BLOCK 3 ROLES OF VARIOUS AGENCIES

UNIT 3 ROLE OF POLITICAL PARTIES

Structure

3.0 OBJECTIVES

After studying this Unit, you should be able to:

- Describe the concept of a political party;
- Describe the role played by political parties in socio-economic development;
- Explain the various advantages of political parties; and
- Examine the issues/challenges of political parties.

3.1 INTRODUCTION

A country's development depends upon various factors, players and institutions. Political system acts as a catalyst in socio-economic development of the country. The tone and pace of the development is set mainly by the political system of the country, which provides the platform for the development in other walks of life. Political parties are fundamental components of a democratic political system. By electing their candidates to legislative bodies, political parties act as such institutions, allowing citizens to participate in the legislative process. They also

encourage participation in political activities. Political parties being in power as ruling party, chalk out the development process of the country. They formulate and implement various policies and development programmes as a part of government. Being in opposition they suggest better alternatives, provide sensible choice, criticise the weaknesses of the government and ensure accountability of the administration. Political parties also act as a link between government and people and also as a mirror of public opinion. In this Unit, we will understand what these political parties stand for and what functions they serve we will also explain their multifarious roles in the development of a country.

3.2 MEANING OF POLITICAL PARTIES

In a democracy, a sizable group of individuals who share some similar viewpoints come together and create a party. In essence, a political party is a gathering of people with common goals and ideology. Edmund Burke defined a political party, ideologically, as a body of men and women united on the basis of their shared political ideas so as to promote the national interest. A political party's primary characteristic that sets it apart from other organisations is that its main goal is to seize power. A pressure group, interest group, or non-party civil society organisation often does not strive to gain power, in contrast to a political party. According to Max Weber, parties are characterized as "office seeking." "Parties reside in the sphere of power. Their action is oriented toward the acquisition of social power . . . no matter what its content may be"To maintain control over the government, parties declare their candidates for elections. It is a strategy for encouraging voters to support shared interests, issues, and objectives. Lawson states, "Parties are seen, both by their members and by others, as agencies for forging links between citizens and policy-makers."Fixing the political agenda and policies is the political party's main responsibility. As a result, each party makes the assertion that their policies are superior to those of the other in an effort to win over voters.Samuel J. Eldersveld defined a political party as a system of patterned activity or a group of individuals populating particular roles and behaving as member-actors of a boundaried and identifiable social unit.

An organisation called a political party consists of leaders, supporters, policies, and programmes. Its supporters may be formally affiliated with the party or they may provide it support without being formally affiliated. There are various groups. Parties can be distinguished on the bases of their leaders, programmes, policies, philosophies, and internal operations. Political parties serve as crucial ties between the federal government, the state, and society. Political parties impact debates and policies on matters affecting the interests of various social groups in a political system, serving as the essential link between social processes and decision-makers.

In a broader sense, a political party is a vehicle through which the populace can communicate with the executive branch and influence national policy. So, each political party needs to have these three essential elements:

- Leaders
- Followers; and

- Shared Political Goals

3.3 TYPES OF POLITICAL PARTY SYSTEMS

On the basis of numbers of political parties active in the election process, there are *three* different party systems:

- One-Party System
- Two-Party System
- Multi- Party System

One-Party System

There isn't any competition under a one-party system. Here, there is only one party that nominates candidates, and there are only two options available to voters like not voting at all or choosing one of the party's nominees. Such a political structure has been prevalent in communist and autocratic nations like China, North Korea and Cuba.

Two-Party System

In this system, there are major two main dominating parties who contest the elections. One of it forms the government and other plays the role of opposition. Therefore, in order to win the election, the winner must receive the majority votes. In America, Canada and Great Britain two-party system prevails. This system provides a democratic choice to the voters along with the much-needed stability for the government.

Multi-Party System

The multi-party system is the third and most prevalent type of government. In such a system, there are three or more parties who contest the elections. The party which, secures the majority forms the government. If no party wins a majority of the seats in the legislature, several parties band together to create a coalition government. Countries with a multi-party system include India, France, Germany, New Zealand, Argentina etc. Some believe that a multi-party system frequently causes political instability in a nation.

3.4 POLITICAL PARTIES IN INDIA

India has encouraged the development of the multi-party system because of the country's unique geographical, socio-economic, and cultural problems. National and regional political parties eventually rose to prominence as essential elements of India, the largest democracy in the world.

Every political party has to get itself registered with the Election Commission of India. The Election Commission of India classifies political parties as national, state/regional, and registered/unrecognized parties on the following basis:

National Party

According to the Election Commission, a political party must meet at least one of the requirements listed below in order to be recognised as a national party:

I) It must garner at least two per cent seats in the Lok Sabha. These members must be from at least three different states.

ii) The party must secure six per cent of the valid votes in at least four states in the general elections to Lok Sabha or state legislative assemblies.

iii) At least four states must recognise it as a state-level party.

Bharatiya Janata Party (BJP), Indian National Congress (INC), Bahujan Samaj Party (BSP), Communist Party of India (CPI), Communist Party of India-Marxist (CPI(M)), Nationalist Congress Party (NCP), and All India Trinamool Congress are the seven national parties in India as of 2022.

Regional Party

According to EC, a party must meet one of the requirements to be recognised as a state party in order to be given state party status:

I) It had to have been involved in politics for at least five years;

ii) It had to obtain three per cent of the total seats or minimum 3 seats in state legislative assembly whichever is higher,

iii) It must have obtained the backing of six percent of the valid votes cast in Lok Sabha elections and has secured at least one seat in Lok Sabha.

iv) It has obtained six per cent of the valid votes cast in state legislative assembly elections and has secured at least two seats in state legislative assembly.

iv) If a party wins at least per cent of the total valid votes cast in the assembly or Lok Sabha elections, it can still be given the status of a state party even if it doesn't win any seats in the Lok Sabha or the Assembly.

Registered Party

A party that is registered with the Election Commission is one that is neither recognised as a state party nor a national party. It sometimes goes by the name "unrecognised party." In India, there are currently over 2000 registered parties.

3.5 ADVANTGES OF POLITICAL PARTIES

Institutions are important in a democratic nation. They make democracy functional by participating in the elections. Without political parties, democracy cannot exist in a contemporary society. They begin by defining and communicating a group's needs in a way that the general public and political system can comprehend and act upon. The essential function of assisting people in placing their local issues in a national context is only performed by political parties. Particularly in varied and pluralizing countries, political parties bring together interests. They establish a foundation for compromise. Out of chaos, they bring about order. They assist societies in becoming and staying cohesive as a result. They can accept direct appeals from the general public since they are seen as the voice of the people in the absence of long-lasting governmental structures. This is particularly true in areas with weak, underdeveloped, or corrupt governments. They provide the system of checks and balances and the respect for the rule of law in a country.

In order to put pressure on the political system, political parties create shared beliefs among a sizable population. The democratic process greatly benefits from a principled difference of opinion and the tolerance of diversity and dissent that this implies. Conflicting opinions being expressed can actually improve comprehension of the problems and hint to potential solutions. These discussions can result in new understandings or feasible compromises that are necessary for the existence of a democratic system when the political system is functioning.

Political parties function regularly to nominate candidates, coordinate political competition, translate policy preferences into public policies, serve as a training ground for political leaders who will eventually assume a role in governing society, and try to win elections in order to control governmental institutions. These objectives are in addition to their core objectives. When out of office, they offer a constructive and critical opposition by portraying themselves as the different type of administration that voters would choose —the incumbents are under pressure to respond to the needs of the people more.

Parties have offered orientation to both individuals and civic groups. Parties can organise citizens who may be divided over ideologies, interests, leaders, or policies. Parties establish connections between the institutions of government and the various facets of civil society, including the business, racial, ethnic, cultural, and religious sectors.

Every political party must carry out a variety of tasks. Here is a list of a few of them.

- Elections are contested by political parties by fielding candidates.
- Candidates are chosen by party leaders and members.
- Every party has a unique set of policies and initiatives. Voters cast their ballots based on the policies and programmes they find favourable.

- The parties who lose in elections make up the opposition. They express various opinions, criticise the administration for its shortcomings, and organise opposition to the government.
- Public opinion is shaped by political parties. The parties start movements to address the issues that the populace is facing with the aid of pressure organizations; and
- Even access to government resources and social programmes is offered by parties. The local party leader acts as a liaison between the public and the elected official.

3.6 ROLE OF POLITICAL PARTIES

The parties now play a key role in maintaining the state's stability as a result of their functions. Fighting to gain power is typically the ideal function of political parties in modern, democratic societies. The leaders and members of the party make the special policies and norms, while remaining unified, exchanging ideas, and taking proposals from their society. The main goal is to advocate for the welfare of the people before the government. Political parties carry out specific tasks required for managing the political system. They play a greater role in the socio-economic development of the country. Their role can be defined as follows:

Forming the Government

In the era of representative democracy political parties form government by contesting the elections. People's representation in government would not be possible without political parties. If government is formed only by independent candidates without any political party, there will not be consensus on major issues and the entire system will be in chaos. So political parties provide stability to the government by shared ideology and beliefs. The primary goal of political parties is to nominate and elect as many people as possible to public office. Once in office, these representatives work to advance their party's objectives through legislation and programme initiatives. They organise people to take over the government, create laws that benefit their interests or the interests of the organisations they represent, and convince citizens to vote for their candidates. Not all political parties are able to win the majority and form a government. But political parties are heavily involved in the administration of all levels of government, although they are not the government itself, and the Constitution makes no mention of them. Parties offer crucial internal and external opposition to and criticism of the government. Since government is main vehicle of socio-economic development political parties provide the platform to the development process by enabling the formation of the government. This is an essential function of political parties in governance and development.

Ensuring Accountability

While the major responsibility of the ruling party is to efficiently administer the government, the opposition also has their important role in governance. They present themselves as governmental

watchdogs, tasked solely with investigating the conduct of the ruling party. They have a responsibility to stop the ruling party from assuming power. At a far larger scale, the opposition takes a critical look at how the government is performing and makes sure that effective governance benefits the entire country, not just certain interests. They openly criticise the government's bad policies and unfair legislation. There have been instances where vehement protests against particular measures forced the administration to back down. Whenever government neglects its duty or is involved in wrongdoing, opposition raises questions, marches protests and mobilise people against them. This always keep the administration on its toes and make them accountable to people. Hence, even in opposition political parties ensure that government is committed to the development goals of the country and is dedicated to its achievement with greater level of efficiency.

