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1. Social change through voluntary action, sage publications, New Delhi.

2. Development alternatives: The challenge for NGOs - World Development, pergamon press oxford.

CONTENTS

I

INTRODUCTION

Over the last five decades of Indian Independence attempts have been made by different governments to free the rural poor from the vicious circle of poverty, hunger, ignorance, illiteracy and ill-health. Also, there were attempts to take the economy to new heights of development and to promote social justice through a series of five year plans, besides formulating various strategies and policy programmes for the purpose. In spite of these efforts and a huge investment, plans have failed to lift the poor and more particularly the rural poor. Their levels of living remain immeasurably low. Poverty, hunger, deprivation, ill-health, high fertility, unemployment and under employment continue to haunt the rural folk.

Statistically, the number of rural poor has came down, but it has been conditioned by an enmasse migration of the rural poor in search of green pastures to urban and metropolitan cities. Planned development during the last five decades, has therefore, not made a significant dent on unemployment, under employment, hunger, poverty and exploitation of the rural masses. Under these circumstances, the role of non-governmental organizations (NGOs) play a significant part in social transformation. It has been recognized that NGOs can play a very creative role motivating people and supervising the distribution of the resources with a view to ensuring their proper utilization. They can also play a very useful role in matching projects to the local conditions and providing local know-how about the various factors affecting productivity and marketing.

DEFINITION:

Non-governmental organization (NGO) is an organized collection of persons formed to serve some common interest;

it is independent of the state, and membership is voluntary (Leslie, 1973). It is one which, whether its workers are paid or unpaid, is initiated and governed by its own members without external control (Charyulu, 1979). They represent a distinct class of organizations that depend on energy and resources given freely by their members and supporters because they believe in organizational missions, not merely because of political imperatives or economic incentives (Brown and David Korten, 1991). Non-governmental organization is an organized group of persons that is formed in order to further some common interest of its members; in which membership is voluntary in the sense that it is neither mandatory nor acquired through birth; and that exist independently of the state (Sills, 1968). They are dependent on the goodwill of private citizens or corporate bodies and within the limits set by the law in order to prevent fraud and abuse of funds, are accountable only to their governing body according to the particular constitution of the organization (Joan, 1969).

Non-governmental organizations known under a wide variety of labels namely, voluntary movements, action groups, voluntary agencies, development movements, private development organizations, private voluntary organizations and people's organizations have become a very important force to reckon with. Slight variations in form and structure apart, all these represent more or less the same kind of organizations. The growth of these organizations all over the world has been really phenomenal particularly in the past two decades or so. In fact, their role in development per se has become indispensable.

Action groups properly so called are born at a further stage in the historical evolution of voluntary agencies when they began to perceive the existing social structure are

essentially unjust with the forces of exploitation built into its social fabric. They call for a radical transformation of society at the macro-level and give shape to revolutionary movements within the system. Their perspective is no more championing the cause of the poor and the oppressed sections of society but a restructing of the whole society for a more just social order. They are groups which have such a macro-level vision and ideology with their roots deeply entrenched in the local micro-level communities that we call action groups in the strict sense of the word.

If the proliferation of non-governmental organizations, is any indication, the voluntary sector is expanding day by day. According to one conservative estimate, there are 0.2 million NGOs in India. This figure however, excludes trade unions, schools and hospitals, but includes only those registered for certification for receiving foreign assistance. The magnitude of funds these organizations handle now, is another index to their growth. Their annual budgets are anywhere between Rs.30 and 500 million. This phenomenon of action groups is not to be viewed in isolation as an Indian phenomenon. It has a global dimension. Voluntary social service therefore appeared better to try to produce a sketch of the voluntary services in the first eighteen years of the twentieth century, indicating the kind of change which was being brought about as a consequence of the altered idea of the responsibility of the State for the welfare of its members.

Non-governmental organizations sprang up all over the country in the closing years of the 60s and became the most remarked phenomenon throughout the 1970s. They still continue to function today, though not with the same vigour or growth in numbers. They seem to have sprung from a thousand sources, some, though spontaneously. The sources of origin

could be as varied as the traditional religious voluntary agencies doing charity work or the radical Marxist-Leninist Communist Parties. Thousands were spontaneous in their birth in the sense that idealistic youth from colleges touched by the light of the misery-ridden masses took up the challenge to do something about it. The most pronounced characteristic about them was that they were all bent on a national renewal of the basis of the 'empowerment' of the people. And all these groups concentrated their attention on the most deprived, the unorganised workers or the unemployed in rural areas, in slums, or among tribals, or fisher folk etc. The voluntary groups were not only interested in working for the economic development of the poor, their concern spread also to education, health care, cultural media, women's liberation, environmental protection, science education, and a host of other things. Indeed no field of human activity with a public aspect was alien to the interest of the action group. There is no way of counting up all the non-governmental organizations around the world, but they are certainly proliferating. About ten per cent of public development aid world-wide is now channelled through non-governmental organizations.

GENESIS OF THE NGOs:

India has a glorious history of organized voluntary work for public and social good. Cultural ethos and values of the country were partly responsible for this tradition, manifested in charity, relief work and philanthropic activities. Daana, both at the individual and social levels occupied a central position in the Dharma scheme of the Hindu way of life. Daana was deemed to be a requirement to achieve Moksha (salvation). People adopted Daana, as a means to Moksha, and to purge themselves from their sins

and misdoings. Kings aspired to become benevolent rulers so as to transcend their Kirthi (fame) across their respective kingdoms; it could even assure them a berth in heaven. Examples abound in Indian classics and epics.

In the ancient and medieval India, voluntarism found expression in diverse form and variety. At the outbreak of natural calamities like drought, floods and earthquakes, people came forward and volunteered their service for the affected lot. They were attracted to voluntary work mainly because of their concern for their brethren. Voluntary work assumed its most humane form on such occasions when communities pooled their resources to help those affected in contingencies. Communitarian values dominated the individual's self-centered ones.

Prior to the Nineteenth century, charity on voluntary basis outside the religious channels took place during emergencies like famines and floods. In the latter part of the Sixteenth and Seventeenth centuries, the country experienced severe famines. Irrespective of caste, class, creed or gender, assistance flowed to the needy. The rich and the ruling extended support to the indigent. Kings responded to the pitiable situation with royal charity doles. Philanthropists belief in Daana Dharma, motivated them to help, the victims. Villagers jointly confronted tragedies without segregating themselves into the affected and the unaffected.

Voluntary activities in India gained a new stimulus in the Nineteenth century. It was evident in three directions namely, religious reforms, social reforms and voluntary work. Social reformers in the Nineteenth century focussed on age-old customs and practices rooted in religious doctrines. The rigidity of the social structure framed in

the caste-mold offered them extensive opportunities for protest and reform movements. Reformers, largely influenced by modern western thought, began mobilizing people against all odds of the time. Those who spearheaded the reforms included great social revolutionaries like Raja Ram Mohun Roy, Devendranath Tagore, Sayyed Ahmed Khan, Dayananda Saraswathy, Eswarachandra Vidya Sagar, Kesava Chandra Sen, Ram Krishna Paramhamsa, Swami Vivekananda, Jyotiba Phule, Ranade, Karve and Vittal Ramji Shinde.

The first association to be started with voluntary efforts is reported to be an institution for the aged established by Rev.Loveless in Madras which began functioning in the year 1807. Following this, Atmiya Society, founded by Ram Mohun Roy was formed in 1815. A number of organizations was born immediately after this. The Unitarian Committee (1822), Brahmo Samaj (1828), Dharma Samaj (1830), Prarthana Samaj (1864), the National Council for Women in India (1875), Sadharan Brahmo Samaj (1878), All India Mohammadan Educational Conference (1886), Indian Social Conference (1887), Maha Bodhi Society of India (1891), National Council of Young Men's Christian Association of India (1891), Servants of India Society (1905) and the like.

Ranade started Satya Sodhauk Samaj (Truth Seeker's Association) in 1873. In 1916, Karve made history by starting the first women's university of India. Vithal Das Thakoor, a textile mill owner gave a donation of Rs.15 lakh in memory of his mother. Ranade, also the founder of Prarthana Samaj, supported the movements of widow remarriage and women's education. Aimed at giving education and emancipating women from their hardships, Karve founded the All India Seva Samithi in 1914. The efforts of this nature were meant for ushering in radical reforms. Gaining strength and momentum from voluntary work, these reform organizations expanded

their activities to the areas of education, relief work and welfare services targeting the poor and the neglected. Christian missionaries augmented voluntary action through charity and relief work. Missionaries belonging to different congregations initiated voluntary work in several parts of the country. In fact, the missionaries were the pioneers in setting up orphanages and institutes for the old and infirm in the country.

