoples’ groups. Such CSOs present before the authorities the stake these disadvantaged groups have in effective governance and the efficient delivery of welfare services and protection of their rights.
3. **Advocacy and Policy Input CSOs** - provide expertise and lobbying services relating to particular issues that are affecting large sections of populations. Included in their ranks are think tanks, research-oriented institutions, human rights and “watchdog” groups, individual activists, and the like. Often such CSOs use the media to the best effect in creating public opinion and pressurising the government or large organisations like the MNCs in the review of its policies that may be adversely affecting people at large.

4. **Capacity-Building CSOs** - support other CSOs in funding, training, and awareness-raising activities. They often include foundations and major, well-established CSOs involved at the national and international level. The belief is that investing in capacity building may render the local organisations and citizens in general to be more effective in voicing their legitimate demands before the government and countering the oppressive forces prevailing in a market-dominated economy.

5. **Social Function CSOs** - foster collective social activities. Religious groups are often of this type. The avowed role they play is in the creation of social capital that may help in building trust and solidarity among people that will in turn be instrumental in making concerted attempts to fight against exploitative and exclusionary forces.

6. Some CSOs, such as indigenous peoples’ networks, fall under more than one of the above types as they perform multiple functions. Philanthropic organisations and foundations align themselves with such CSOs that are found to be having the same goals and objectives for which they themselves strive for and provide funds and other support in the form of expertise and strategic partnerships with organisations working in similar fields for scaling-up impact.

### 5.4 ROLE OF CIVIL SOCIETY ACTORS AS STAKEHOLDER GROUPS

A dynamic civil society plays a crucial role in balancing, taming and reducing the role of the state and in challenging the exploitative nature of the market and the corporate sector. O’Connell (1999) observes that an active citizenship and civil society is crucial to foster and preserve democracy and the rights and freedoms enjoyed by the citizens of any country. The government and the market both have a monopoly over various sectors of development from education to health, forest and other natural resources, judiciary to policing activities, and many more; making the common citizen a pawn in their hands. When the state fails in its duties and responsibilities and the market becomes exploitative, this increases the woes of citizens and forces citizens to organise themselves to fight against the monopolistic attitude of the state and market. In such an environment civil society, first has a role of enabling the hitherto voiceless and unorganised communities’ interests to be represented. In more specific terms, civil society has a goal to empower local communities and people who are adversely affected. Civil society can be considered as a “space” or a “public space” that is free and accessible to everybody.

Civil society can also be considered as a “movement” that has to influence public negotiation on public issues like health, education or social security. Contesting the frameworks of development policies and programs, criticising the long-term effect of un-fettered liberalization and a rampaging economic and cultural globalization, large-scale displacement of people caused by large development projects, etc. The
very purpose of such a role played by civil society is in the vision of leading a contestation movement.

The State and its various organs and agencies are a representative of the public and are ultimately accountable to them. Enlightened and active citizens representing civil society has a role of “ensuring the accountability” of the State in different spheres. The Right to Information Act of 2005 has been a product of an active and demanding intelligentsia and the NGO sector that provides common citizens of India a right to access information from the public agencies, government and private both, on matters that impinge on their welfare. To quite an extent the Official Secret Act has been blunted and the erring officials, who have the duty to serve the citizens in non-partisan ways, brought to the public eye and control. Thus said, civil society has the monitoring function of holding “the law and order machinery accountable”. This function implies the control of political parties and electoral process, the control of local bodies etc.

Check Your Progress I

Note: Use the space provided for your answer.

1. What is civil society?

2. Enlist the types of civil society in terms of function.

5.5 CIVIL SOCIETY: A DYNAMIC ENTITY

Civil society is always seen as a dynamic entity and embraces the notion of social movements. It also represents the dynamic side of citizenship, which engages itself in pursuing the achievement of people’s basic needs as also fighting for social justice, social development and social equity.

Actions of citizens or CSO’s are emotionally charged and spontaneous. Most often it is a reaction to an existing socio-political condition and can bring together people and organisations belonging to diverse groups and sections of society with the intent to set right a wrong or a particular situation or social institution. In the context of the role played by philanthropy and philanthropic organisations it can be said that, there is an inherent tendency in philanthropy to sponsor and promote CSOs and in a movement from the spontaneous to the planned, from the impulsive acts of individuals to the organized acts of groups. That dynamic imposes order and reason on a powerful but notoriously unreliable emotion.