Representing interest groups

Political parties seek the broadest participation possible by raising the issues of different interest groups. Additionally, representing the interests of their own political party, elected officials must also work to win over voters from the opposing party in their districts or states. They can gain this support by promoting non-partisan and bipartisan issues that cut across party lines. Regardless of party affiliation, voters voice their issues to their legislators. Both individuals and groups are represented by political parties. These interest groups have unique issues to consider. They may speak for agricultural workers, small business owners, industrialists, sportspersons, labours, salaried or service class or any other group of people who band together to promote a common cause. Numerous parties have run candidates in elections since the 1990s from a variety of social groups, including underrepresented groups like women, OBCs, and Dalits. In this way, political parties raise the voices of concerned people to government and act as a bridge between people and administration. By providing this communication link, political parties help the administration to identify various development issues and solve them at priority.

Developing policy

Political parties are not by themselves organisations that make policy. They undoubtedly take views on crucial policy issues, particularly to offer opposition to the position of the party in power. A party seeks to enact its philosophy through legislation when it is in power. A candidate may have a mandate from the electorate to implement the platform expressed in the campaign if they win office with a significant majority of the vote. Thus, as ruling party they represent their development agenda in legislature and help in achieving it by passing various policies and programmes for the same. When they are in opposition, they find faults with government's various plans and programmes. Thus, they help in rectifying the government's path to development. By mobilising the people through various rallies, protests, meetings and campaigns they set the foundation for government's policies on various development issues.

Providing Alternatives

Every political party has its own ideology and set of agenda on various socio-economic issues. Each political party has its own vision and set of beliefs, which are frequently in line with the demands and issues of the state or region to which they belong. They do this by outlining their objectives in broad terms so that voters are drawn to a general philosophy instead of necessarily focusing on every particular issue. People vote candidates according to the basic philosophies of the political parties. Once a party comes in power it has to work in the interest of people by fulfilling its agenda, In case a party doesn't fulfil its promises or adopt some faulty policies that adversely affect the interest of people and country, opposition parties make issue of the same. They come forward with the criticism of ruling parties and its policies. They bring different set of policies and provide the alternatives to the people. Thus, they make the development process a continuous process by providing different options as and when required.

Promote Democratic Development

Democracies and political parties go hand in hand. This connection is evident in a number of democratic measures, including citizen engagement in decision-making, political mobilisation, raising political knowledge among the populace, articulation of issues, and provision of a vision to address needs. Political parties enable the public to influence governmental decision-making. The parties have the main responsibility for raising political and social consciousness. Parties create a number of smaller goals for themselves under the larger purpose of serving the country and its citizens to make sure that public worries are allayed, social indicators are preferred, and corruption is eradicated. political parties play a democratic role in inspiring public action. In a democracy, opposition parties are supposed to criticise the government's actions and methods of operation. The participation of independent candidates and elected representatives from several parties in the legislative bodies strengthens democracy. Government policies are developed as a consequence of discussions among elected officials, who are typically affiliated with political parties. The parties also help to spread a sense of democracy among the populace.

The Electoral Process

Political parties play an important role in elections in democracies. Candidates are typically chosen by political parties during elections. They provide resources and assistance for political campaigns. To secure votes and safeguard the election of their candidate to the legislature or other public office, political parties must manage their vote bank. However, all political parties work to convince voters that their candidates are more trustworthy than those of their opponents. They establish policies that the electorate must support. Elections have a great role in the development process. Parties declare their manifesto for which the electorate can take ownership since the voter has the power to hold them accountable for the successes or failures of policy. These issues outlined in the manifesto largely depict the development needs of people. So, during elections the tone of future development issues is set by the political parties. Political

parties ensure that problems of social importance are included in the political system through elections. They are the primary input systems that ensure that the needs and aspirations of the society are met.

Building Public Opinion and Consensus

The majority of political campaigners in contemporary, democratic democracies are party members. Political parties serve the primary purpose of inspiring people to become political activists in these nations. They are responsible for providing the states with their political principles. By speaking for the people on a national basis, they become the voice of the people. They educate the public about their ideals and outlook on human welfare. The issues raised by political parties through debates, rallies and protests etc. reach the wider range of people. Media gives wide publicity to the actions of political parties. People start talking and discussions on these issues. Hence public opinions are shaped by political parties. Needless to say, that in a democracy, voice of people acts as guiding force for development. So, political parties set the direction of country's development process by building public opinion on important issues.

Activity

1. Visit a nearby party office or study the organizational structure of a political party and make a list of functions they perform.

3.7 CHALLENGES OF POLITICAL PARTIES

Political parties aim to achieve power to fulfill its shared goal and ideology. Due to pressure of winning the majority political parties lend themselves into vote bank politics. This leads to their goal displacement. For gaining power political parties members compromise with their ideology and it gives rise to the political defections. A key issue is the ongoing absence of internal democracy. Power remains limited in top leadership or certain dynasties. All the members don't have access to decision making in the party. Ordinary members generally lack the information about the internal activities of the parties. Parties don't conduct regular elections to different posts and organizational meetings are not conducted smoothly. Personal loyalty to a leader becomes more important than loyalty to party or ideology, as well as the rise of political corruption and clientelist behaviour.

Growing role of money and muscle power in the election also adversely affect the political culture of the country. It leads to proliferation of unworthy candidates in politics. Parties generally give tickets to those candidates who can raise funds for the party. It leads to show off the democracy as common people are in disadvantageous positions regarding their opportunities. Criminalisation of politics is emerging as major issues since political parties give tickets to tainted candidates in the greed of high chances of winning the seats. Political parties have lost a charm for ideology. Most of parties are similar to each other in actions and policies. Moreover, leaders frequently keep on changing their parties. So, it confuses the people and they lose their

belief in the system. So political parties don't provide any meaningful choice to the voters. These issues can be overcome by strong political will and awareness amongst the masses.

3.8 CONCLUSION

One must agree that India has experienced a democratic uprising and consolidated its base through a large number of political parties. In contrast to the 1950s and 1960s, the last three decades have seen a change in the socio-economic milieu. Earlier Parties had a limited impact on democracy at the time since voter turnout was largely influenced by patron-client relationships and the fact that elected officials typically came from the upper classes of society. Over the past few decades, changes to party structures, their proliferation, the establishment of parties championing the rights of women, minorities, OBCs and Dalits, and a rise in public consciousness have strengthened democracy. However, there are drawbacks to excessive interference at different levels of functioning. The development process is frequently halted by over criticism of government for the sake of criticism. Both the ruling and the opposition political parties in India need to use greater restraint and extend their horizons in order to contribute to the overall development of the nation.Parties would be able to deliver policies for a better, more just society if they had a broader perspective on governance and resisted the desire to consolidate power and pursue personal profit. This Unit discussed some of these features.

3.9 REFERENCES

1. Almond, G. and James S. Coleman, eds. (1960). *The Politics of the Developing Areas*. Princeton: Princeton University Press.
2. Duverger, M. (1954). *Political Parties: Their Organization and- Activity in the Modern State.* New York: John Wiley and Sons.
3. Key, V. O. (1964). *Politics, parties, and pressure groups*. New York: Crowell.
4. Bibby, J. F. (1999). *Politics, parties, and elections in America*. Chicago: Nelson-Hall.
5. Almond , G. (1970) Political Development: Essays in Heuristic Theory (Boston: Little , Brown).
6. Baran, P. (1957) The Political Economy of Growth (New York: Monthly Review Press).
7. Migdal, J . S. (1977) 'Policy and Power: a Framework for the Study of Comparative Policy Contexts in Third World Countries', Public Policy, vol. 25, no. 2, pp. 241- 60.
8. Sartori, Giovanni [1976] *Parties and Party Systems: A Framework for Analysis* , Cambridge: Cambridge University Press.
9. Diamond, Larry [1999] *Developing Democracy: Toward Consolidation* , Baltimore: Johns Hopkins University Press.
10. Aldrich, J.H. (1995). Why parties? The origin and transformation of party politics in America. Chicago: University of Chicago Press.
11. Huntington, S. P. (1968). Political order in changing societies. New Haven: Yale University.

12. Schattschneider, E. E. (1942). Party government. New York: Holt, Rinehart and Winston.
13. Weber, Max. (1968). Economy and Society. Berkeley: University of California Press.
14. Lawson, Kay (ed.) (1980). Political Parties and Linkage. New Haven, Conn.: Yale University Press.

UNIT 4 ADMINISTRATIVE INSTITUTIONS – NITI AAYOG AND FINANCE COMMISSION

Structure

4.0 OBJECTIVES

After studying this Unit, you should be able to:

- Discuss the composition and functions of the NITI Aayog; and
- Explain the composition and functions of the Finance Commission.

4.1 INTRODUCTION

Development is integral to the aims and activities of the government especially in the developing countries. Development administration concentrates on the needs and desires of the people. It is concerned with formulation of plans, programmes, policies and projects and their implementation. It plays a central role in carrying out planned change i.e. it is concerned with planning, co-ordination, control, monitoring and evaluation of plans and programmes. It is not only concerned with the application of policies as determined by the political representatives in existing situation but also with introducing efforts to modify existing situations so as to serve the cause of the masses. Development administration thus becomes a means through which the government brings quantitative and qualitative changes in an economy.

Government is engaged in not only fixing priorities but also making efforts to realise them. The essence of development administration is to bring about change through integrated, organised and properly directed governmental action.

The State plays a leading role in bringing about development through its administrative system. Development administration is an effort towards planned transformation of the economy involving not only the sphere of administration but also formulation of policies and indeed the society. It is an effort at the synchronisation of changes in all spheres of development-economic, political, social and cultural. Thus, development is not only viewed in terms of growth process, but it includes a process of social change. For this change, many institutions existed in our country. In this context, this Unit will highlight the structure and functions of the NITI Aayog and the Finance Commission.

4.2 NATIONAL INSTITUTE FOR TRANSFORMING INDIA (NITI AAYOG)

Since 1950, Government of India has attempted to bring about a rapid social and economic growth in the entire country through planned effort. The prime institution to carry out this task was the Planning Commission, which was formed in 1950 and was functioning till the end of 2014. Thereafter, on January 1 2015, the Planning Commission got replaced by the National Institute for Transforming India, known as, NITI Aayog.

Composition

The composition of the NITI Aayog is, as follows:

1) Chairperson: Prime Minister of India
2) Vice-Chairperson: appointed by the Prime Minister
3) Governing Council comprising the Chief Ministers of all the States and Lt.Governors of Union Territories
4) Regional Councils that are formed to address specific issues or contingenciesimpacting more than one state or region. These are formed

for a specified tenure. The Regional Councils are chaired by the Prime Minister and comprise of the Chief Ministers and Lt. Governors of the respective statesregion.