With the beginning of the 20th century there were formed many all India organizations especially for the welfare of Scheduled Castes, Tribals and industrial workers. The emphasis was on the preventive aspect, /i.e; expansion of educational facilities, village upliftment and development of industries, are mainly dependent upon government grants and there is no check on their activities. During this period the growth of non-governmental organizations was greatly influenced by the freedom movement. The freedom movement opened new vistas of voluntary action for the service-minded people. Loyalty to the nation and the desire for independence brought many people together into the fold of the freedom movement.

Gandhi's strong adherence to high social ideals, and pragmatic approach, inspired sincere and conscientious workers to follow him with a genuine sense of dedication. His confidence in the potential of rural India, and the wise realization that India's soul lies in her villages, guided him to concentrate his energies on villages. Rural development was his mission. A large number of constructive social welfare programmes, designed for the removal of the evils that had plagued the society were initiated. His constructive programme, which evolved during 1915-45, and included among others charka, khadi, gramodyog, basic education, removal of untouchability and prohibition found

ready acceptance among people. Gandhi tested his constructive programme of rural development first in Champaran in 1917 and in Wardha in 1938. He proposed that his volunteers, also known as village reconstruction workers, take vows before transforming into reconstruction workers. They are non-violence, truth, non-stealing, celibacy, non-possession, manual labour, control of the palate, fearlessness, equal respect for all religions and the spirit of brotherhood.

Women were also in the forefront of forming associations which were necessitated by the then social situation, and their subjugated position in the society. Enlightened leaders like Saroj Nalini, Sarojini Naidu and Annie Besant have made significant contributions. In 1917, the Women's India Association, was born with Annie Besant as President, Margaret Cousin, the secretary and Sarojini Naidu a member. All India Women's Conference, known as Akhil Hind Mahila Parishad was born in 1926.

The level at which non-governmental organizations function and the range of their activities also vary, some are all India organizations concerned with a wide range of activities others are at the district or sub district level. There is similarly a wide range of variation with regard to the resources at the disposal of these organizations.

In the 1950's most of the NGOs were either in relief or in institutionalised programmes sponsored by schools and hospitals. In the 1960s many of them realised that families with weak economic basis were unable to get the benefits of institutionalised programmes and that relief could not solve their problems. Efforts were, therefore, focused on productivity-oriented technology and on functional literacy-oriented extension work.

Non-Governmental organizations had important role to play in the 1980's and early 1990's in accelerating a new order founded on social justice. This phase saw a large expansion of non-governmental organizations both because people were losing faith in government and because there was a very rapid rise in the availability of funds from domestic and foreign sources. A distinctive feature of this period was the proliferation of organizations with separatist and fundamentalist aims. Another feature was the establishment of intermediary voluntary organizations that provided training, evaluation and documentation to front-line non-governmental organizations.

The causes of proliferation of NGOs however, in different periods beginning from the 50's, were not analogous. If the national sentiments, derived from the involvement in the freedom struggle reigned supreme in the minds of the people that motivated them to form voluntary organizations in the 50's, the reasons were obviously different for the period since then. One could then notice the expansion of NGOs more in developmental activities such as income generating programmes in the 60's. In the latter part of the 60's and early 70's the concern of the NGOs was changing. The shift was turned in favour of issues associated with ecology, environment technology and development. When the matters concerning human rights dominated the 80's, attempts to sustain the degrading environment due to ruthless exploitation or the anti-poor policies of the State, gave the impetus for the formation of NGOs in the 90's.

However, the growth has not been geographically uniform in different parts of the country. More often than, not, the number of voluntary organizations does not correspond to the size of the population in the States. It is hard to find out any association between the number of voluntary

organizations and the size of the population. Highly populated States like Uttar Pradesh and Madhya Pradesh, for instance, have a very weak presence of voluntary organizations. Even after independence the trend continues unabated with the convergence of voluntary activity in the developed parts of the country. The preference of the voluntary workers for regions where the availability of infrastructure and resources are better perhps explains the skewed distribution of voluntary work in the country. Some states like Maharashtra, West Bengal, Gujarat and Kerala are ahead of others in the number of organizations.

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II

Voluntary Organizations in India: Motivations and Roles

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Just as all societies, irrespective of their stage of development, have generated economic and political institutions, all societies also have voluntary institutions.[1] Depending upon their political and economic context and the cultural milieu, voluntary organizations perform a variety of functions. The specific arrangement as to what tasks and functions are undertaken by which institutions varies from society to society. In one society the State may take upon itself to provide certain goods, for instance, education, which may be supplied by religious institutions in another.[2] Sociologists and anthropologists see voluntary institutions as instruments to meet the needs of the members of a society.[3] This way of looking at the institutions gives us a good handle to understand the veritable explosion in the number of voluntary organizations in India in the last four decades.

Voluntary organizations in India are shaped by a variety of factors; they have been nurtured and threatened in turn as the dominant political outlook has oscillated between liberalism and statism. Diverse in their functions and purposes, they serve primarily a vast and assorted population of informal workers. A sizable sum from public and foreign sources is expended by this sector. And yet the sector has 'received surprisingly scanty attention from academic researchers and social analysts'.[4]

Available literature is limited in its scope and range. What is written falls mainly into two categories: (*a*) volumes containing accounts of scores of organizations[5] and (*b*) detailed portraits of a handful of organizations.[6] Writings in the first group tend to be impressionistic; the second are usually evaluative, often undertaken at the behest of a funding agency. There have been very few articles studying the phenomenon of voluntary organizations as a whole.[7]

A second feature of existing literature on voluntary associations is that there is a dearth of factual information. For example, we do not have even a rough estimate of the total number of voluntary organizations functioning in India; estimates range between 50,000 and 100,000![8] On the other hand, there are no less than 18 directories of voluntary organizations, compiled for different purposes by various government departments and independent agencies![9] This massive information is, however, both inadequate and fragmented.

An important reason for this is the absence of an agreed definition of the basic term. 'Voluntary organizations' vary so much in their size, goals, nature, scale of activities, style of functioning and sources of support that an all-enveloping definition may not even be useful —it may end up becoming a Procrustean bed. Thus, there are no unambiguous answers to relatively simple factual questions, such as how many voluntary organizations are currently active.

On the other hand, diverse as they are, voluntary organizations are distinct from both public (government) and private organizations and, accordingly, should be brought under a common conceptual umbrella. Since voluntary organizations do not exhibit characteristics of either public or private sector organizations, the concept of yet another sector—variously called the third sector, independent sector, voluntary sector, or non-profit sector—is necessary to encompass all voluntary associations.

One argument against bracketing voluntary organizations under a common label is their extreme heterogeneity. But then, the same argument can be advanced against lumping widely varying economic and political institutions under their respective sectors. A *chai ka galla* (tea-stall) at a street corner belongs to the private sector as much as does the Reliance Industries Limited, although they differ in all their characteristics such as the nature and scale of resources employed; the type of product sold; and the level and sophistication of technology used in production, marketing and accounting. Nor do we hesitate to describe as political institutions the UN General Assembly, the

Indian Parliament, and a *gram* panchayat, dissimilar as they are. Similarly, voluntary organizations could be placed under a common umbrella, making it possible to view them as members of the same species rather than as merely distinctive entities. Such treatment can bring out their common as well as unique features. Indeed, 'voluntary sector' is emerging as a field of multi-disciplinary research in the West, especially in the United States.

A third feature of discussions on voluntary organizations is that they tend to be emotional and ideological rather than reflective and rational. Accounts of voluntary organizations tend to either praise or denounce them—what is missing is an effort at understanding and interpreting them. Voluntary associations have been seen alternatively as the 'harbingers of silent revolution'.[10] 'handmaidens of global imperialism',[11] and 'footnotes in India's development'.[12] This chapter considers some of the ways in which they can be understood and interpreted.

Contextual Factors[13]

The cultural conception of society itself can either encourage or discourage the rise of voluntary association. For instance, Indian traditions tend to see society as autonomous and not subordinate to the State, unlike Confucian and contemporary Chinese concepts of society. This cultural concept partly explains the 'baffling' phenomenon of the continuation of the liberal democratic regime in India in the midst of escalating violence, severe deprivations, and persistent disparities.[14] The same liberal democratic regime, committed to normative pluralism, encourages voluntary organizations. The role of the State in supporting or undermining voluntary associations cannot be overestimated. Just as a liberal democratic regime promotes them, an authoritarian one restricts their growth, and a totalitarian one may obliterate them altogether.