Moreover, the extent of impact of civil society actions and interventions depends on the culture and organisation of the public at large, NGOs, voluntary groups, the
media, journalists, and the ability to develop networks among themselves at the grassroots, regional, state national and international level. The impact civil society actions will thus depend on this ability of active citizens and organisations to work collaboratively and in partnership for the manner in which it is organised, legitimised and for its scope and intensity.

At the international level, what is observed is the pattern of relationship that has developed between the Northern and Southern CSOs which in development lingo is described as “partnerships”. Indeed, Southern CSOs value their relationship with Northern CSOs for reasons other than the access it provides them to financial resources. Among the features of North-South CSO relationships that may be valued are the following (Chapman and Wendo 2007:31):

- Access to support for building up their own capacity
- Opportunities for international exposure, networking and dialogue
- Access to specific competencies or information
- Bonds of Solidarity
- Moral and political support.

However the relationship of the North-South CSO relationships’ effectiveness would depend on the following characteristics:

- A long-term perspective based on a shared vision and dialogue around each party’s development objectives and philosophies
- Responsiveness to Southern CSOs priorities and alignment with Southern CSO systems and procedures
- Respect of differences and diversity, honesty and transparency
- Mutual trust and knowledge sharing
- Negotiated terms of mutual accountability.

### 5.6 THE MULTIPLICITY OF CIVIL SOCIETY STAKEHOLDERS

Civil society is represented by a multiplicity of groups, organisations and congregations. It occupies various vantage points too in order to make an impact on society as a whole or on specific areas, concerns, sections of people or area. A list of the various types of civil society groups found in common literature has been presented.

i) Charitable organisations
ii) Clubs and voluntary associations
iii) Non-Governmental Organisations
iv) Unions
v) Religious groups and religious institutions
vi) CSR-based organisation
vii) Social movements
ix) Philanthropic organisations and philanthropic infrastructures
i) **Charitable Organisations**

A charitable organization is a type of non-profit organization (NPO). The term is relatively general and can technically refer to a public charity (also called “charitable foundation,” “public foundation” or simply “foundation”) or a private foundation. It differs from other types of NPOs in that its focus is centered around goals of a general philanthropic nature (e.g. charitable, educational, religious, or other activities serving the public interest or common good).

The legal definition of charitable organization (and of charity) varies from one country to another and from one state or region to another in which they operate. Charitable organisations vary in size, resources, reach and influence. The smaller ones have been found to be involved in providing direct services to clients and specific population or religious groups and the larger ones are involved in partnerships with organisations in the implementation of large-scale programmes and specifically in influencing government policy and governance. In the context of the definition of civil society foundations with large corpus and political links try work in the field of policy advocacy and in the establishment of transparent institutions that would positively impinge upon the lives of large sections of people.

ii) **Clubs and Voluntary Associations**

People at the community level often come together to address common issues and problems which they are faced with from time to time. People of altruistic nature have a tendency to come together for a cause that would benefit the whole community and especially the ones in need. The motivation often is also to build facilities in ones community that would help improve the lives of people in general. Causes that often attract people to come together are in the building of school buildings, village roads, ponds and common wells, community halls, temples and places of religious discourses called *satsang* in Hindi, and the like. Environmental modification, plantation and protection of trees and village woodlots and other common property resources, building and maintenance of playgrounds and promotion of sports and games are other areas where community based organisations (CBOs) try to add value to their community. To mobilise funds and other resources for such micro-projects the CBOs and members of the community though make contributions of their own, they also try and influence the local authorities like the Block and District Administration, the local political representatives like Members of Legislative Assembly and/or Parliament to provide funds for such common causes and also to represent their concerns before the government on their behalf. In recent decades it has been observed that funding agencies and charities are increasingly promoting and seeking the assistance of CBOs for creating local capabilities for the maintenance and upkeep of facilities and infrastructure developed. It is believed that an active and responsible local level civil society will help in making best use of the opportunities created for social and human development.

iii) **Non-Governmental Organisations (NGOs)**

NGOs are those non-state actors which are either registered or un-registered organisations that work in the field of social development having varied interest and objectives. Most of the NGOs registered are under the Societies Registration Act 1860 or the corresponding State Act; they are also registered as Trusts and Charitable Institutions in India. Other than programme and project implementation in various sectors like health, education, environment, social service, relief and rehabilitation, livelihoods, social defence, and the like they also take up the cause of the poor, the
socially excluded, the exploited and marginalised and advocate for their rights in various forums drawing upon the attention of the State to take appropriate corrective steps by making policy changes and through the institution of new legislations. NGOs have been one of the most active of civil society actors to represent various sections of society and staking a claim on their rights and the State’s obligations towards its citizens.