5) Full time members
6) Part-time members: maximum of 2 members from any leading universities/ research organisations/other relevant institutions in an ex-officio capacity.Part time members are appointed on a rotational basis.
7) Ex-officio members: maximum of 4 members of the Union Council of Ministers nominated by the Prime Minister.
8) Chief Executive Officer: appointed by the Prime Minister for a fixed tenure and is of the rank parallel to the Secretary to the Government of India.
9) Experts, specialists, and practitioners with relevant domain knowledge, asspecial invitees nominated by the Prime Minister
10) Secretariat

Seven Pillars of NITI

There are seven pillars based on, which the NITI Aayog works:

1) Pro-people
2) Pro-activity
3) Participation
4) Empowerment
5) Inclusion
6) Equality
7) Transparency

The same are being depicted in the following chart.

Pro-People	**Pro-Activity**	**Participation**	**Empowerment**	**Inclusion**	**Equality**	**Transparency**
Fulfils aspirations of society as well as individuals	In anticipation of and response to citizens needs.	Involvement of Citizenry	Women in all aspects	SC, ST, OBC, minorities, poor, and disadvan-taged	Opportunity for the Youth	Government visible and responsive

Functions

Based on these pillars, NITI Aayog performs the following functions:

1) Evolves a shared vision along with active involvement of States on national development priorities and strategies.
2) Fosters cooperative federalism through structured support initiatives and mechanisms with the States on a continuous basis, recognising that strong States make a strong nation.
3) Develops mechanisms to formulate credible plans at the village level and aggregate these progressively at higher levels of government.
4) Ensures that the interests of national security are incorporated in economic strategy and policy.
5) Pays special attention to the sections of society that may be at risk of not getting benefited adequately by the economic progress of the country.
6) Designs long term policies and programmes and equally monitor their progress and efficacy. The lessons learnt through monitoring will be used for making necessary mid-course corrections and incorporating improvements.
7) Encourages partnerships between educational and policy research institutions.
8) Creates a knowledge, innovation, and entrepreneurial support system through a collaborative community of national and international experts, practitioners, and other partners.
9) Offers a platform for resolution of inter sectoral and inter departmental issues in order to accelerate the implementation of development agenda.
10) Maintains a state-of-the-art Resource Centre that can be a repository on good governance and best practices for sustainable and an equitable development and, enables its dissemination and accessibility to stakeholders.
11) Identification of the needed resources, so as to strengthen the scope of delivery and probability of success of programmes; and for monitoring and evaluating purposes too.
12) Focus on technology up-gradation.
13) Capacity building for effective implementation of programmes andinitiatives.

4.3 FINANCE COMMISSION

Article 280 requires that the President of India should appoint a Finance Commission within two years from the commencement of the Constitution and thereafter once in every five years or even earlier, if necessary. It also specifies broadly the Terms of Reference (ToR) of the Finance Commission and its composition.

Composition

Article 280 has fixed the total strength of Finance Commission by specifying that it should consist of a Chairperson and four other members. The Finance Act 1951, Section (3) specifies the qualifications for the Chairperson and members. According to the Act, 'the Chairperson of the Commission shall be selected fromamong persons, who have or had experience in public affairs. The other members shall be selected from among persons who:

1) are or have been or qualified to be appointed, as a Judge of a High Court; or
2) have expertise in financial and accounts matters; or
3) are profound administrators; or
4) have expertise in economics.

Functions

It shall be the duty of the Finance Commission to make recommendations to the President pertaining to the following matters:

1) The distribution between the Union and the States of the net proceeds of taxes revenues and the allocation between the States of the respective shares of such proceeds. By doing so it redresses the vertical imbalances between the taxation powers and expenditure responsibilities of the centre and states respectively and equalisation of all public services across the states.
2) The principles that should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India and the sums to be paid to the States by way of grants-in-aid of their revenues.

3) The measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayats and Municipalities in the State on the basis of the recommendations made by the Finance Commission of the State.
4) The continuance or modification of the terms of any agreement entered into by the Government of India with the Government of any State specified in Part 'B' of the First Schedule under clause (i) of Article 278 or under Article 306.
5) The Commission shall use the latest Census for drawing the population data while making its recommendations.
6) Any other matter referred to it by the President.

Procedure of Working

The work of the Finance Commission starts soon after the Government announces its composition and terms of reference. In the first phase the Commission addresses letters to the State Governments, asking them to submit estimates of their expenditure and revenue for over the next five years. Once the estimates are received, the Commission scrutinises these estimates and calls for the concerned officers from the States to its Headquarters in Delhi for clarifications. The estimates of different States are then revised accordingly, as per. The Commission then undertakes tour in all States in the subsequent phase. Normally, the Commission hears the Chief Minister and the Finance Minister of each State vis-à-vis the financial estimates delved upon. Here, the State can submit a memorandum outlining their needs and demands. The Commission also hears and receives memoranda pertaining to finances from industry and bankers. This then is followed by the final phase, wherein, the Commission meets in Delhi to finalise the report of each and every State. It submits its report to the President of India a few months before the annual budget presentation. The President then recommends the same for consideration and implementation by the Union Cabinet.

Fifteenth Finance Commission

The Fifteenth Finance Commission was constituted by the Government of India after

getting approval from President of India through a notification in The Gazette of India on November 27, 2017. Nand Kishore Singh was appointed, as the Commission's Chairperson, along with full-time and part-time members.

The Commission was set up to give recommendations for devolution of taxes and other fiscal matters for five fiscal years, commencing 1 April 2020. The main tasks of the Commission were to strengthen cooperative federalism, improve the quality of public spending, and help fiscal stability.

The Chairperson felt that there is a need to reappraise the formula of devolution of revenues from Union to states. Commission strives to balance equity and efficiency that urban and rural local bodies requested for economic growth.

We have already discussed the role and functions of Finance Commission in BPAC 111 on Public Finance and Administration.

Activity

1) Let us know about your perceptions in the setting up of NITI in place of Planning Commission.
2) How do you find the devolutions of finances between Union and states happening in India?

4.4 CONCLUSION

In this Unit we have studied the composition and functions of the NITI Aayog which has also helped us in understanding the meaning of planning. We have examined the structure of the Commission and its office. The composition and functions of the Finance commission have also been examined. We gained some insight into the working process of the above discussed institutions also.

4.5 REFERENCES

Finance Commission, Retrieved from https://fincomindia.nic.in/

NITI Aayog, Retrieved from https://www.niti.gov.in/
Singh Sahib and Swinder Singh, 2013, Public Personnel and Financial Administration in India, New Academic Publishers, Jalandhar.

UNIT 5 Role of Local Bodies

Structure

5.0 OBJECTIVES

After studying this Unit, you should be able to:

- Explain the concept of local bodies;
- Analyse the role played by local bodies in socio-economic development;
- Discuss the various advantages of local bodies; and
- Examine the challenges faced by local bodies..

5.1 INTRODUCTION

Socio-economic development is the prime responsibility of the State. No matter what the form of government or level of government, it always strives hard for development and the welfare of the people. In the modern times of good governance, the State tries to maximise the participation and facilitate social justice for all the citizens of the country. The level of people's involvement in the development process is ensured by the degree of decentralised governance. Hence, the role of local bodies becomes more important in the social and economic development of the country. Local governments are directly responsible for development at the lowest level of government. The 73rd and 74th Constitutional Amendment Acts of 1992 specifically recognised rural and urban local bodies as the nodal agencies for social and economic development by giving them certain specific powers in the 11th and 12th Schedules of the Constitution. In this unit, we shall examine the role played by the local bodies and their functions as agents of development.

5.2 CONCEPT OF LOCAL BODIES

Local governments are functioning in all parts of the globe and in almost all settings of the State, whether it is a parliamentary form of government or presidential, unitary government or federal state. In all countries, they are known by different names such as local government areas, local councils, local authorities, districts, etc. Along with their names their status, responsibilities and funding can vary from one state to another. The concept of democratic governance in any society is considered important as it is seen as the medium that nurtures a sense of self-fulfilment and pride in the people. Democratic governance is seen operating at the smallest level of society. The term local self-governance emphasises the concept of people's participation in the discharge of the functions in their daily life. The central or the state government under a formal and fairly specified medium allows certain functions to be carried out at grassroots level only. These especially encompass those functions which are more nearly affiliated to the citizens' everyday lives, and where the national government may consider that delegating the same shall on one hand give further satisfaction to the people and, on the other hand, allow time for the central government to have time for concentrating on more important issues. It is predicated on the idea that people should have a say in choices that have an impact on their lives and that local issues should be addressed at that level.

Local government is also known as the third level of government. People of a small area, for example, a village, city, or megacity, attempt to operate their routine functions through local government. The following are the essential characteristics of local government:

- It operates within a limited local area.
- It enjoys statutory status as it is formulated by laws of legislatures.
- Local governments are independent bodies. They are envisioned to exercise their powers and perform their functions in accordance with the enactment.
- It is characterised by the participation of local people in decision-making and administration.
- It provides for local responsibility that ensures responsive actions by the representatives as they are in direct touch with the local residents.
- They are allowed to raise funds through levies and impositions, so local finance is another point.
- It provides civic amenities to the people at its door.
- It provides a republic at its grass roots as it gives an opportunity to the people to manage their own affairs. It encourages the participation of the people in public affairs.
- This medium is more competent to break the original problems down as a state government, due to its size, may not be suitable to concentrate on certain issues that may be important to the people. But through this medium the existing problems and conditions can be assessed in a more comprehensive and detailed manner, therefore enabling a suitable response to the problem.
- It serves as a training academy for people to understand the sense and significance of community thinking for furnishing service to all. They understand the complications involved in the identification of conditions and the allocation of resources.