Religion plays an important role in shaping voluntary action, negatively as well as positively. It may promote values which can prove an important source of inspiration for voluntary endeavour. On the other hand, if it is an all-encompassing religion, prescribing every thought and action of the believer, it will leave little space for voluntary effort. Hinduism is not an all-consuming religion and hence allows

voluntary effort to flourish.[15] Like religion, secular ideologies also stimulate or deter voluntary endeavour.

Specific environmental factors that have promoted the growth of voluntary associations in India can be summed up under four headings: Hindu traditions, Gandhi's influence, ideology of the Left, and perception of system failure. A number of other facilitating factors have been operational as well.

Hindu Traditions

Voluntary actions are performed of one's free will, impulse, or choice; they are not constrained, prompted, or suggested by another.[16] These actions spring from a variety of sources; some lie within the individual, others in shared experiences.

In the Western societies, voluntary action finds its expression typically in an organization, a formal and relatively easy to measure manifestation of collective action. Voluntary action in India, however, does not always take the form of an organization. Many of our charitable customs are individual in their essence; for instance, the tradition of *madhukari* which frees Brahmin students from the trouble of obtaining two square meals a day. The custom of *ramroti* to feed the *sadhus* is another non-organized type of voluntary activity. While highlighting the non-organized nature of the activity, these customs also point to the caste-based character of philanthropy in India.

Like other religious traditions, Hindu traditions also nurture charitable action, although mainly as a religious ritual and within a narrowly defined religious space. The Hindu belief system cherishes service to others, esteems sacrifice and places the highest value on renunciation.[17] The Gita's prescription is to act with no expectation of reward. These values and beliefs promote voluntarism. However, some other Hindu norms, beliefs and practices tend to restrict it. Among them are an emphasis on 'the life hereafter' instead of 'the life herein'; the view that this world is an illusion (*maya*); and the conviction that one's lot in this life is the result of one's deeds in a previous life (*karma*). These beliefs tend to downplay the virtues of charity and compassion.

Equally relevant is the kind of importance attached to benevolence by a Hindu priest. He may coax the faithful to give money to restore

a shrine, but he is unlikely to urge them to donate money to help the indigent. His role is more of an expert, guiding the common man in his search for his own salvation through the labyrinth of rituals, while showing the spiritual path only to the more sophisticated. Finally, there is little incentive to be philanthropic to 'strangers' in the name of religion because Hinduism is non-proselytizing in nature.

And yet, charity flourishes in India. It is limited, however, by the Hindu world-view in three ways. First, it would seem that charitable acts are usually performed with the intention of discharging one's obligation towards a departed kinsman or to fulfil promises made to a deity. For example, a man may donate money to an orphanage so that his deceased father's soul may rest in peace or because he has taken a vow to do so.

Second, charity is confined to the religious space; it does not readily expand into the wider, secular space. For instance, going on pilgrimage is important for a traditional Hindu. Therefore, temples and shrines have to be kept in good repair and basic amenities provided to the devotees. It is customary for pious, wealthy families to build dormitories for the pilgrims and provide for their upkeep. Households with more modest means also offer their mite towards the same. Anecdotal evidence indicates that this type of activity dominates philanthropy in India.

Third, when not occurring as a religious ritual or in the religious space, charity takes place in the confines of kinship groups, since Indian cultural norms impose an obligation to tend to the needs of fellow-members of primordial groups such as the extended family and the caste.

Thus, on the one hand, the Hindu belief-system stresses the precedence of society over the State and encourages voluntary action. On the other hand, it restricts its expression to certain channels. It is hardly surprising, therefore, that Hindu traditions are not indicated as providing ideological roots for voluntary action, although Gandhi, Marx, Jesus, and Mohammad are.[18]

Given the limited role of religion in inducing organized voluntary action, the source of inspiration for proliferating voluntary associations must be sought elsewhere. Gandhi's influence, the ideology of the Left, and the perception of system failure suggest themselves as alternative sources.

Gandhi's Influence

The concept embodying the precedence of society over State was strongly reinforced by Gandhiji's distrust of formal power, and was an integral component of both his vision of future India and the path he recommended for realizing that vision. He never held an official party or government position; his renunciation of power bolstered the anti-power orientation that characterized Indian political culture in the early years after Independence.[19]

Second, Gandhiji believed that with Independence, the Congress party had outlived its utility 'as a propaganda vehicle and a parliamentary machine'. He urged Congress members to leave politics for 'constructive work' which he considered more important.[20] Constructive work does not separate issues of material well-being from those of spiritual well-being; it stresses social and cultural regeneration of the individuals as well as of society as a whole.[21] Gandhiji exhorted Congress members to abjure power and dedicate themselves to pure selfless service to others. He suggested that constructive workers should not aim at entering Parliament, but should work to keep Parliament under check by educating and guiding voters.[22] He called on the Congress party to turn itself into a Lok Sevak Sangh.

His call to the Congress party to disband as a political party went largely unheeded, but scores of his followers pledged themselves to a life of constructive work and austerity. Although very few combined the missionary zeal with a complete indifference to their own well-being as did Vinoba Bhave, several hundred men and women founded groups and organizations to serve the poor while adopting Spartan life-styles themselves.

Since nationalist mobilization and the inculcation of Gandhian values had their deepest impact in Gujarat, the state ended up having a high concentration of Gandhian social workers and village-based reform projects.[23] These projects are run by voluntary organizations with those Gandhians and erstwhile Congress party workers who could not or refused to find a place either in the party or in the government.[24]

Ideology of the Left

The second important source of voluntarism lies in the ideology of the Left. Even before Independence, the growing hegemony of the centrist faction in the Congress party had brought into open the ideological splits within the party. Consequently, some leftist factions in the Congress party established themselves as independent political parties and began mobilizing and organizing people.[25] Later on, party workers, especially of the Communist party, became disenchanted with the party since it had resolved to function within the framework of parliamentary democracy and competitive electoral politics, attenuating its goals, strategies and tactics. Frustrated as the party workers were by these constraints, they were utterly disillusioned when they found that the party had failed to perform even this circumscribed role effectively.[26] Consequently, many party workers severed their party connections and began to work independently in voluntary organizations.

System Failure

In the 1960s and 1970s, a mood of disenchantment set in. Both the official planning system and the market economy had failed to make a significant dent in India's problems of poverty and inequality. This gave rise to scepticism about the ability of the institutional structures of democracy—legislatures, parties, unions, panchayats—to address the problems and needs of the poor. Formulated policies were not suitable enough to reduce poverty and inequality, and when they were, they were not implemented effectively.[27] The government-sponsored model of development was seen as having failed to deliver benefits to the poor, and the formal political establishment had lost its legitimacy.

More specifically, the Congress party, a dominant, long-standing institution epitomizing democratic processes and norms, was crumbling.[28] The deterioration of the Congress party disturbed the precarious balance that the 'Congress Party System' had maintained by accommodating diverse claims on the limited resources of the State.[29] This decline in intermediate structures created a void in the

process of political mediation between State and society. To fill the vacuum, 'a new class of social mediators' arose which led local protests and civil rights movements.[30] Thousands of urban, well-educated young men and women, averse to electoral politics, swelled the ranks of activists founding or joining voluntary organizations.[31]

Other Facilitating Factors

If voluntarism was inspired by religion and political ideology, commitment to normative pluralism facilitated its growth. National elites, already steeped in the indigenous cultural conception of society as autonomous of the State, readily embraced normative pluralism. Their commitment has been manifested in several ways. Formally, the Constitution guarantees the right to form organizations to Indian citizens. In addition to this legal provision, certain practices and norms were developed which promoted voluntary organizations.