iv) **Unions**

With the onset of industrial capitalism, it was essential for the state to coordinate the chaotic markets and for redistributing their wealth, the notion took hold that social equality in the industrial era could be achieved through constitutional safeguards and legislative measures. However, the history of nations is replete with instances of the role played by civil society in pressurising the State to pass appropriate legislations to ensure humane working conditions in industries and reigning in the owners and proprietors of industries to fulfil their role in meeting basic minimum needs of workers and labourers. In India the formal industrial sector has been regulated with various legislations enacted from time to time.

Social workers, social reformers, philanthropists and religious leaders who represented civil society in the early days of industrial development initiated efforts towards organising workers for their welfare mostly on humanitarian grounds. In India in 1875, a few social reformers started an agitation in Bombay in order to draw the attention of the government to the appalling conditions of workers in factories, and put pressure on the government to introduce legislation for the amelioration of their working conditions. This led to the establishment of the Bombay Factory Commission (1875) to study the conditions of workers in factories and industrial establishments; eventually the first Factories Act was passed in 1881. This Act was, however, inadequate in ensuring the rights of workers. Dissatisfied with the conditions prevailing in the factories a large scale protest meeting of 1000 workers was organised in 1890 under the leadership of N. M. Lokhande, a factory worker, which drew up a memorandum containing demands for limitation of hours of work, weekly rest days, mid-day recess and compensation for injuries. Lokhande established in 1890 the Bombay Mill-hands’ Association, regarded as the first labour organisation in India that was followed by other important associations like the Amalgamated Society of Railway Servants of India and Burma (1897), the Printers Union, Calcutta (1905), the Bombay Postal Union (1907), the Kamgar Hityardhak Sabha (1910) and the Social Service League (1910). From here started the long journey of Labour Unions who represented the problems and issues concerning the workers and labourers working in industries.

Between 1919 and 1923, a number of unions came into existence all over the country. In order to provide legal protection to trade unions concerted efforts were made by representatives of these labour & trade unions that led to the passing of the Indian Trade Union Act 1926. Consequently, federations of trade unions were also made in order to give teeth to the labour movement in the country. The Indian Trade Union Congress was established in 1920, the All India Railwaymen’s Federation was formed in 1922, All India Trade Union Federation in 1929 so on and so forth. These unions and federations cover a wide sector that comprises of the manufacturing industries, transport and communication, mining, textile mills, railways and insurance, and plantations. These unions are mostly run with membership fees and donations. However because of financial instability these unions have not been able to function very effectively as has been observed by the National Commission on Labour.
As a major stakeholder in representing the concerns of scores of labourers in Industries some of the important functions – protectionist and developmental – as performed by unions listed by the National Commission on Labour are “(a) to secure for workers fair wages, (b) to safeguard security of tenure and improve conditions of service, (c) to enlarge opportunities for promotion and training; (d) to improve working and living conditions, (e) to provide for educational, cultural and recreational facilities, (f) to cooperate in and facilitate technological advance by broadening the understanding of workers on its underlying issues, (g) to promote identity of interests of the workers with their industry, (h) to offer responsive cooperation in improving levels of production and productivity, discipline and high standard of quality, and generally to promote individual and collective welfare”

v) Religious Groups and Institutions

Religious groups belonging to various religious denominations and sects float charitable organisations that not only work for the establishment of temples, churches and masjids but also serve their people and the society at large in the field of education, health, relief services to the poor and needy and in times of calamities and natural disasters, running various welfare organisations like old age homes, crèches, homes for the widows and destitute, dharmshalas, etc. Minority educational institutions in India run by Christian and Muslim communities have been given administrative autonomy to run their educational institutions as per their own objectives and goals that benefits their community.

vi) Media

The mass media is believed to act as the eyes and mouth of society and the citizens. It identifies various social issues and problems and generates public opinion through healthy debate and dialogue. Representatives of political parties, government, the academia, business groups, and other civil society organisations are brought to a common table for thrashing out the key concerns that impinge upon the welfare of the citizenry. Issues are debated face-to-face and an air of transparency is promoted thus. In recent years the media has been successful in highlighting issues like corruption in government, environmental decay, poverty and sustainable livelihoods, deplorable conditions of people affected by large projects like dams, mines, industries, etc. Of late media houses have also associated themselves with the NGO sector in promoting their cause by giving them space prime time. Apart from highlighting social and environmental concerns for a broader reach, and as part of ‘strategic philanthropy’ this also helps these channels, media houses & their promoters in enhancing their brand image.