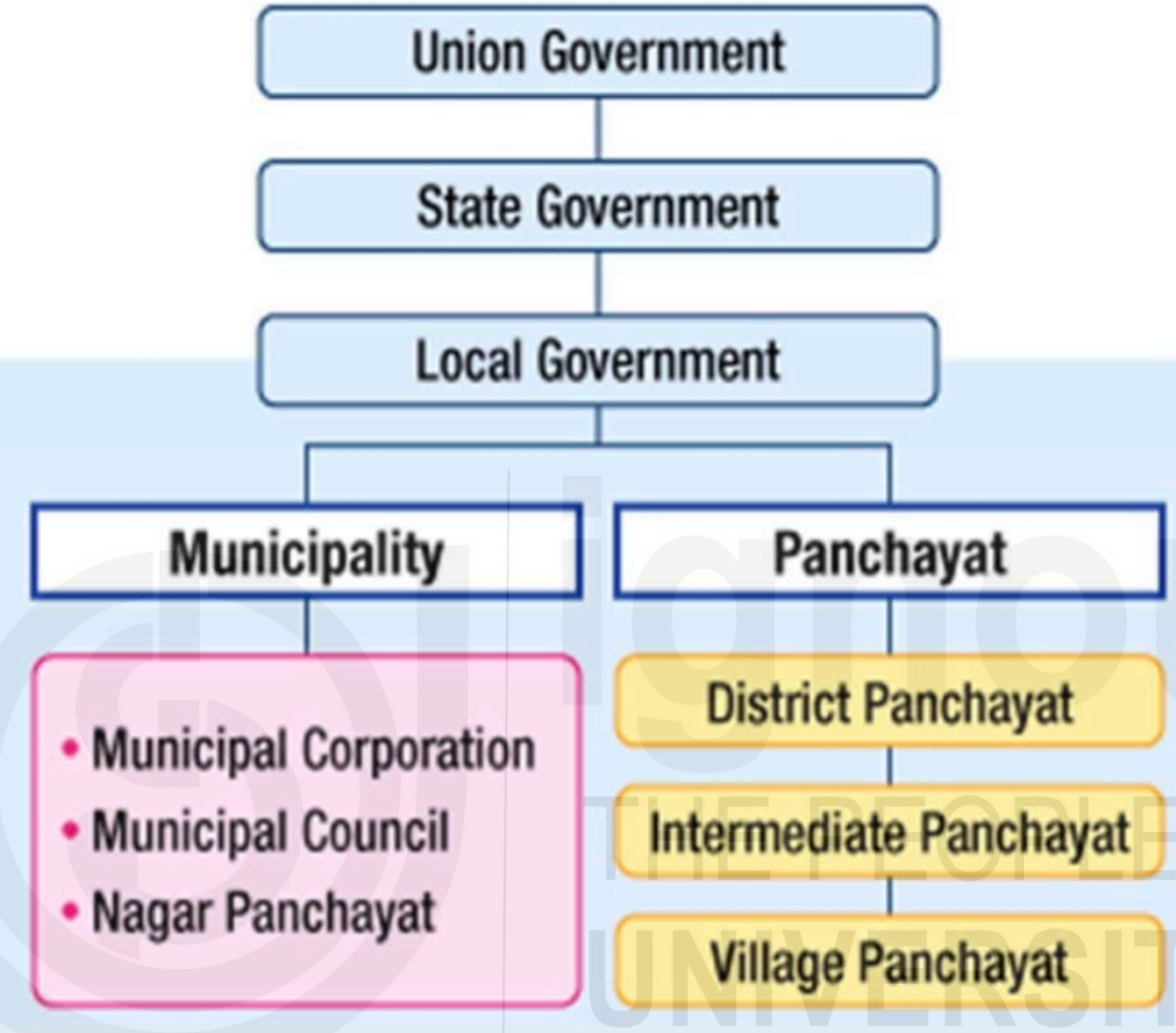
- It reduces the burden of central government in time and cost.
- It serves as a channel of communication between people and the government.
- Both are veritably important in the case of development administration, as the extended reach and participation are there.
- It paves the way for overall public progress.

Local governments support the well-being of their inhabitants by making sure that public services such as healthcare and education through strategic planning and management are made effective and accessible to the people.. This being the third tier of government, members of the community are aware of the issues that they face. It results in effective democratic decision – making with citizens empowered to manage their own public affairs.

5.3 LOCAL BODIES IN INDIA

In India, local government is a state subject, figuring as item 5 in List II of the VII Schedule to the Constitution of India. Rajasthan was the first state to legislate the local government in 1959, followed by Andhra Pradesh. But the process of this grass-root decentralisation through local government gained prominence with the 73rd and 74th Amendment Acts, 1992. After this local government came in a Constitutional form. The goal was to establish democratic, independent, and financially sound local organisations that could develop and carry out programmes for their individual regions and provide decentralised governance to the populace. We have already discussed these aspects in detail in the Courses on Urban and Rural local governance.

The democratically chosen local government entities in India are known as "municipalities" in urban areas and "Panchayati Raj Institutions" (PRIs) in rural areas. According to population, there are three different types of municipalities: Municipal Corporations (Nagar Nigam), which have more than 1 million residents, Municipal Councils (Nagar Palika), which have more than 25,000 but fewer than 1 million residents, and Municipal Committees (Nagar Panchayats), which have more than 10,000 but fewer than 25,000 residents. Gram panchayats are located at the village level, Mandal or block panchayats are located at the block level, and Zilla panchayats are located at the district level in PRIs. The structure of local bodies can be understood from the following flow chart:



5.4 ROLE OF LOCAL BODIES

The types of tasks carried out by local bodies have changed in recent years. Local governments now have a variety of responsibilities when it comes to identifying and incorporating the social, economic, and political demands of their area. Local government has a vital role to play and several potential uses. Local governments play a variety of roles, including executive, judicial, and legislative. Local government bodies have the authority to, in keeping with their mandates to advance social fairness and local economic development and evolve development strategies for the regions they serve, implement a wide range of programmes pertaining to 18 areas for urban local bodies and 29 areas for rural local government. PRIs play several key roles in rural development, such as improving socio-economic welfare through the promotion of rural

industries, health, education, women's, and children's welfare; among other things; administrative tasks such as keeping village records up to date; building, maintaining, and repairing roads, tanks, wells, and so forth. Separate courts or nyaya panchayats or gram panchayats can also conduct judicial duties, including trying minor civil and criminal issues such as minor thefts and money disputes.

Urban municipal government roles can be categorised as:

- **Obligatory duties**: Those that they are required to carry out, such as maintaining public health and sanitation, offering public services such as water and electricity, and providing education.

- **Discretionary Duties**: Transportation, the development and upkeep of public places, among other things, fall under the category of discretionary functions, which are dependent on the availability of funding.

Social and Economic Development

The idea of self-governance or decentralisation has historically been regarded as a key democratic tenet. Decentralisation was based on the principle that social fairness and economic development should start at the local level. Local institutions, local residents, and the private sector collaborate to improve the local economy. They help in building the social, economic, and political infrastructure of the local area.

- **Social infrastructure**: On a social level, towns frequently experience class inequality and discrimination based on caste, race, creed, religion, gender, and other factors. Local government organisations seek to create social cohesion in the area, which aids in advancing national integration. It also advances the interest of underprivileged sections of the society through measures of inclusive governance, hence facilitating social development.

- **Economic infrastructure**: From an economic perspective, issues such as resource scarcity, unemployment, and poverty are prevalent in small places. Local bodies mobilise people and resources for such issues.

- **Political infrastructure**: The administrative tasks are improved politically through direct local government oversight. Local governments are compelled to contribute to the regional economy in this manner. State governments provide funding to local governments. Local governments are essential to the growth of the local economy. They are in charge of providing the physical infrastructure, which includes areas such as energy, water supply, waste management, and networks for communication and transportation and so on. It is possible to encourage participation from all facets of society locally, which shall lead to macroeconomic growth and development.

Local bodies have a wide range of powers, which help them to provide legislative, executive, and judicial support to socio-economic development. It performs the following role:

- **Legislative Role:** The panchayats in rural areas have the power and authority to legislate on the 29 subjects in accordance with what is stated in the eleventh schedule. Similar to the eleventh schedule, the twelfth contains 18 areas that are governed by local laws. In order to maintain democratic principles at the local level, citizens must take part in elections and local body meetings.

- **Executive functions:** Local bodies are required to carry out numerous policies and give their constituents access to fundamental civil amenities. In addition to educating the public about the centrally supported programmes, it carries out its required duties, including water supply, drainage, and the advancement of women and children.

- **Judicial function:** Administrative duties are based on the concepts of self-governance and autonomy at the local level. It implies that towns and panchayats must establish systems for justice that give communities practical answers to disputes. For instance, managing and overseeing civil, criminal, and revenue justice are tasks assigned to municipal organisations. To ensure that residents abide by the law of the land, it regulates their subjects.

Besides, the role of local bodies in development can be understood as below:

- **Better Approach to Multidimensional Issues**

It is a well-known fact that local communities are more conscious of the issues they face. As a result, these individuals may discover more effective answers to the socioeconomic, cultural, and political issues they encounter. Utilising resources wisely and effectively is the first step towards resolving current issues.

- **Increasing Community Development Prospects**

The community development of various regions is improved by high levels of community participation. Renewing democracy and reducing barriers to policy execution depend on community development.

- **Improved Public Facilities**

The local residents and the local government work together in a way that help the citizens receive better services. Development at local levels is a prerequisite for national development. Therefore, an increase in the civic facilities accessible to citizens locally contributes to the general growth of a nation.

- **Greater Participation**

Local entities assist residents in taking part directly in democratic decision-making through their constituent representatives chosen at the local level. It promotes the idea of a robust democratic society with watchful and engaged citizens. It is crucial to remember that the local community /citizens should have an equal chance to voice its political protests or thoughts.

- **Cultivating Future Leaders**

The practice of local self-governance helps develop future leaders. It gives budding politicians hands-on experience with the democratic decision-making process.

- **Inclusive Development**

Through the reserve of seats, local governments can support female participants as political actors and candidates. Additionally, a certain number of seats are set aside for scheduled castes and scheduled tribes. In this sense, the third tier of our system can protect interests of all sections of the community. This promotes inclusive development.

- **Greater Transparency in Operations of the Central government**

It is common to think of local administration as serving as a bridge between various communities and the national government. The institution acts as a connecting point between the two ideas. The government's policies and activities are made known to common citizens. On the other side, the union government becomes aware of the needs of the people.

- **Access to Quality Infrastructure**

In addition to being a part of the central government, local governments offer a forum for expressing societal political demands. It is to ensure that people have access to daily necessities including clean water, electricity, and sanitation at the local level.

- **Increased Accountability and Responsibility**

Locals frequently feel politically alienated due to state administrations' slow response times and weak accountability. Inclusion and increased accountability to the government authorities are encouraged by the devolution of authority to regional and district levels.

- **Protecting each person's identity**

The municipal authorities have the authority to protect the personal and cultural identities of numerous groups. It supports the pluralism principle, which is the cornerstone of democracy.

The local government can protect problems pertaining to a person's political ambitions and quality of life, allowing the federal government to concentrate on important matters like national security and defense. The local entities are in charge of collecting taxes, dispensing justice, and managing legal matters, in addition to the political dialogue that takes place between local governments and the citizens they govern.

5.5 LOCAL BODIES : CHALLENGES

Local governments nevertheless encounter several challenges in their daily operations, which include the following:

- **Dearth of Political Will:** There is a dearth of political will among the populace to participate in direct decision-making, despite the fact that the functioning of local government depends heavily on the active participation of its members and constituents.

- **Inadequate Resources**: Local governments generally encounter budgetary limitations in performance of their duties. For instance, state governments frequently violate their revenue-sharing agreement, which makes it difficult for local organisations to raise the necessary funds for their initiatives.

- **Lack of Accountability:** The state governments, which are expected to carry out programmes such as poverty alleviation, are unable to act efficiently due to the lack of communication between the state and local governments.