First, from the very outset Indian policy-makers had developed a tradition of consulting societal elites and groups. Representative committees were created to secure opinions from various groups in society, and their views were solicited in formulating major domestic policies, even as a centrally planned model of development was adopted.[32]

Second, voluntary organizations were involved not only in formulating policies, but their help was also sought in implementing programmes. The Planning Commission itself had realized at the outset that the task of development was so large and so complex that the State alone would not be able to accomplish it. Accordingly, the very First Five-Year Plan document had carried a plea to voluntary organizations to become involved in the task of development, mainly by implementing government programmes. Appropriate financial provisions were also made for them. Beginning with an allocation of Rs 4 crore (1 crore = 10,000,000) in the First Plan, the voluntary sector has been receiving increasing amounts of public funds. In the first three plans the total subsidy, in cash and services, was equivalent to Rs 180 crores; in the Seventh and Eighth Plans it rose to Rs 200 and Rs 750 crore respectively.[33]

Finally, the stance of international aid agencies, an extraneous factor, has also played a conducive role. In the 1970s, the philosophy and

strategy of the international development community began to change. Foreign aid donors started to focus their attention on voluntary organizations as supplementary delivery vehicles for development. They began to channel large amounts of developmental aid to those organizations which worked directly for the poor instead of for the governments. This access to financial resources led to mushrooming of voluntary organizations. Thus, a constellation of events and trends gave an impetus to men and women to establish voluntary associations.

Theories of Origin

Whereas the contextual factors explain the genesis of voluntary organizations in particular societies at specific time-periods, theories of the origins of voluntary associations help explain this phenomenon on a different plane.

Western scholars have put forward several theories regarding the origins of the voluntary sector. The disciplines from which they emanate range from economics and political economy to sociology, political science and anthropology. The theories are partial in that they are not incompatible with one another.

The contract failure theory, an economic theory, explains why particular kinds of goods are produced by voluntary rather than by the private sector. It argues that when consumers feel unable to evaluate accurately the adequacy or quality of the goods, they choose voluntary organizations as suppliers rather than profit-making firms. Consumers distrust for-profit firms for such goods because the manager of a for-profit firm may supply inferior quality goods and pocket the additional earnings thus made. The opportunity to do so does not exist for managers of non-profit concerns as they are forbidden by law from garnering the extra profit.[34] An enlightened consumer thus protects his interests by sponsoring voluntary associations.

The theory as it is formulated does not appear applicable to the Indian situation since in India most voluntary organizations are set up to meet the needs of the vulnerable and those who cannot protect their interests, and to deliver merit goods. A modern welfare state is expected to provide them, but India has failed to do so. The reasons for failure are many: First, the State lacks resources. Therefore,

voluntary associations frequently supplement the supply of such goods, e.g., health care. Second, often, negligent public servants fail to perform their duty, even when they have no material gains to derive from this. Of course, there are corrupt officials who can and do subvert enacted policies and reap unauthorized profits from them. In either case, those who are too weak to assert their rights are left out. Third, the weak and the vulnerable often do not know how to access merit goods; sometimes they even have to be convinced of their benefits. These are the tasks that typically a voluntary organization is capable of, and predisposed to, performing. A vast majority of Indian voluntary associations are set up by the organizers to address this shortcoming of the public system.

The second economic theory, the subsidy theory, argues that non-profit organizations benefit from a variety of implicit and explicit subsidies, such as exemption from taxes. Thus, once set up, a part of the financial burden shifts to the government, a prospect which acts as an incentive for setting up a voluntary association.[35]

The theory seems particularly applicable to the Indian situation since voluntary organizations here often obtain even their initial funds either from the government or foreign funding agencies. This theory explains the phenomenal growth in the number of voluntary organizations as a result of the abundant availability of funds, both foreign and domestic (mainly governmental), which began to characterize the voluntary scene from the late 1960s onwards.

The exchange theory offers yet another way of understanding voluntary associations. It views a voluntary association as a benefit exchange: the group organizer offers a set of benefits to the members and receives benefits in return. To join and continue as a member, one may have to pay a subscription, attend meetings, etc. These are the costs a member has to bear to receive the benefits. The organizer, on his part, has to devote time and energy to recruit members and to obtain and deliver benefits to retain them. The organizer's benefits may take the form of fulfilment of much-cherished goals or monetary compensation. The benefits that either party receives could be material, solidary, or purposive.[36] This theory conceives of the organizer as a political entrepreneur. In exchange, the leaders receive returns (i.e., profits). Only a mutually satisfactory exchange—an adequate flow of benefits both to members and organizers—can sustain the organization. The organizer must earn sufficient returns in the form of

membership support to enable him to continue his work of providing the benefits.[37] When benefits or profits diminish or disappear the organization weakens or closes down. This theory offers a framework for understanding why some organizations thrive and others wither away. The benefit exchange perspective also affords a more balanced view of organization and particularly of the organizer (entrepreneur): he needs to be seen neither as a pure altruist nor as a crass opportunist, but rather as a rational person. These theories lend a fresh perspective on voluntary associations.

Activities[38]

Not only the origins of voluntary organizations, but also their activities can be seen in a new way. Many typologies of voluntary associations have been developed, and the proposed typology makes no radical departure from them.[39] It differs from them only in emphasizing the political activities of voluntary associations.[40]

The activities can be considered under three heads: developmental, political and catalytic. Developmental activities aim at the poor directly. They comprise the delivery of a wide range of services and take various forms. Voluntary organizations may (*a*) actually deliver the benefits; (*b*) they may act as a bridge, providing information about relevant government schemes to the poor; or (*c*) they may help target groups meet procedural requirements so that the poor may 'reach up and pull down to them the benefits of development'. For example, a voluntary organization may seek to have all eligible children living in an urban slum inoculated with the triple antigen. In pursuit of this goal, the organization may set up a clinic in the slum; it may inform the parents in the area about the municipal clinic that immunizes children and facilitate their visit to the clinic; or it may help parents fill out a form and obtain the child's birth certificate, which may be required to qualify for inoculations.

Voluntary associations also perform the role of a catalyst.[41] A catalytic activity aims to influence the public in a way which the voluntary organization expects will initiate action. As a catalytic activity, a voluntary organization may launch a public campaign to disseminate information. For instance, it can publish statistics on deaths of children who were not inoculated with the triple antigen with a view to move

the public to action. The concerned public may decide to raise resources to start an immunization programme or persuade the government to do the same.

Political activities, on the other hand, are directed at a governmental authority. The aim is to persuade the authority to take action to create such conditions as would improve the lot of the poor. When a voluntary organization convinces the municipal health department, a public authority, to launch a scheme to inoculate children in city slums, it is engaging in political action.

Political activities are important because they attempt to bring about changes at the policy level. If implemented effectively, the policy-level action can have far-reaching consequences since it encompasses all who fall in the defined category. For instance, if an organization succeeds in persuading government to fix a minimum wage for the readymade garment workers, all workers in the occupational category will avail of the benefit, whether they are members of the said organization or not. On the other hand, if the organization successfully negotiates with the employers to pay higher wages to its members, its members will benefit, but not all readymade garment workers. Organizational members would normally form only a part of a much larger occupational category of readymade garment makers. Thus, if a voluntary organization engages in a policy-influencing exercise, it can have an impact well beyond its members, transcending its usual, local sphere of influence. This is possible, and indeed inevitable, because when a policy is formulated it holds good for the entire category (in this instance an occupational category) as defined in the policy.

Developmental, catalytic and political activities are not mutually exclusive, and most voluntary organizations pursue some combination of all three, often in conjunction with each other or as a series of successive steps. However, both voluntary associations themselves and the researchers have shied away from focussing exclusively on political activities.

Conclusion

To recapitulate, after the introductory remarks concerning the literature on this topic, this chapter discussed the contextual factors influencing

the emergence of voluntary organizations in India. It then reviewed some major theories of the origins of voluntary organizations and their applicability to the Indian situation. Finally, it presented a framework for classifying activities of voluntary organizations with a view to underscoring the importance of their political activities. It has, in this way, indicated the issues which can, and ought, to be explored.

Marx was in despair because everyone was trying so hard to interpret the world, when the point, according to him, was to change it.[42] One could stand his comment on its head: voluntary organizations are so busy transforming the world that it is time academicians made efforts to understand and interpret them!