The electronic and print media has been a very important platform, time and again, for mobilising resources and funds in the event of natural disasters for philanthropic organisations to fund for relief, rehabilitation and reconstruction activities through local NGOs or the government bodies.

The mass media has the potential to reach out to people far and wide in raising awareness among people about the issues and concerns that matter them most. With the use of folk and vernacular media indigenous communities and people belonging to diverse linguistic groups could be reached. Professional social workers also have to develop networking and fund raising skills to meet the contingent needs of philanthropic organisations that arise in the event of national calamities.

Recently, the media has been working in partnership with NGOs and other CSOs for harnessing the influence of public opinion that becomes pivotal to introducing standards that governments, institutions, and corporations will be compelled to follow.
Though philanthropic donors want to maintain anonymity, for cultural, religious and security reasons, they could however be motivated to give publicly. Such a model of donor leaders can be leveraged by engaging the media or others to report on the nature and impact of their giving. Profiles of generosity, engagement, and impact can do much to inspire others. In India, the Nobel Laureate Amartya Sen used his prize to establish foundations in India and Bangladesh, bringing significant credibility to the practice of philanthropy. In the United States, the well-publicized giving of entrepreneurs such as Bill Gates and George Soros has helped initiate a new generation of young donors in the United States. It is also believed that Ted Turner’s creation of the UN Foundation directly influenced Bill Gates.

vii) CSR-based Organisations

Although corporate philanthropic response to the needs of the social sector is not enforced as are economic and legal responsibilities, it is increasingly practiced by companies and is generally viewed as a sign of good corporate citizenship. The motivation for corporate giving is not inherently altruistic. Corporate giving is a reaction to socio-political demands of the locality where corporate institutions and industries operate, and it represents a reactive strategy crafted to counter pressures such as stakeholder demands, threats of government intrusion into industry’s freedom, and escalating public expectations (Zhang 2009). Corporate philanthropy may help a firm establish reputation, brand recognition, and loyalty; promote itself as a “socially responsible” firm, or attract and maintain a work force (Sanchez 2000). Corporate bodies through their independent arms established in the form of foundations and non-profit organisations often run developmental programmes in and around their industrial units especially in the field of education, health, vocational training, agriculture development, social enterprise development, microcredit and micro-finance activities, etc. With the corporates bringing-in their efficient and accountable management style and practices, effective interventions are bound to happen. Successful interventions and innovations implemented attract the attention of the government to get such models replicated in a larger scale; and often in partnership with the government. This also provides the corporate an enviable position to push forth their terms and conditions that are essential for the effectiveness and success of such programmes and projects.

viii) Social Movements

It is worth quoting the observations made by Rajni Kothari as regards the failed Indian State, “The role of the State in social transformation in India has got undermined, ‘development’ has led to a striking dualism of the social order, and ‘democracy’ has become the playground for growing corruption, criminalisation, repression and intimidation for large masses of the people whose very survival is made to depend on their staying out of the political process and whose desperate economic state incapacitates them from entering the regular economic process as well.” To counter the forces that are a barrier to the development of people and in the perpetration of injustice, people and peoples’ organisations under the leadership of local leaders and left-wing intellectuals mobilise themselves in large numbers to oppose the administration and other formal institutions of the government as also non-state actors. Such large scale mobilisation of people is termed as ‘social movements’. Some of the important movements that are of recent origin and in which the NGOs played an important role were the Narmada Bachao Andolan led by Medha Patkar for the rights of the dam displaced, the Chipko Movement led by Sundarlal Bahuguna for
Stakeholders in Philanthropic Social Work

the protection of forests, the Gujjar Andolan in Rajasthan for claiming ST status and reservation in jobs, the Dalit Movement for asserting the rights and dignity of the scheduled castes, etc. The older ones were the Peasant Movement, the Naxalbari Movement, the Civil Rights Movement, Women’s Liberation Movement, Arya Samaj Movement, Brahma Samaj Movement, etc.