- **State Government's Attitude:** State Governments do not provide congenial environment to local bodies. Most states have only formally complied with the 73rd and 74th Constitutional Amendment Acts. The actual functional autonomy has not yet been devolved by the state governments. Apart from financial dependency elections for local bodies are also postponed, with the administration citing several reasons. Lack of support in funds, functions and functionaries leads to half-hearted functioning of local bodies.

- **Lack of Infrastructure:** Due to lack of physical infrastructure and human resources, local institutions are constrained in providing their services effectively.

- **Prevalence of Multiple Bodies:** Less coordination exists between bureaucrat-led state-level organisations with overlapping duties, such as developmental authorities. As a result, there is lack of coordination in financing and spending, which has resulted in fragmented government. The country's growing number of special purpose agencies is usurping their authority.

5.6CONCLUSION

Therefore, local administration serves as a conduit to consolidate efforts for national development. In a variety of ways, it encourages the formulation and execution of government-led programmes and policies. Local government entities are aware of the ongoing issues in the area due to the close and active contact between citizens and them. Local governments have the authority to make choices about issues that directly affect the community, such as housing, health, education, and environmental protection. The democratic spirit of this third tier of government might be hampered by the participation of local governments without enough fiscal decentralisation. It is also crucial to mention there is no denying that the presence of local organisations has increased the number of people participating in active process of development. It needs to be strengthened in terms of funds, functions and functionaries so that they serve as an effective mechanism of socio-economic development.

Activity

Visit the nearby office of any local body and talk to the elected representatives and officials about the various activities being performed and the problem areas.

5.7.References

Gillespie, J. M. 1988. *Local Government*. Dordrecht: Springer Netherlands.

Matta, N. and Morgan, P. 2011. Local empowerment through Rapid Results.*Stanford Social Innovation Review* (summer), pp. 51–5.

NEMTOI, Gabriela. "Contemporary Challenges Facing Local Government." *Logos Universality Mentality Education Novelty: Economical and Administrative Sciences* II, no. 1 (December 2015): 7–10.

Pratchett, Lawrence, and David Wilson, eds. 1996. *Local Democracy and Local Government*. London: Macmillan Education UK.

Ritter, Jeremy F. 2011. *Local government*. New York: Nova Science Publishers.

Uvin, P. and Miller, D. 1996. Paths to scaling-up: alternative strategies for local nongovernmental organizations.*Human Organization* 55(3), pp. 344–54.

UNIT 6 ROLE OF VOLUNTARY ORGANISATIONS

Structure

6.0 OBJECTIVES

After studying this Unit, you should be able to:

- Explain the concept of voluntary organisations;
- Describe the role played by voluntary organisations in socio-economic development;
- Discuss the various advantages of voluntary organisations; and
- Examine the challenges faced by voluntary organisations.

6.1 INTRODUCTION

Apart from the governments at different levels, various organisations and associations play a vital role in the country's development process. Voluntary associations are one of their kind, which significantly contribute to society's welfare, integration and solidarity. They are an

extended part of civil society, acting as a catalyst for social development. Voluntary organisations are one of the most vital and credible institutions for participatory development. Their work at the grassroots level gives them an edge in understanding the needs and aspirations of people and establishing direct contact with them. To facilitate the immense contribution of voluntary organisations , the UN General Assembly declared the year 2001 as the International Year of Volunteers.

During the nineties, voluntary organisations emerged as powerful, potent partners for development. Their role was recognised during the United Nations Conference on Environment and Development held at Rio de Janerio, Brazil in 1992. Henceforth, they have fully contributed to the cause of action and well-being of society both at the international and national levels. Acknowledging their contribution to development, they are also known as the third sector of the government. India has witnessed voluntary services and institutions serving the society as an inherent part of its culture and tradition. In this unit, we shall acquaint you with the role, potential and contribution of voluntary organisations towards the development.

6.2. VOLUNTARY ORGANISATIONS: CONCEPT

The feeling of helping fellow human beings and doing something for society emerges from human values and conscience. The word 'Voluntary' has emerged from the Latin word 'Voluntus'. It means 'will' or 'freedom'. It implies wilful association of people for some common purpose. People can willfully come together for some personal interest or in the more significant interest of society, to challenge any injustice or to promote any social cause or to pursue development and growth. There can be different factors and basis for forming associations. Religion, mutual aid, business, philanthropy, commitment to specific values and government issues are some of them. They are known as Action Groups, Voluntary Agencies and sometimes NGOs. Various authors have defined voluntary associations differently.

According to Lord Beveridge, A voluntary organisation, is an organisation that is started and overseen by its own members without outside control. Michall Banton describes it as a group organised for the quest of common interests. As per David L. Sills, voluntary organisation, is a group of persons organised based on voluntary membership without State control for the furtherance of some shared interests of its members.

Norman Johnson has given four main features of voluntary associations:

1. Method of formation: voluntary

2. Method of government: self-governance structure with own office bearers, rules and policies.

3. Method of financing: some sources from the voluntary contribution of members of society.

4. Motives: Non-Profit.

Harold Laski has termed "Freedom of Association" as the legal right of people to join hands for a common purpose. This common purpose is often complementary to the growth process of different parts and sections of the social world. So we can conclude that VO is a formally registered institution that seeks to promote and garner human development through non-for-profit motive.

6.3 VOLUNTARY ORGANISATIONS IN INDIA : EVOLUTION

India has inherited a rich tradition of voluntary organisations. The factors contributing to the existence and growth of voluntary action in India are indigenous traditions, value systems and the interface of Indian and western culture. Indian customs and value systems are deeply rooted in the religious philosophy that mandates a social code of conduct. In India there has been a tradition of serving the society, charity, sharing and caring of the poor and disadvantaged people. These religious, philanthropic and individual acts are significant sources of voluntary actions. Different religious institutions such as temples, Ashrams,, Waqfs , Gurudwaras and other organisations managed by several sects have further institutionalised voluntarism in India. After the advent of the British, Christian Missionaries specifically focused on welfare activities in the tribal areas. This motivated western educated people and made revivalists take up this task. As a result, BrahmoSamaj, Arya Samaj, Ramakrishna Mission, Satya Sodhak Samaj and so on made noteworthy contributions to expanding the voluntary services in the country. Mahatma Gandhi also developed this great tradition of voluntarism.

At the time of India's independence, our Constitution makers understood well that the country's development could not be achieved without the meaningful involvement of civil society. It was best possible through voluntary action. Voluntary organisations are the best medium for resource mobilisation, public cooperation, and social capital. Henceforth voluntary organisations have found a specific place in India's development strategy, i.e., various five-year plans.

Majorly there are two types of voluntary organisations in India-registered and unregistered. Many organisations have not registered themselves under any legislation and walk purely out of philanthropic motives. As far as noted voluntary organisations are concerned, there are different legislations under which voluntary organisations can get themselves registered as per their purpose, such as the Societies registration Act 1860, the Indian trusts Act, 1920 or Section 25 of the Companies Act, 1956. As far as classification based on the field of work is concerned, it is getting more complex daily. They work for children, women, disabled, SCs, STs, disadvantaged groups, elderly, education, health, environment, human rights etc. They may take up any local issue or can become partners. Tandon (2001) has given the following classification of voluntary organisations.

1. Religious Associations.
2. Social Movements.
3. Membership Associations.
4. Intermediary Associations-like bureaucracy, judiciary.

The Indian Constitution recognises this freedom of association under article 19 (1) (c), which enables Indian citizens to form associations with certain limitations. So on this basis, we can say that all charitable organisations, professional membership associations, NGOs, community based organisations are different types of voluntary organisations. Based on the above definitions, we can summarise the basic features of voluntary organisations as:-

1. It has definite aims and objectives. All the members of the association voluntarily come together to achieve this purpose.

2. It has well defined administrative structure, management and executive team.

3. It is initiated, and run by the willful desire of people with any sectional interference.

4. It raises funds from the contributions and subscriptions of its members and from grants-in-aid from the government.

5. It is registered different government acts such as in India voluntary organisations have to be registered under the Societies Registration Act, 1880, The Indian Trust Act, 1882, The Cooperative Societies Act, 1904 or Joint Stock Companies Act, 1959.

6.4 ROLE OFVOLUNTARY ORGANISATIONS

Voluntary organisations are a great force of development. The State alone does not have the capacity and time to deal with multi-dimensional aspects of development. It needs to partner with other institutions outside its formal structure and can complement its efforts for development. Voluntary organisations are the best expression of informal support and contribution toward the State's development goals. Due to their personal touch and close connection with the people, voluntary organisations can play a pioneering role in the country's development.

They serve in the following ways:-

1. They function as a link between the State and people. They act as a reliable source of information and feedback to the government, thus helping the design and implementation of development plans. Due to their informal networking, they serve as the voice of the people and ears of the government.

2. They act as a mechanism for information dissemination. Despite the State’s efforts, many people who are poor, uneducated, and unaware do not know about various development schemes and plans. Voluntary organisations disseminate this knowledge among people and make them accessible to them.

3. Voluntary organisations reach many people and take the development plans to the grassroots levels, which in some areas may be difficult in rigid government structures.

4. Voluntary organisations also help implement various development plans and programmes; for example, Akshay-Patra of Rajasthan helps the government implement the Mud-Day meal scheme in Jaipur.

5. Their continuous awareness and follow-up keep the government and administration on being alert and responsive to people ‘s needs and demands. Various measures such as Public Interest Litigation, Right to Information, sensitise the system for development plans.

6. Due to their personal touch, they can better mobilise the public and community resources. During the Covid-19 period, voluntary organisations came forward as a greater force for resource mobilisation.

7. During disasters, voluntary organisations help in fast and rapid action by mobilising the local resources and providing in-house arrangements to deal with the same.

8. Voluntary associations are essential platforms to nurture democratic values and the holistic development of individuals. They channelise individual energies into the collective whole and mobilise them for the more significant benefit of society.

9. Voluntary organisations promote diversity and open-mindedness in society while guarding and reinforcing cultural, ethnic, religious, linguistic, and other identities.

10. Voluntary organisations generate a substitute to centralised state agencies and provide services with more objectivity and flexibility.

11. Voluntary organisations inspire citizens in all facets of society to act rather than rest on State authority and charity.

12. Voluntary organisations create the apparatuses by which governments and the market can be held accountable by the public.

The development administration demands the involvement of people for whom different plans and programmes are formulated. Voluntary organisations play a significant role as they fulfill the need for micro-level institutions that engage people in developing, implementing, and supervising the programmes. Various voluntary organisations engage themselves in providing welfare services to the people such as health, education etc. Some voluntary organisations focus on the development needs of the society like technical know-how, seeds, fertilisers etc. They also play an essential role in building the first stage of development: mobilising people and raising

their consciousness. It organises people to lay out priorities to development issues like social justice and providing opportunities to the disadvantaged and excluded exploited groups. .As far as the development works of volunteer associations are concerned, they are multifarious, performing in almost all walks of life. From large to small, from international to national and regional to different local types of voluntary organisations are contributing towards the betterment of society.