Endnotes

1. The terms institution, association, group and organization are used interchangeably, as also the terms voluntary, non-profit, and independent when used as adjectives for the organizations.
2. 'Goods' include services, as far as this chapter is concerned.
3. Ram A. Canaan, Felice D. Perlmutter and Chul-Hee Kang, 'Voluntary associations: Societal variations in response to human needs', paper presented at the Third International Conference of Research on Voluntary and Nonprofit Organizations, Indianapolis, 11–13 March 1991, p. 1.
4. D.L. Sheth and Harsh Sethi, 'The NGO sector in India: Historical context and current discourse', *Voluntas* 2, 1991, p. 51.
5. For instance, Arthur Bonner, a journalist, presents a record of selected voluntary associations in his *Averting the Apocalypse: Social Movements in India Today* (Durham: Duke University Press, 1990). He has devoted a page or two to each organization. Although Pandey's study (Shashi Ranjan Pandey, *Community Action for Social Justice: Grassroots Organizations in India.* New Delhi: Sage, 1991) is based on his doctoral dissertation, it ends up as an impressionistic account, as he has examined 17 organizations in a slim volume of less than 300 pages.
6. See, for instance, Ghanshyam Shah and H.R. Chaturvedi, *Gandhian Approach to Rural Development: The Valod Experiment* (New Delhi: Ajanta, 1983). Also, Vanita Viswanath, *Nongovernmental Organizations and Women's Development in South Asia: A Comparative Analysis* (Boulder, CO: Westview Press, 1991).
7. Some instances of the third category are: Harsh Sethi, 'Whither voluntary action?' *Seminar,* May, 1985, pp 18–23; Harsh Sethi, 'Groups in a new politics of transformation', *Economic and Political Weekly* 19, 1984, pp 305–16; Harsh Sethi, 'The immoral others: The debate between party and non-party groups', *Economic*

and Political Weekly 20, 1984, pp 378–80; D.L. Sheth, 'Grass-roots stirring and the future of politics', *Alternatives* 9, 1983/4, pp 1–24; D.L. Sheth, 'Grass-roots initiatives in India', *Economic and Political Weekly* 19, 1984, pp 259–62; D.L. Sheth, 'Alternative development as political practice', *Alternatives* 12, 1987, pp 155–71.

8. Smitu Kothari, 'Social movements and the redefinition of democracy' in Philip Oldenburg (ed.), *India Briefing, 1993* (Boulder, CO: Westview Press, 1993), p. 142.

9. Pandey, *Community Action*, n.5, pp 249–50.

10. S.L. Sharma, 'Social action groups as harbingers of silent revolution', *Economic and Political Weekly* 27, 1992, pp 2557–61.

11. Prakash Karat, 'Action groups/voluntary organisations: A factor in imperialist strategy', *The Marxist,* April–June, 1984, pp 19–54.

12. *Indian Journal of Public Administration,* Special Number on 'Voluntary Organisations and Development: Their Role', July–September, 1987.

13. The discussion on contextual factors draws heavily from Rohini Patel, 'The pressure group role of voluntary associations: A case study of the Ahmedabad Women's Action Group and the Self-Employed Women's Association', unpublished Ph.D. dissertation, Pennsylvania State University, 1995.

14. Myron Weiner, 'The Indian paradox: Violent social conflict and democratic politics' in S.N. Eisenstadt (ed.), *Democracy and Modernity* (Leiden: E.J. Brill, 1991), pp 69–85.

15. It makes little difference to our discussion whether Hinduism is thought of as a religion, a philosophy, a way of life, or a set of cultural norms and beliefs.

16. The *Oxford English Dictionary* (Oxford: Clarendon, 1989), p. 754.

17. K.M. Sen, *Hinduism* (Baltimore: Penguin Books, 1961), pp 23–24.

18. Devaki Jain, 'Voluntary agencies and their role', *Indian Express* (New Delhi), 1 July 1985.

19. Myron Weiner, 'Struggle against power: Notes on Indian political behaviour', *World Politics* 7, 1956, pp 393–96.

20. Robert L. Hardgrave, Jr. and Stanley A. Kochanek, *India: Government and Politics in a Developing Nation* (San Diego: Harcourt Brace Jovanovich Publishers, 1986), p. 52.

21. Sheth and Sethi, 'The NGO Sector', n. 4.

22. Bharat Jhunjhunwala, 'Voluntary work as countervailing power', *Economic and Political Weekly* 21, 1986, p. 599.

23. John R. Wood, 'Extra-parliamentary opposition in India: An analysis of populist agitations in Gujarat and Bihar', *Pacific Affairs* 48, 1975, p. 327.

24. Rajni Kothari, 'NGOs, the state and world capitalism', *Economic and Political Weekly* 21, 1986, p. 2178.

25. Sheth and Sethi, 'The NGO Sector', n. 4, p. 52.

26. Harsh Sethi, 'Groups in a new politics of transformation', n. 7.

27. Sheth and Sethi, 'The NGO Sector', n. 4, p. 50.

28. Leslie J. Calman, *Toward Empowerment: Women and Movement Politics in India* (Boulder, CO: Westview, 1992), pp 21–46.

29. Amrita Basu, *Two Faces of Protest: Contrasting Modes of Women's Activism in India* (Berkeley: University of California Press, 1992), p. 16.

30. Subrata Kumar Mitra, 'Crisis and resilience in Indian Democracy', *International Social Science Journal* 43, 1991, p. 565.

31. It must not be overlooked that they were unable to find employment in the public or the private sector.
32. Stanley A. Kochanek, *Business and Politics in India* (Berkeley: University of California Press, 1974), p. 64.
33. Dinesh Shah, 'Voluntary agencies in the seventh plan', *Voluntary Action* 27, nos 9–10, 1985, p. 259.
34. H. Hansmann, 'The role of non-profit enterprise', *Yale Law Journal* 89, 1979–80, pp 835–901.
35. E. Fama and M. Jensen, 'Separation of ownership and control', *Journal of Law and Economics* 26,1994, pp 301–26.
36. Material benefits are the tangible rewards of goods and services or the means, such as jobs or skill upgradation, by which goods and services may be obtained. Solidary benefits are those which are experienced directly and within the self such as socializing, congeniality and the sense of group membership. Purposive benefits are the goals of the organization or group which transcend personal goals (Peter B. Clark and James Q. Wilson, 'Incentive systems: A theory of organizations', *Administrative Science Quarterly* 6, 1961, pp 129–66.
37. Robert Salisbury, 'An exchange theory of interest groups', *Midwest Journal of Political Science* 13, 1, 1969, pp 1–32.
38. The discussion on the activities is based on Patel, 'The Pressure Group Role', n. 13.
39. John Clark, *Democratizing Development: The Role of Voluntary Organizations* (London: Earthscan Publications, 1991); David C. Korten, 'Third generation NGO strategies: A key to people-centered development', *World Development* 15, 1987, pp 145–59; Korten, 'The role of nongovernmental organizations in development: Changing patterns and perspectives' in Samuel Paul and Arturo Israel (eds), *Non-governmental Organizations and the World Bank: Cooperation for Development* (Washington, D.C.: The World Bank, 1991); Harsh Sethi, 'Groups in a new politics of transformation', n. 14, pp 305–16.
40. Two outstanding exceptions are: Philip Eldridge, 'The political role of community action groups in India and Indonesia: In search of a general theory', *Alternatives* 10, 1984/5, pp 401–34 and David C. Korten, 'Micro-policy reforms: The role of private voluntary agencies', working paper no. 12, The National Association of Schools of Public Administration, Washington, D.C., 1986.
41. The term 'catalyst' has been used in two different senses. Terry Alliband (1983) uses it to refer to the dispensability of the organization. Once a change is initiated, the organizer, who is almost always an 'outsider', withdraws from the group to avoid fostering dependency. The agent is only a catalyst for change. Alternatively, the term refers to the mediating role voluntary associations play between the State and the people, creating inter-linkages between the two by facilitating the two-way flow of information, know-how, and understanding. This is how Kishore Saint (1974) defines the role of voluntary association. My usage of the term departs from both.
42. Karl Marx, 'Theses on Feuerbach' in Eugene Kamenka (ed.), *The Portable Karl Marx* (New York: Viking, 1983), p. 158.

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III

Rural Development through People's Mobilization: A Case Study of Ralegan Siddhi

Ramesh Awasthi

Introduction

Ralegan Siddhi, a village with a population of about 2,000 in the drought-prone Parner *taluka* of Ahmednagar district, Maharashtra, has of late attracted significant public attention and media publicity as a model village. The village, located off the Pune–Ahmednagar road, about 75 kms from Pune, has undergone remarkable transformation in the last two decades under the leadership of Anna Hazare, a local resident. The success of Anna Hazare in shaping the development of Ralegan has raised hopes, but also many questions. It is not investment alone or the faithful implementation of government programmes that has made Ralegan an outstanding phenomenon. Social development towards an ethical and egalitarian society has preceded as well as accompanied economic development in Ralegan, giving it a special place on the development scene.

A Devastated Village in 1975

The cities and villages of India form two different worlds. The villages are still marked by outmoded technology, deep-rooted superstition, poverty, unemployment, malnutrition, ill-health and the socio-cultural environment of India's feudal past. Recurring droughts have degraded the land. The avenues of secondary employment have hardly grown. It has led to marginalization of the poor and increased migration to cities. A large number of rural families cannot survive without sending at least one member of the family to work in the city.