Recently the concept of ‘Transformative philanthropy’ is gaining currency which referred to as a mechanism for overturning the root causes of problems such as poverty, inequality, and environmental destruction, which we see as founded in capitalism or in an authoritarian regime or socialist republic that works against the welfare of its citizens.

ix) Philanthropic Foundations and Philanthropic Infrastructure

Most of the philanthropic organisations and foundations have a longstanding social commitment of their founders. They are dedicated to serving the common good by encouraging social change and contributing to society’s long-term viability. To achieve this, they often maintain an ongoing dialog with all of society’s stakeholders. The belief that competition and civic involvement form an essential basis for social progress is central to these foundations’ work. Each of these organisations apply their expertise in the area of their respective specialisation as effectively as possible in the areas like Education, Health, Economics and Social Affairs, International Relations, Corporate Culture and Promoting Philanthropy.

It has been however said that philanthropic action has been quite dispersed and non-contiguous. It is alleged that this is largely atomistic in terms of spread and reach. There is a felt need to correct this situation by developing a philanthropic infrastructure both at the national and international level that would set the tone for an increased scale of operation and reach, especially catering to the un-reached, the needy, the vulnerable and disadvantaged. Developing philanthropic infrastructure is an important promotion strategy, particularly popular among international foundations. Specifically, there has been a concerted effort to professionalize, strengthen, and expand philanthropy through the support of grant-maker associations, peer networks, and other institutions devoted to promoting and strengthening philanthropy.

5.7 WHAT AILS THE CIVIL SOCIETY SECTOR?

Academics and general citizens alike feel that society is becoming increasingly fragmented and polarized. Too many of our fellow citizens are being left behind, not benefiting out of economic growth and a free society. This many believe to be a result of a deterioration of our social morality. As a result life becomes harsher and less civil for everyone, social problems multiply, and we lose the confidence that we as a community or a nation state are united by shared values. Individualism, divisive politics, caste and religious divide and intolerance, linguistic differences, regionalism, secessionist overtures, communal extremism and the like have fractured civil society.

For a revival of an active and performing civil society - NGOs, enlightened citizens, philanthropists, peoples’ partnerships, and a liberal state will have to work together in unison.
5.8 ROLE OF GOVERNMENT IN PROMOTING CIVIL SOCIETY

The Government of India in the recent past has evolved policies and programmes that would help promote civil society. Some notable examples are the provision of Gram Sabhas, under the Panchayat Raj Institutions (PRIs) brought about with the 73rd Constitutional Amendment, where adults of the village are required to meet and plan for the development of their own community as also in monitoring the developmental works undertaken. The government in most of its infrastructure and also developmental projects has adopted the PPP Mode i.e., Public Private Partnerships. The involvement of private players and the NGO sector increases transparency and ensures effective implementation of projects and programmes. The framing of new policies like the Policy for the Voluntary Sector 2007 and the space provided to common citizens and NGOs in the various policies and in the implementation of government programmes has generated interest in the NGOs for active involvement. The enactment of legislations like the Right to Information Act 2005 has provided a legitimate space to the common man to demand information relating to their concerns and problems faced in the delivery of various public services. The provision of Public Interest Litigation has given civil society a vital tool to make governments and the corporate accountable to the Judiciary and the public in cases of corruption and environmental hazards posed by polluting industries and projects.

The list of such pro-poor and pro-people policies and legislations of the government is quite long. What is in fact needed is an active civil society that is willing to meet the challenges it faces in the future and in the ability to join forces for a concerted effort to tackle these challenges and adversities. The list of such pro-poor and pro-people policies and legislations of the government is quite long. What is in fact needed is an active civil society that is willing to meet the challenges it faces in the future and in the ability to join forces for a concerted effort to tackle these challenges and adversities.

Check Your Progress II

Note: Use the space provided for your answer.

1. Discuss the role of civil society as a stakeholder group.
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................

2. Enlist the various types of civil society groups.
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................
   ...............................................................................................................
   .............................................................................................................
5.9 LET US SUM UP

The role of civil society has to be understood in the light of the challenges society faces from time to time. It has to be promoted and nurtured by philanthropists and government alike. Professional social work will have to play an important role in promoting an active civil society relying on their skills in network-building and managing NGO and social movements. An active civil society will help in keeping out of bounds corrupt people and make the government machinery accountable, thus making the service delivery system more responsive to the public at large and vulnerable & poorer sections of the population in particular.

5.10 FURTHER READINGS AND REFERENCES