In India, some international voluntary organisations are also playing an important role. Green peace is a voluntary organisation that works toward sustainable development and issues related to climate change. It works mainly towards air pollution, using renewable sources of energy. The World Wildlife Fund or WWF is another International voluntary organisation that promotes the cause of the natural environment. It aims to protect the earth's biodiversity and reduce or minimise the impact of climate change, tackling pollution and better policy formulation for environmental governance. Action Aid is a voluntary organisation with a network of over 40 countries worldwide. It works towards the upliftment of marginalised and disadvantaged sections of India. It also contributes towards poverty eradication, child rights, environmental protection and development of women entrepreneurs.

Various voluntary organisations are dedicated to specific targeted groups like Salam Baalak trust which works for providing food, shelter and support to the homeless street children. They also train the street children to become professional travel guides. CRY- Child Rights and You is another voluntary organisation dedicated to children. It works to ensure that every child in India enjoys the childhood. It takes up issues like child trafficking, child marriage, child labour, malnutrition, and children's education. Helpage India is a voluntary organisation that works for senior citizens and provides them with basic facilities such as food, shelter and medical care. CARE is a voluntary organisation dedicated to uplifting and justice for women and girls. It looks after women's health, education, skill development and employment generation. Make a difference, is another such voluntary association that works for the development of children. It saves the children from exploitation and gives them the skill and orientation to living their life from a new beginning. There are voluntary organisations working towards the upliftment of women. Some focus on acid attack survivors and work for rehabilitation by providing them with the necessary skills, vocational training, and educational and psychological counseling support.

Various voluntary organisations work for a particular field like education, environment etc. Volunteer Ladakh is one such voluntary organisation that works for sustainable development and protection of the environment of that area by educating the local population. Similarly, Sadhana Forest is another voluntary organisation that works for ecological improvement in Tamil Nādu. It also focuses on sustainable development by educating the children and villagers. Human wave is a voluntary organisation that works for the health sector in West Bengal. Robin Hood army is a voluntary organisation that works with the aim of food for all. It provides food to different people in need at night shelters and help homeless families, orphanages, and public hospitals. Sewa Mandir of Udaipur offers many services related to education, women empowerment, healthcare, and child development.

Voluntary associations work for human beings and care for the entire ecological system. One such voluntary association is People for the Ethical Treatment of Animals (PETA). It fights against animal abuse and saves them from different experiments or being used as a source of entertainment. Spreading awareness about the animals' rights has made a significant dent on society.

National Policy on Voluntary Sector

The Indian government has duly recognised the voluntary sector's role in the development process. So the government adopted National Policy on the Voluntary Sector in 2007. It has highlighted the vital part of the voluntary sector by stating: "The voluntary sector has contributed significantly to finding innovative solutions to poverty, deprivation, discrimination and exclusion, through means such as awareness-raising, social mobilisation, service delivery, training, research and advocacy. The voluntary sector has been an effective non-political link between the people and the government. This policy recognises the voluntary sector's important role in various areas and affirms the growing need for collaboration at the local, provincial and national levels."

This policy talks about establishing an enabling environment, ensuring the partnership of the voluntary sector in the development, and strengthening the voluntary sector. Through this policy,

the government wants to protect voluntary organisations' autonomy and identity. It also intends to provide a legitimate platform through which the voluntary sector can mobilise resources from abroad. It also looks forward to identifying various systems through which government can work in partnership with the voluntary sector. It also encourages voluntary organisations to have an accountable and transparent governance system. This policy encourages independent philanthropic institutions. It also provides a simple and liberal central law to register different forms of voluntary organisations like societies, trusts and non-profit organisations. Hence this policy looks forward to a constructive role played by the voluntary organisations in the development activities. It ensures that:

- Every voluntary organisation shall have transparent, accountable and participatory governance.
- It must complete all mandatory rules like registration, taxation, FCRA, etc.
- It must make its audited statement and annual report public.
- All voluntary organisations must have an active governing board. Its proceedings need to be appropriately recorded.
- It must furnish all the relevant information under the Right to Information Act.
- Every voluntary organisation must have policies on operational issues such as gender diversity, financial transparency etc.

The Government of India recognises the voluntary sector's cooperative role in the country's socio-economic development. For this purpose, NITI Aayog has established a dedicated Voluntary Cell. Its main functions are preparation of the policy guidelines for the voluntary sector, operationalisation of national policy on the voluntary sector, 2007; practice of guidelines for implementation of various schemes of the government through voluntary organisations, maintenance of a database of NGOs/Voluntary organisations etc. It maintains NGO Darpan Portal, which serves as an electronic database of voluntary organisations /NGOs. All the voluntary organisations who want to work with the government or apply/renew FCRA numbers need to register first with this portal.

6.5 ADVANTGES OF VOLUNTARY ORGANISATIONS

Voluntary organisations have some inherited advantages. They have a high degree of flexibility in their working methods and approaches. Being local and small, they have a deep reach to the people. They adopt a style of working that suits the needs of local people. Since they are not formed out of any external force but with full consciousness, they take more interest in solving people's problems. They better understand the local issues and are more responsive to them. Voluntary organisations take up the need and hence are more goal-oriented.

Their formation is owed to commitment to a particular purpose as they work passionately to achieve the same. Most voluntary organisations are formed out of local needs. They are very innovative. They ensure people's participation and find out unique solutions for the issues. The innovative credit programme of Gramin, the bank of Bangladesh, is an example. Voluntary organisations in their functioning are free of government hierarchy and rigid rules. They have their autonomous governing boards. They are more independent in their functioning and they work without any pressure from local power structures, The members of voluntary organisations are passionate and motivated for a specific cause. So it gives it a boost to face different hardships associated with development works. They cater to the local needs with purposive follow-up of the problems. It facilitates their conspicuous role in diversity, hence the immense benefit to targeted beneficiaries. It facilitates their conspicuous role in various development programmes.

6.6 VOLUNTARY ORGANISATIONS: CHALLENGES

Any voluntary organisation that depends on the time, effort, and labour of volunteers to achieve its objectives has numerous continuous difficulties. From mobilising the people for a cause to garnering support within the system is not an easy task. They face a number of challenges regarding funds, functions, functionaries and regulations. Meeting long-term objectives and individual members' requirements, balancing member benefits and public benefits, establishing priorities in the face of conflicting interests, managing member volunteers, and integrating paid employees are the five main issues of associational organisations. Some of them are given below:

Lack of Youth Volunteerism

The fundamental quality of voluntary organisations is volunteerism. Earlier, children doing voluntary work accepted it as their job, but these days, enthusiasm seems to be waning. Volunteerism is becoming less widespread each day. This area is getting professionalised. Even young people, social work graduates are interested in making it as a professional career. This results in a shortage of effective volunteers for voluntary organisations.

Modernisation

Owing to modernisation traditional voluntary organisations require a minimum level of infrastructure and administrative costs in addition to professionalisation and management practices. Regulators for grants-in-aid regrettably do not permit such administrative expenses other than contingencies. This causes the waning of conventional voluntary organisations that were once led by outstanding leaders.

Insufficient Trained Staff

There is a perception that the staff members of voluntary organisations have a sense of commitment, dedication, and interest in the social services. Previously, it was believed that voluntary organisations could be handled by unpaid social workers who were motivated by a sense of service and did not need any specialised education or training. However, the current trend shows that people with professional training are not eager to work for voluntary organisations. Their perspective has altered, and they are now exclusively interested in working in cities. Since most voluntary organisations operate in rural areas, it is quite difficult to find trained individuals who are both willing and trained to work there. Furthermore, most voluntary organisations are unable to spend additional funds on providing training to their staff members due to insufficient resources.

Lack of Funds

Voluntary organisations are having trouble securing enough, suitable, and ongoing funding for their activity. Both coping with their funding circumstances and gaining access to sponsors present difficulties for them. The government does not sanction funds for several programmes immediately or at 100% of the requested amount. NGOs are required to provide matching contributions, which they occasionally find difficult to afford. As a result, they are unable to

utilise the grants. Donor reliance is significant, and interventions have a propensity to change to reflect donor preferences.

Lack of Strategic Planning

Strategic planning is rare among voluntary organisations, which prevents them from taking ownership of their mission, beliefs, and operations. As a result, they are susceptible to the whims of contributors, and it is challenging to gauge their impact over time.

Transparency Issues

Many voluntary organisations in India lack transparency when it comes to issues involving their funding and activities. Such a lack of transparency frequently results in reduction in donations.

Poor Governance

There is a huge disparity in the level of knowledge about good governance, with some regions showing very little comprehension of the need for boards of directors for voluntary organisations or what their tasks and responsibilities should be. In many cases founders intend to own their voluntary organisations in pursuit of their own goals making it difficult to create good governance.

Poor Networking

One of the biggest problems was poor networking. This many a time results in duplication of efforts, competing community-level tactics, a failure to learn from past mistakes, and voluntary organisation's incapacity to address local structural reasons of poverty, hardship, and underdevelopment. The upshot is widespread mistrust, secrecy, and a lack of transparency among voluntary organisations.

Limited Capacity: Many voluntary organisations are aware of their limited organisational and technical capacity. Very few of them have the funds or are eager to pay for this kind of capacity building. This results in weaknesses in leadership and management, governance, technical development areas, fundraising etc.

Lack of Coordination

Lack of cooperation among voluntary organisations operating at the municipal, state, and federal levels is to blame for issues including redundancy, overlapping efforts, and lack of coordination, among others. Absence of such a platform also makes it impossible for voluntary organisations to take a unified stance against the government when it degrades them for unimportant reasons at the whim of politicians and egotistical government officials. Additionally, the current situation does not encourage the exchange of information, the gathering of data, study, training, or publication. It also does not establish the right forum for bringing common problems to the government.

Monopoly by New Elites

It has been noted that there is a growing trend toward monopolisation and interlocking of leadership at the highest levels of volunteer action groups and organisations, as evidenced by the fact that the same person serves as president, secretary, treasurer, and a member of the executive in different organisations. The coordination of policies, programmes, and actions, the facilitation of the interchange of technical know-how and experience, and the mobilisation of people toward a single objective can benefit from this interlocking of leadership. But the biggest drawback of such leadership is that it prevents new blood from entering the organisation and leadership.

Opposition by Powerful sections in Rural Areas

Landed gentry control a substantial portion of leadership in Panchayati Raj Institutions. Poor people, especially those from marginalised groups, don't have a strong voice or influence in Panchayati Raj institutions. In such a scenario, castes and classes in rural areas that are politically and economically powerful come into conflict with Voluntary organisations that genuinely work to uplift the poor, women, and disadvantaged groups. At times the dominant, entrenched interests in rural society go to great lengths to obstruct the operation of voluntary organisations there. Local rural residents are frequently incited against them based on misleading, spurious, emotive, cultural, or religious grounds.