Ralegan Siddhi was one of the worst victims of this process. Soil erosion, falling water table and scanty rainfall had dragged Ralegan into a recurring cycle of drought. Many people took to distilling illicit liquor; there were 40 illicit distilling stills in the village in 1975. Most families lived in a state of absolute poverty. Impoverishment of the villagers, bullying by the vested interests, and alcoholism had so vitiated social life that no one from the neighbouring villages would marry their daughter to an eligible bachelor from Ralegan.

The Process of Change Begins

When Anna Hazare started his work in 1975, he did not have any specialized education or expertise in development issues. His selfless leadership and moral appeal mobilized the village youth. Other people in the village also came around in course of time. The critical factor in Ralegan's success have been the people of the village themselves. Some of the most remarkable aspects of Ralegan's overall development merit a careful look:

(a) There have been no significant financial or managerial inputs from any industrial house, charitable institutions, or foreign funding agencies. As a principle, the people of Ralegan do not accept donations. The entire development effort has been financed through government loans and assistance which can also be available to any other village. The mobilization of local people, their voluntary contribution of physical labour (*shramdaan*) as

well as local ingenuity in adopting and implementing development schemes have been exemplary.

(b) A strengthening of the moral fabric of the village and bringing the people together were considered necessary before undertaking any development effort. Anna Hazare felt that individual morality and moral reconstruction of the village community were essential for laying the foundations of any socio-economic development. He derived morality from religion, but without orthodoxy and superstition.

Regular prayers, chanting of hymns and *bhajans*, reading of scriptures and lectures on spirituality and morality have now become part of the daily routine of schools. Religious songs and talks are also broadcast from the public address system installed in the temple. Their is a ban on non-vegetarian food and smoking, which are presumed to arouse evil thoughts. Listening to film songs and watching films or dance sequences from them on television are also prohibited activities.

Such emotional unity has been achieved in the village largely through the renovation of the village temple. The temple in Ralegan, constructed many years earlier in memory of a saint Yadav Baba (considered a god in the village), who preached and also breathed his last in Ralegan, had been in a dilapidated state. Anna started the reconstruction of the temple with Rs 20,000 from his provident fund and gratuity. The deeply-moved villagers contributed Rs 90,000 in cash and kind. The youth group supervised the construction work.

The villagers gave priority to the integration of harijans and other lower castes into the village community. This transformed the village into a united force and provided a unique foundation for undertaking development programmes.

(c) The guiding principle of economic development in Ralegan has been: 'growth with equity'. Special attention has been paid to the eradication of social discrimination and the achievement of greater economic equality by implementing special economic programmes for lower income groups. All sections of the village saw a stake in the development programmes because they knew that the gains would be distributed equitably without discrimination. The village decided that 50 per cent of the surplus generated by the development scheme should go to the beneficiaries, 25 per cent to repay-

ment of loans, and the remaining 25 per cent to a village fund or reserve capital for future community benefit programmes.

(d) *Shramdaan* was an essential component (worth Rs 30 for a government grant of Rs 100) in the implementation of every programme in the village. For digging a well, construction of check dams, planting of trees, or building a hostel for the outstation students, one adult from every household contributed his or her labour to the project without any wage. As a result, the government grants for these schemes were utilized with 130 per cent results, whereas elsewhere in India, 30 to 85 per cent of the grants commonly leak out or are misappropriated for personal benefit.

The Development Process

The entire development programme in Ralegan was charted out by the people themselves. Local ingenuity, people's understanding of the roots of the problems, their oppenness to ideas from all sources, Anna's honesty and attitude of a hard taskmaster, and above all, the collective response of the people in taking up and implementing various schemes, brought about the overall transformation. The process of transformation in Ralegan, therefore, does not fit into any textbook model of development.

According to the Gandhian perspective, change should begin with the individual. If the individuals change, the village will change; if the villages change, so will the country. The development approach followed in Ralegan Siddhi confirms the validity of this dictum. Abstention from alcohol was considered a basic step towards creating a new sense of social responsibility and the growth of the spirit of development.

The concept of personal morality has been drawn chiefly from Hinduism. The oath to give up drinking is taken at the temple. All disputes are also settled at the temple, because people believe that no one will lie there. Anna went on fast against corruption in the state, once at Alandi, outside the famous Sant Dhyaneshwar temple, and twice in the temple at Ralegan.

Normally, religion-based personal morality does not go beyond one's personal life. If it does, it takes the form of charity or philanthropy.

A person can continue to build up his wealth and amass riches by exploiting others and still feel self-righteous by undertaking a work or two of charity. In Ralegan, however, personal and social morality have been interlinked to a broader vision encompassing social equality and egalitarian distribution of the benefits of growth.

In economic development programmes, socialization of costs and of benefits or surpluses are two outstanding features. The *shramdaan* socializes the project costs and develops among the people a sense of ownership of the project because of their contribution in creating it; therefore, they maintain it well. *Shramdaan* also reduces the financial costs and the burden of bank loans to be repaid. As a result, the surplus accrues much faster. The village ensures that all the village households get some benefits, directly as well as indirectly from the community projects.

The practice of untouchability and discrimination on the basis of caste or wealth have been banished from social life. Special attention has been paid to the development of the deprived sections of society, so that inequality is reduced. It is a remarkable example of social morality that the better-off farmers were involved in cultivating the lands of harijans to free them from the debt trap. Hence, despite rapid economic development, disparities within Ralegan have decreased, not widened.

Anna Hazare's Moral Leadership

Though the people of Ralegan deserve the credit, duly attributed to them by Anna Hazare himself, the importance of leadership in Ralegan's success should not be understated. Today Anna has become a charismatic leader. The bureaucracy and the politicians fully support all the schemes suggested by him. The people of Ralegan, however, had accepted his leadership long before he won recognition outside.

Anna could not boast of a celebrated ancestry or a distinguished past to serve as a pedestal to launch him into a leadership role. He did not go to the people with a political agenda or with promises of economic benefits. He did not mobilize people by distributing personal favours through his contacts with persons in power. Anna's leadership is 'moral'. Ralegan's example has shown that moral

leadership works with the people even 50 years after the death of Mahatma Gandhi. Sacrifice has always been highly valued in Hindu philosophy. It established the moral authority of a person.

Renunciation of worldly desires and aspirations has been considered the only way to achieve *moksha* (salvation) in the Hindu scriptures. Anna's renunciation of his money, land, property and family attachments (including a decision not to marry) for the common good has made him an outstanding leader in the village. People's faith that all his actions are directed towards people's interest has made him a near-saint. His opponents could not stand up to him. Moral leadership also has the advantage of bringing out the best in ordinary people.

Over the years, Anna has tried to build a second line of leadership in the village. He has also started training programmes for young workers from different villages. He insists that, as far as possible, these workers should remain unmarried (although of late he has softened his stand on this point). To ensure that the anxiety of a worker about his livelihood does not in any way affect the implementation of the project, Anna arranges for a fixed deposit of around Rs 40,000–50,000 in the name of a selfless worker, who then devotes himself fully to village development work. An effort is thereby made to inculcate a sense of sacrifice and morality in the leaders to be.

The people of Ralegan are not blind followers of Anna. Every new scheme is thoroughly discussed in village meetings. Pros and cons are considered. The procedure of implementation and code of conduct are decided upon. A separate committee is selected by the people to look after the implementation of each programme. Involvement of people in every programme is exemplary. The local *gram sevak*[1], *talati*[2], school teacher and youth explain the details of various programmes to the visitors.

Development with Equity

In India, the poor are deprived in every way, socially, economically, politically and culturally, with a limited access to information, education, skills and health. As a result, they lack initiative, self-confidence, and leadership for change. Government programmes for the poor are either diverted by the bureaucracy (in collusion with the rural leader-

ship) to benefit the rich, or they remain only on paper. The money allocated for anti-poverty programmes is either diverted or the grant is allowed to lapse. As a result, the poor have lost faith in government programmes and do not have any stake even in village development activities.

In Ralegan Siddhi, the people made sure that the benefits of development reached the poor first. They broke the age-old barriers and, consequently, the poor too acquired a stake in the development of the village. The result was the participation of the poor in the development process with renewed energy. Mobilization of this energy has contributed to the rapid and integrated development of Ralegan Siddhi.

According to a survey of Ralegan conducted by its *gram sevak* in 1986, 41 dalit families lived in the village (including Mahars, Chamars, Matangs, Nhavi, Bharhadi and Sutar). Five of these families were landless. Mahars, Chamars and Matangs are the three lowest castes in the Hindu caste ladder. Untouchability in many forms did exist in Ralegan earlier. The dalits were not allowed to enter the temple. They were given water from the well but not allowed to participate in community functions and marriages. During community lunches, they had to sit separately and were served last.

On Anna Hazare's initiative, the people of Ralegan decided to remove both social and economic disparities. The dalits now participate in all social functions. Their marriages are held as part of a community marriage programme together with those of other castes. As members of the Tarun Mandal (youth association), Mahila Mandal and the *gram* panchayat, the harijans are part of the team cooking or serving food in community lunches, even to the higher castes. Once, even the *Satyanarayan puja* (a long prayer to Truth seen as a god) in a local temple was performed by a dalit. These activities have helped to remove the social barriers between the dalits and other castes.

Effort for the economic uplift of dalits has taken an interesting form. In 1972, the dalit families had jointly borrowed Rs 22,500 from the Ahmednagar Bank for bringing their land under irrigation. They dug a well and laid pipelines to their fields with this money. A few years later, because of some internal discord, the electricity bills were not paid; nor was the repayment schedule of the bank loan honoured. As a result, the bank decided to recover the arrears (loan and interest totalling about Rs 75,000) by auctioning their land.

Anna Hazare intervened and on his advice, the Tarun Mandal took the responsibility of cultivating the land on lease for 10 years and repaying the loans. The bank officials agreed to allow a grace period. The Tarun Mandal paid off the loans in just three years through collective farming. Later, a part of the land was brought under farm-forestry by planting *subabul* (lucena) trees, which yielded fodder and firewood. During the lease period, the dalit owners received 25 per cent of the produce and after the end of the lease, the land was returned to them.

In all other economic programmes also, the oppressed caste persons were chosen to be the first beneficiaries. Twenty-five women bought cows and/or goats with government subsidy and bank loans and became members of a cooperative society. Wells used by the dalits were repaired or deepened with government grants and a cooperative society was registered for sharing the water. A community centre with an electricity connection was built, landless families were given land (five acres each), and nine houses were constructed with an NREP (National Rural Employment Programme) grant. As in any other village in India, dalit houses in Ralegan were also located on the outskirts of the village. The new houses were built in the centre of the village, next to the temple. The villagers contributed their labour for the construction of the houses, all of which have an electricity connection and a smokeless *chulhà* (oven). Dalits have also benefited from subsidies and loans for sewing machines, irrigation pumps, *gobar* (dung) gas plants, common toilets and bathrooms, and free text-books, notebooks and uniforms for the school children. Seventeen families are members of the lift irrigation schemes on Krishna river.

The only barber in the village received training in poultry farming, and with a bank loan of Rs 9,000, he was able to start a poultry farm as an additional source of income. With bank assistance, three carpenter families received loans to buy cows, one of them dug a well and bought a pumpset and another opened a grocery shop. The people of Ralegan have demonstrated that development with equity is real development.

Economic Growth through Watershed Development

Ralegan is located in a drought-prone zone in a rain-shadow area with erratic rainfall fluctuating between 200 and 850 mm per year.

According to the 1971 Census, only 55 acres of land were irrigated. During that period, most of the rainwater was wasted as run-off water; it also removed the valuable top soil and lowered the productivity of cultivable land. The older generation of Ralegan recollects the existence of a lot of green bushy vegetation on the hill slopes. By the 1970s, however, it had disappeared and no soil conservation measures had been undertaken. The villagers used to construct small mud *bandharas* (check dams) across the *nallahs* (streams) to divert the water to irrigate their fields. But there was no water-harvesting effort as such. Most of the wells used to go dry by December or January. A few wells barely met the drinking water requirements of the people.

When Anna Hazare started his work in Ralegan in 1975, the importance of water harvesting was recognized. Anna and his Tarun Mandal volunteers supervised every programme to ensure the quality of work and observance of construction standards, to maximize benefits and minimize waste. Seeing the enthusiasm of the people, the then collector of Ahmednagar district announced COWDEP (Comprehensive Wasteland Development Programme) for Ralegan, and the agriculture department selected it for the *Krishi Pandhari* (farm training and visits) scheme as a corollary to the COWDEP. Soil conservation and social forestry departments also joined in to strengthen the soil conservation and watershed development efforts.

The strategy was to check the run-off water by contour bunding and constructing check-dams to hold the water within the watershed area. Land shaping and grading were strengthened through massive tree plantation and pasture development programmes. About 300,000 trees were planted by 1986—on the roadside, on bunds of check-dams, on boundaries of individual fields, on community lands, waste-lands, and on the barren hills which surround Ralegan.

Ralegan has implemented the idea of 'social fencing' for the protection of trees. Recognizing the critical importance of trees to overcome the cycle of environmental degradation and drought, the villagers banned open grazing by cattle. A couple of households initially resisted and flouted the ban; but Anna Hazare and some members of the Tarun Mandal went on a 'fast' and, as a result, the deviant families yielded to the collective will of the people.

Utilization of Harvested Water

According to Anna Hazare, it is not the water in the fields that brings true development; rather, it is water in the eyes, or compassion for fellow beings, that brings about real development. Therefore, water resources created through community effort were shared by the people through water supply cooperatives. To supplement this effort, a lift irrigation scheme was taken up in 1986, under which water from the nearby Kukdi canal was lifted to irrigate another 500 acres. For all the irrigation schemes, the beneficiaries provided the labour as *shramdaan*. The Bank of Maharashtra provided the loans.

When the villages around Ralegan faced an acute shortage of fodder, the people demonstrated a unique sense of social commitment by growing more fodder (instead of cash crops) and supplying it to the neighbouring villages at prices below the market rates. Within Ralegan, all the families, which have benefited from the extension of irrigation, contribute 25 per cent of their increased incomes to other community-based projects to share the gains. The villagers have also contributed cash to rehabilitate farmers whose land was acquired to construct the Kukdi canal and the feeder dam.

Drinking Water and Agricultural Production

Before watershed development, people had to walk 2–3 kms to fetch water. Now after watershed development, several bore-wells have been dug in different parts of the village. No one has to walk a long distance for water and there is no crowding for drinking water.

About 700 acres of land were brought under well irrigation. Another 500 acres are irrigated through a lift irrigation scheme on the Kukdi canal. The farmers now grow high-yield varieties of their crops and the cropping pattern of the village has changed. Rain-fed *kharif*-season *bajra* has been replaced with high-yield *bajra,* thanks to assured irrigation. Irrigation has also increased oilseed production without any substantial increase in the area under oilseeds. The area under irrigated *jowar;* wheat and oilseed crops and the production of vegetables during *rabi* season have grown substantially. Vegetables of Ralegan find a ready market in Pune and Mumbai.

Milk Production and the Grain Bank

Cattle wealth of the village has been improved through artificial insemination, timely guidance and help of the veterinary surgeon, and the purchase of new breeds of cattle. With an increase in milk output, promoted as a secondary activity, *balwadi* children in Ralegan and in Pimpalner (a neighbouring village), are given some milk under the child nutrition programme sponsored by the *zilla parishad*.

With its surplus, the milk cooperative society has purchased a mini-truck and a thresher. The truck takes milk to Ahmednagar, and also transports vegetables and other produce directly to the market, thus eliminating intermediaries. The thresher is rented out to the farmers during the harvesting season.

A grain bank, operated with the small contributions made by farmers with a surplus to donate, supplies subsidized foodgrains to the farmers in need. It also prevents distress sale of grain after the harvest and its subsequent purchase at a higher price during the lean season.

Utilization of Economic Gains and Social Development

Like most villagers, the people of Ralegan have invested the initial increase in their income to improve agriculture by buying a pump, PVC pipeline for irrigation, a pair of bullocks, or cross-bred cows. The higher income is used to improve nutrition-levels, to educate children, and to seek timely treatment of health problems. Improvement of houses is the next priority. Initially, only two–three households with earning members in the city renovated their houses; but later, many new houses were added.

Economic gains can even lead to social and cultural degradation in the form of terrorism, juvenile and organized crime, drug addiction, vulgar display of wealth, and total neglect and antipathy towards the poor. Any system that supports or tolerates gross disparities is both inhuman and immoral and cannot further human progress. Often, the newly-rich urbanites and professionals blame the poor for their poverty; and brand them as illiterate, ignorant, inefficient and lazy. The poor internalize these perceptions and develop low self-esteem,

so that the consequences of poverty appear as its causes. When, led by Anna Hazare, Ralegan shed the burden of poverty, and charted a new path, a difficult personal- and community-level struggle for social change followed.