Challenges of Unregistered Voluntary organisations

Unregistered VOs cause a variety of issues that are both many and complex, making it difficult to make any generalisations. Broadly speaking, they lack knowledge of contemporary

management principles. They typically have a low organisational capacity to accept professional, technical, or scientific inputs. There is dearth of the necessary skills to handle more advanced and complicated organisational duties. They lack understanding about how to comply with the law while dealing with government agencies. As a result, the main issue with unregistered VOs is their lack of capacity, which calls for capacity growth. Because unregistered VOs' work best exemplifies "volunteering," a system for training such volunteers is a prerequisite for improving the capability of such VOs.

Activity :Visit few voluntary organisations in your area and get acquainted with their functions and also discuss about the problem areas.

6.7CONCLUSION

In this way, we can say that voluntary organisations complement and do not compete with the State's development plans. Both share the same development goals but have different approaches to attain it. Given the magnitude of development problems such as poverty, ignorance, unemployment, gender issues, health, environment etc. state alone cannot tackle them. Hence, the State must involve and channelise voluntary organisations to achieve development goals. It must involve them in formulating and implementing various development plans as per their specialisation. State also regulates the funding to these voluntary organisations and ensures their accountability and transparency. A voluntary organisation's role is becoming more significant and integral to the development administration. They act as the government's think tank, provide innovative alternates and ensure community empowerment and participation in that development process. The need of hour is to establish a healthy link between government and voluntary organisations.

6.8. REFERENCES

Bhattacharya, Mohit.1987. "Voluntary Associations Development and the State", *Indian Journal of Public Administration*; Vo1.'33, July-Dec., pane 383-94 : IlPA

Billis, D. (2010) Hybrid Organizations and the Third Sector: Challenges for Practice, Theory and Policy. Basingstoke: Palgrave Macmillan.

Brautigam, Deborah. 1991. "Development, Institutional Pluralism and the Voluntary Sector." Paper for World Bank, EXTIE. Washington, D.C.

Brest, P. (2012) A decade of outcome-oriented philanthropy. Stanford Social Innovation Review, Spring 2012.

Centre for Social Justice (2014) Social Solutions: Enabling Grassroots Charities to Tackle Poverty. London: Centre for Social Justice

Clark, John. 1991. *Democratizing Development: The Role of Voluntary Organizations*. London: Earthscan Publications.

Clotfelter, C. T. (ed.) (1992) Who Benefits from the Nonprofit Sector? Chicago, IL: Chicago University Press.

Eikenberry, A. (2009) Giving Circles: Philanthropy, Voluntary Association, and Democracy. Bloomington: Indiana University Press.

Fernandes, Walter. 1986. *Voluntary Action and Government Control.* New Delhi: Indian Social Institute.

Handy, Charles. 1988. *Understanding Voluntary Organizations.* London: Penguin Books.

UNIT 7 PEOPLE'S ORGANISATIONS: COMMUNITY-BASED ORGANISATIONS, SELF- HELP GROUPS, COOPERATIVES

Structure

7.0 OBJECTIVES

After studying this Unit, you should be able to:

- Bring out the relevance of Community-based Organisations (CBOs);
- Explain the nature of CBOs;
- Analyse the Self-Help Group (SHG) Approach to Development;
- Describe the characteristics of SHGs; and
- Spell out the role of Cooperatives in the development context.

7.1 INTRODUCTION

During 1960s, when the goals of development were equated with acquisition of material wealth, goods, and services it created a strong imbalance in the society. It side-lined 'people' and 'people's institutions' and focused on western models of development. In this regard, western scholars came forward to the developing nations with the aim to providing technical and financial assistance. Scholars who propagated the western models of development strongly believed that developing countries need to adopt the models of western nations to achieve the intended 'growth' and 'political stability'. Growth was assessed in terms of Gross Domestic Product (GDP), per capita income and prevalence of poverty rate. Secondly, political stability was assessed in terms of government stability. However, two major elements were neglected in the assessment: (1) building capacity of democratic institutions (people's participation) and (2) enabling social transformation. Consequently, the critics of western model of development came up with alternative approaches that sensitised policy makers to look for novel ways of development and highlighted the need to build capacities at all levels of governance and of both State and non-State actors. Inherent in capacity building was the idea of creating opportunities for people's organisations. Ideally, through people's organisations, people get to engage and discuss community issues. When such opportunities are denied, people would get disengaged from political and civic responsibilities. Unlike western models of development, people's organisations are expected to increase the government accountability and effectiveness.

The Fundamental Right to Freedom enables all citizens of India, the freedom of speech and expression, to assemble peacefully without arms, and to form associations or unions etc. This Right enables people to build their capacities and facilitate social change. For example, it also includes right to institute welfare organisations (non-State actors) that work for the enhancement of livelihood, quality education, healthcare, women empowerment, access to technology, disability rights and alike. Social welfare organisations that work towards improving the social and economic well-being of fellow citizens can be referred as people's organisations. With service motive as the sole purpose, people's organisations have been established to fulfil the needs and aspirations of the local populace. People's organisation is an alliance that embodies any group of interested citizens who represent the poor farming communities, artisans, victims of drug abuse, slum dwellers, Self Help Groups (SHGs) etc. For example, in the context of SHGs, people's organisations facilitate the members of SHGs to access loans and motivate them to utilise resources for their growth.

This Unit attempts to examine the role of people's organisations in a democratic society vis-à-vis Community Based Organisations (CBOs), Self-Help Groups (SHGs), and Cooperatives.

7.2 COMMUNITY BASED ORGANISATIONS (CBOs)

Relevance of CBOs

In development context, Community-based organisations (CBOs) are emerging as key players in community well-being as they implement important development interventions in health, education, social security, natural resource management, disaster management etc. For Ross (1967) community organisation is a "process by which a community identifies its needs or objectives, gives priority to them, develops confidence and will to work at them, finds resources (internal and external) to deal with them, and in doing so, extends and develops cooperative and collaborative attitudes and practices in the community". From this definition, it can be interpreted that one of the major strengths of CBOs is they are best positioned and are driven by community residents. As CBOs are geographically inclined, it resolves the issues prioritised by the local residents and involves them in designing the solution, implementation, and evaluation of the solution. In a way, local residents are involved in key leadership positions so as to learn key skills and attitudes, such as, to plan, organise, coordinate, cooperate, and develop positive citizenship. Most of the members of the governing body of the CBOs comprise local residents and neighbourhood groups. Since CBOs are mostly apolitical bodies they serve as an important linkage between citizens and government.

According to Anasti (*et.al*) (2013), CBOs can be distinguished as: CBOs that 'self-initiate' in development activities and CBOs that are 'invited' by the government to participate in development activities. Some organisations are involved in both the ways. For example, the role of CBOs in disaster management and recovery would range from holding discussions with the community about the impact of disasters to analysing the problems and solutions to mobilising resources to interacting with decision makers about their identified solutions. As CBOs have the potential to establish trust of the community and capable of responding to people's needs, governments across the world have been keen towards partnering with them in development interventions. At the same time, governments are also keen to build the capacities of CBOs that are in nascent stage, as it would help them in delivering effective services at the community level. For example, under the initiative of Community System Strengthening (CSS), the Ministry of Health and Family Welfare (2021) has identified areas

for building capacities of CBOs: (a) Organisational Governance (b) Financial Management (c) Resource Mobilisation and Sustainability. This plan has been evolved with a vision that empowered CBOs would in turn create empowered communities that can tackle any social problem. The Indian Government also aims at promoting transparency and accountability of CBOs under the National Rural Livelihood Mission (NRLM).

Nature of CBOs

(i) Develops Networks/Partnerships

For effective development interventions, CBOs form networks with local panchayats and civil society organisations. For example, Prayas Grameen Vikas Samiti, a CBO, partners with the Dr Bhim Rao Ambedkar Kalyan Evam Vikas Sansthan in Bhojpur to enforce the basic rights of the Dalit communities in health and education (www.Samarthan,).

(ii) Promotes Indigenous Resources and Local Wisdom

CBO looks for optimum use of indigenous resources. Laghu Seemant Krishak Morcha Samogar, a CBO in Gorakhpur consists of small and marginal farmers, landless and women farmers, and agricultural workers. To boost local markets, this CBO believes in promoting indigenous crops based on locally available seeds and local wisdom (www.Samarthan.org,).

(iii) Organisational Cohesiveness

A cohesive CBO is highly capable of achieving development goals than a fragmented CBO. For example, due to organisational cohesiveness, Laghu Seemant Krishak Morcha Samogar (CBO) retained control over their natural resources and sustained their families by creating employment opportunities within the locality. Consequently, they could contain migration (www.Samarthan.org,).

(iv) Community Empowerment

An effective CBO empowers the community and improves community capabilities. For example, the Mahila Manch, a CBO in Varanasi inspired Dalit families to enrol their children in a primary school. Also, with the aim to enhancing the quality of services in anganwadi centres, Primary Health Centres (PHC), public distribution system, Mahila Manch periodically monitored their performance and ensured whether beneficiaries were able to access their entitlements. Indeed, their spirit of collective ownership enabled them to remain highly vocal against intimidations of the feudal/official arbitrariness. For perspective, a woman who was about to seek information under the Right to Information (RTI) was threatened by an official of the severe consequences and since she was part of the Mahila Manch she was confident enough to report against the official . (www.Samarthan.org,).

Having understood the relevance and nature of CBOs in development context, in the ensuing Section let us discuss about yet another people's organisation - SHGs.

7.3 SELF-HELP GROUPS (SHGs)

During childhood, you would have come across the story of an aged father who wanted to impart the value of 'unity' to his four quarrelling sons using a small bundle of sticks. When the sticks were tied together the sons were unable to break, rather, when untied the sticks were bent and broken. In fact, with the aim to unite poor people and improve their inherent capabilities to get out of poverty, Self-Help Groups (SHGs) have been formed. SHG has been intended to enable poor people to improve their livelihood and income levels based on two assumptions: 'self-help is the greatest help' and 'unity is strength'.

Self-Help Group Approach to Development

One of the approaches to development that promote socio-economic well-being of the poorest of the poor is the SHG approach. On the one hand, it is a rights-based approach that considers that development and human rights are interlinked and apply the principles of non-discrimination and equality to eradicate poverty. On the other, it is a bottom-up approach that intends to improve upon people's existing skills and capabilities, thereby, empowering people's organisations in the long run. Largely, SHG approach focuses on poor (especially women) and provides platform to: (i) lead their life with dignity (ii) equip them to come out of poverty trap (iii) strengthen their decision-making skills at the household and community level. Having acknowledged the potential of SHGs, the Ministry of Rural Development (2017), grades SHGs based on five parameters (Pancha Sutra) vis-à-vis regular meetings, regular savings, internal loaning, timely repayment, proper book keeping.

The Three Dimensions of SHG Approach

There are three dimensions to SHG approach vis-à-vis economic, social, and political dimensions (Kindernothilfe, 2014).

(i) Economic Dimension

SHGs save agreed amounts of money as a collective and provide loans to the respective members to improve their economic conditions. The terms and conditions about financial transactions would be evolved by the group. Through this economic dimension, SHG develops 'mutual trust', 'accountability', 'participation' and 'creativity'.

(ii) Social Dimension

The social dimension focuses on 'affinity', 'trust', 'and participation 'and 'mutual responsibility'. SHG focuses on individual and community level problems and well-structured SHGs also network with other groups to form a bigger collective.

(iii) Political Dimension

The political dimension indicates 'independence' and 'involvement' of the SHGs in taking up neighbourhood issues and enables them to seek solution. This provides them confidence to take up larger issues at the local, regional, and national levels.

Characteristics of SHG

(i) Ideally, a SHG comprises a small group between 10 to 20 members. And they set a common goal to improve their livelihood. Rules and regulations would be formulated by the group members so as to avoid any room for arbitrariness.

(ii) The group consists of either male or a female member of the community as it is believed that homogeneity would yield high success rate. For example, homogeneity can range from 'same neighbourhood', 'similar living conditions', 'families of farm suicides', 'victims of natural disasters' etc., so that there is a sense of empathy and mutual respect among the group members.

(iii) The group sets up its own fund and depending on the needs of the members, short-term loans are provided. The fund grows bigger with the savings of each member along with the interest borne by the member. According to the International Labour Organisation , "it is the responsibility of all members to deposit the same amount of savings every week and to pay their loans plus interest back on time"

(iv) Each SHG will own a bank passbook and each member owns a loan card. Thus, financial inclusion is made possible through banks. Each member would be encouraged to open a savings bank account to cultivate savings habit.

(v) All members should belong to similar socio-economic status to bring group cohesiveness.

(vi) The group's financial transactions would be recorded and maintained in a register wherein the details of individual loans, repayments, interest remitted, etc., would be documented.

(vii) Regular interaction of SHG members (every week/fortnight) so that they learn from each other's experiences. Attendance would be taken. Minutes of the meeting, nature of discussions, names of the group members, etc. would be documented. In each meeting, the members would discuss the problems faced by the group members and try to resolve it.

In the ensuing Section, let us try to understand the role of co-operatives in development context.

7.4 CO-OPERATIVES

With the aim to giving a boost to rural economy, cooperative movement started during pre-Independent times in India. The idea of cooperation has been perceived to develop economically weaker sections of the society. Cooperatives have been widely prevailing across the world, especially, in developing countries. Along with CBOs and SHGs, Co-operatives have been considered as a democratic instrument to improve the socio-economic conditions of the poor people. For instance, cooperatives enable people to access low-cost credit, purchase supplies and equipment for dairy/farming/irrigation/health etc. Through co-operatives, products can also be marketed and distributed without any middlemen. Significantly, co-operatives empower underserved and powerless individuals to come together and take ownership of their enterprises. The basic assumption is that the underserved and powerless should have adequate access to resources.

Defining Co-operatives

(i) According to the Indian Brand Equity Foundation "a cooperative society is an organisation owned and run by the people and for the people using its goods and services".

(ii) The International Co-operative alliance asserts that "cooperatives are people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations".

(iii) Watkins (1959) defines Cooperatives as: "a system of social organization based on the principles of unity, economy, democracy, equity, and liberty."

(iv) For a Cooperative, "the moral element is as important as the material one" (Rananavare,1964)

Based on the above perspectives it can be inferred that a cooperative is a people's organisation as it is owned voluntarily and democratically by the people. Both entry and exit are voluntary in a cooperative. It can also be inferred that cooperatives always extend valuable support for low- and middle-income groups. In fact, they establish mutual trust and gain mutual profits. As cooperatives protect common people from high interest loans, it is considered as a good option against financial risks. Notably, based on one's share in the Cooperative, profits are distributed judiciously.

Aims and Objectives of Cooperatives

Rananavare (1964) came out with the major aims and objectives of cooperatives. Let us discuss in the ensuing paragraphs:

(i) Economic Development

Cooperatives intend to prevent exploitation of the weaker sections of the society.

(ii) Instrument of Education

Cooperatives constantly educate its members, say for example, how to make use of proper money, value of goods, what to buy, better methods of production, marketing of products, etc.

(iii) School of Democratic Living

Cooperatives works democratically when it comes to conduct of meetings, selection of office bearers, matters of control, rules, and regulations etc. Each cooperative constitutes a Managing Committee whose members are elected democratically.

(iv) Center for Social Harmony

Cooperatives intend to reduce the uncertainties and complexities of contemporary life and try to find a common ground upon which the members can work together in harmony.

(v) Age of International Understanding

Cooperatives across the world empathise with each other as they function based on the principles of justice and humanity.

(vi) Cultural and Spiritual Development

Cooperatives aim to pull out the members out of poverty and insecurities by removing barriers of development and encourage them to stay rooted to their cultural ethos and values.

Indian Context

Cooperative societies were formed in India in the late 1890s when farmers of Maharashtra protested against money lender's oppressive attitude. With the aim to protecting the interests of poor farmers, the British government enforced the Cooperative Society Act, 1904. Post-Independence, the cooperatives accelerated into cooperative movement. The Five-Year Action Plans had envisaged that there should be at least one cooperative society in every village. From dairy farms to agricultural farms to credit sector, the cooperative societies developed their stake in housing and development, fishing, banking etc. Eventually, it led to the creation of various cooperative societies. In 2021, the Government of India created a separate Ministry of Cooperation with a vision to achieve overall prosperity (Sahkar-Se-Samriddhi). The role of the Ministry is to provide a separate legal, policy, and administrative framework to strengthen the cooperative movement across the country.

Types of Cooperative Societies

Based on its purpose, Cooperative Societies in India are classified as follows (IBEF):

(i) Farming Cooperative Society

Farming Cooperative Society includes collectively governed farming practices by the poor farmers to overcome the barriers like indebtedness, procurement of expensive tools, middlemen etc. Unlike individual farming, in cooperative farming farmers are able to consolidate their capital to gain agricultural produce and profit.

(ii) Credit Cooperative Society

The members of Credit Cooperative Society are entitled for financial services, such as, deposits, short term loans etc. Since it is meant for economically weaker sections, it provides short term loans for low interest rates.

(iii) Producer Cooperative Society

In India, Producer Cooperative Society plays a crucial role in development of Medium and Small Enterprises (MSMEs). It includes producers, such as, in fisheries, farmers, handicraft and local artisans etc. One of the classic examples is Anand Milk Union Limited (AMUL) that pools the milk procured from local dairy farmers and distribute directly to buyers without any middlemen.

(iv) Consumer Cooperative Society

The prime purpose to operate this cooperative is to obtain household goods at an affordable rate. Consumers who buy in bulk from the producers sell the products at a low price. For example, Apna Bazaar, a Consumer Cooperative Society meets its customers through multiple outlets vis-à-vis department stores, supermarkets, medical stores etc. to its buyers at an affordable cost.

(v) Marketing Cooperative Society

Marketing Cooperatives enable the members to sell or market the produce to the consumers. For poor farmers owning a granary or cold storage to safeguard their produce from pests and extreme weather conditions would be challenging. Marketing cooperatives facilitate farmers to access such storage facilities and sell the produce at a profitable rate.

(vi) Housing Cooperative Society

As buying houses in cities and towns is a challenging task for common people, people form cooperatives to buy the land, construct houses and sell the same to its members. People become members of the cooperative either by owning a house or holding shares in the cooperative.

In this Section, you were able to comprehend the relevance of cooperatives in achieving socio-economic development.

ACTIVITY

View the below videos to learn about the relevance of people's organisations. Write down your observations on each video. It will be helpful for citing these examples during Term End Examination.

- Self Help Groups at remote places making rural women self-reliant – Ground report from Itanagar https://www.youtube.com/watch?v=OpIO7vkijRY

- Self Help Groups Promoting Women Empowerment https://www.youtube.com/watch?v=BYs7zlyT_C8

7.5 CONCLUSION

The Western models of development ignored people's participation in development process and in the process undermined people's organisation as a tool for development. In this regard, socio-economic transformation was halted, and poor were becoming poorer. It was in 1960s, there was a revival of people's organisation in the form of CBOs, SHGs, and Cooperatives. Through this Unit, you were able to understand that though the characteristics and nature of people's organisation vary in the context of CBOs, SHGs, and cooperatives, the common ground that connects all these organisations is the fundamental value of people's involvement in decision making and socio-economic transformation.

7.6 REFERENCES

Anasti (et.al) (2013). The Representative Role of Community Based Organizations: Characteristics Associated with Involvement in Participatory Processes. Retrieved from: https://www.sp2.upenn.edu/wp-content/uploads/2014/07/socialimpactfellows_Anasti.pdf

ILO (n.d.). http://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_116168.pdf

IBEF (n.d). Retrieved from: https://www.ibef.org/download/1646206057_d8c98aff72452d5f5dde.pdf

International Cooperative Alliance. Retrieved from: https://www.ica.coop/en/cooperatives/what-is-a-cooperative

Kindernothilfe. (2014). Retrieved from: https://www.kindernothilfe.org/multimedia/KNH_INT/KNH_Englisch/Self+Help+Group+Approach+Manual-p-54022.pdf

Ministry of Health and Family Welfare (2021). National Stakeholder Consultation Towards Identification of Priority Areas for Capacity Building Of Communities & Community Groups. Retrieved from: http://naco.gov.in/sites/default/files/Final_Report_of_National_Stakeholder%20Consultation.pdf

Ministry of Rural Development. (2017). Retrieved from: https://daynrlmbl.aajeevika.gov.in/Circulars/Handbook%20on%20SHG.pdf

Rananavare A.M. (1964). The Role of Cooperative Societies in the Economic Development of India. Retrieved from: https://digitalcommons.usu.edu/cgi/viewcontent.cgi?article=4008&context=etd

Ross, M.G. (1955), "Community Organization: Theory and Principles". Retrieved from: https://www.harpanchayats.gov.in/documents/5579304/28570594/COMMUNITY%20ORGANIZATION_PR_CF.pdf

Samarthan (n.d). National Report Case Studies of CBOs. Retrieved from: https://samarthan.org/admin/img/resources/Case%20studies%20of%20CBOs%20-%20samarthan%20(1).pdf

W.P. Watkins (1959). United Nations, Food and Agricultural Organization, Training and Extension in the Cooperative Movement.