Campaign against Alcoholism

When the people gathered at the temple, Anna told them that if Ralegan was to progress, the production of liquor had to be banned. Finally, a village meeting at the temple decided to impose a total ban on the production, sale and consumption of liquor. The villagers took an oath in the name of Yadav Baba, and also decided on a code of discipline. The person who started the first liquor still was also the first to close down his business.

The ban on the sale and consumption of liquor was not easy to implement. The former producers and sellers of liquor were helped to find alternative vocations. The drunkards were persuaded and warned; the incorrigible ones were thrashed in public. Some known *goondas* or village bullies defied the village unity. After a few incidents of public punishment, however, the opposition to the ban died down and alcoholism was eradicated.

Collective Marriages and the Abolition of Dowry

Most rural poor get into a debt-trap by incurring heavy expenses on customary pomp and show at the time of their children's marriage. The residents of Ralegan have begun collective marriage celebrations, with a communal feast. To minimize the costs, the Tarun Mandal cooks and serves the food and also arranges for the vessels, the loudspeaker system, the *mandap,* and the decorations.

Residents of Ralegan do not accept any dowry when their sons marry. However, when their daughters marry outside the village, the rule cannot be enforced. Until other villages ban dowry, it remains a one-sided rule for the people of Ralegan.

Fighting Superstitions

Ralegan has also fought irrational traditions. Goats had been sacrificed earlier at the temple during the annual festival of Padmavati (the village goddess). After a ritual offering to the goddess, the people feasted in their homes, with meat and alcohol freely served to relatives and guests. During the *puja,* some persons (often called *devarishis* or *bhagats,* i.e.,the devout), pretended to be possessed by the goddess and started vigorous dancing. The villagers would then seek solutions to their problems from persons supposedly blessed with divine powers. The process had strengthened many superstitious practices. People had trusted the mumbo jumbo and the ash provided by the *bhagats,* even to treat infectious diseases. These practices were not peculiar to Ralegan, but its people, especially the Tarun Mandal, decided to put an end to them.

As a first step, the Tarun Mandal argued with the people that if sacrificing goats made the goddess happy, she should be happier if the sacrifice remained with her, and was not taken home for the feast! People were persuaded and stopped sacrificing the animals. Second, some persons, supposedly possessed by the goddess, started behaving normally, when the Tarun Mandal members beat them. The exposure of the hoax helped to end the superstition.

Women's Status

At an informal meeting, the women of Ralegan were asked what development meant to them. They replied that earlier the men drank, wasted money, neglected their homes and children, and harassed them both at home and outside. Sometimes, the women had even starved. They had had to work at home and in the fields apart from looking after their drunken husbands. Now, they have to work much harder in the fields due to larger agricultural output; but the construction of public latrines and bathrooms has been a great relief for them and has also contributed to better public health. The increased prosperity is confirmed by the gold jewellery worn by women.

A registered Mahila Mandal in the village had once elected an all-women *gram* panchayat, but an active women's group has not yet

emerged. Video films of popular television serials like Ramayana and Mahabharata were screened to induce women to attend the meetings. During the film shows, Anna spoke to them on village development issues.

Recently, four women's savings and credit groups have been started in Ralegan. About 100 women come together once-a-month to deposit their savings, and to disburse credit to women in need. Masum, a non-governmental organization, has set up similar micro-finance groups of women in Ralegan and seven neighbouring villages.[3] Masum's rural information centre at Ralegan provides detailed information to visitors from other villages on different projects and schemes implemented there.

Multiplier Effect

Ralegan Siddhi has been radiating its message of self-help to other parts of the country. People from all over the country visit Ralegan and carry its message to their own villages. Some young worker, either the *gram sevak,* a teacher from the school, or a member of the Tarun Mandal takes the visitors around. Conversations with Anna Hazare fill the visitors with a sense of fulfilment. The visiting villagers appreciate that development of Ralegan has been brought about by people like themselves, with the help of government schemes which are accessible to them as well. On returning to their villages, they try to mobilize their fellow villagers for development. They do not look for a messiah in the form of any individual or organization. The group visits are generally followed by a visit by Anna Hazare himself to the villages that invite him. He holds detailed discussions with the local youth and the panchayat members. In many villages, programmes like ban on the sale and consumption of alcohol, and environmental conservation through the construction of check-dams and tree plantations have already started showing results.

A typical example of such demonstration effect was seen by the author of this chapter in two villages in Purandar *taluka* of Pune district, where he has been working with an NGO promoting development since 1987. In Malshiras village, the villagers and their youth association members had heard of Ralegan Siddhi through newspapers and television programmes. About 35 of them visited

Ralegan in August 1987. After returning, the members of the village panchayat and youth association together banned the sale and drinking of liquor in the village. The five liquor-sellers were called to a meeting of the villagers and told to 'pack off'. Thus, the ground was prepared for Anna's visit. Anna held discussions with the young workers of the village and inspired the village youth and panchayat leadership to take up other development programmes.

In Satalwadi village, the educated youth decided to devote themselves to agriculture and develop the village on the lines of Ralegan. They invited Anna to a village gathering; after the public meeting, Anna had a discussion with 45 workers of the youth association. Inspired by this interaction with Anna, the youth have taken up the task of developing their village with an unprecedented zeal.

To strengthen the multiplier effect, Ralegan has started training programmes of various durations (three days, fifteen days, three months, and two years) for inspired and motivated youth from different villages. A hostel has been built for the trainees and other students.

Ralegan: Model for Maharashtra Villages

Replicability of model experiments has always been a very difficult issue. Social experiments like that of Ralegan are particularly difficult to emulate because the charismatic leadership plays an important role in providing momentum and direction to the process. Ralegan had an advantage over other such experiments since there were no external catalytic inputs or agents to be withdrawn to test its sustainability or replicability.

However, in 1994, Anna launched an ambitious programme to develop 300 villages of Maharashtra (one in each *taluka*) on the lines of Ralegan. The state government offered support by setting up a separate division (known as the Ideal Village Plan) in the department of Agriculture under the charge of Anna Hazare.

The scaling up exercise involved introducing four critical inputs of the Ralegan model, namely, social change, people's participation, motivated leadership, and utilization of government schemes according to local needs.

(a) The social change process was to be initiated by stipulating that for joining the Ideal Village Plan, the entire village would agree to complete prohibition, and a total ban on open grazing of cattle and felling of trees.

(b) Participation of people at every stage was the mainstay of the programme. People were to be actively involved through *gram sabhas,* and *shramdaan* was made an essential part of the scheme.

(c) Initially, Anna tried to substitute natural and motivated leadership by involving an NGO to implement the scheme, and by training a three-level cadre—a local person selected by the village, a nominee of the NGO, and a technically-qualified person (one for every five villages) chosen centrally by Anna. The cadres were to be trained to develop motivation and leadership qualities.

(d) Anna believed that government funds meant for soil conservation, watershed development, and for other rural development activities, should be utilized for the intended purposes. Therefore, he tried to work out an arrangement with the Maharashtra government so that government funds were allocated and made available for the Ideal Village Plan. However, the arrangement ran into rough waters when he tried to free the programme from the clutches of the government, and protested against rampant corruption in the departments he had to deal with to implement the plan.

Sources of Conflict

The conflict can be attributed to the clash between two different streams of perceptions about the programme. Anna Hazare wanted it to be a people's programme, by involving vilagers in planning, control of funds, and in vigilance over implementation at every stage. Government officers at every level (from a village-level *gram sevak* to the ministers) see any programme backed with govt funds as an opportunity to maximize personal gains through corrupt practices. In spite of Anna's sustained struggle and the pressure of his anti-corruption campaign, the programme could not escape the stifling hold of government machinery. The 15-member district committee constituted to oversee the programme had 12 government nominees. The *taluka* committees had an even higher proportion (eight out of nine

members) of government nominees. The government controlled the release of funds by keeping the amount sanctioned for the district with the DRDA (District Rural Development Agency), to be released through the *taluka* officials, and to be handled by the *gram sevak* at the village level. Such routing of the founds retained within the government pipeline is known to permit unauthorized leakages at different levels.

Three years after launching the programme, a frustrated Anna Hazare wrote in a local Marathi daily (*Pune Sakal*): 'It seems three years of my life have gone waste.' Anna continued to wage an untiring struggle against corruption in his own characteristic style. He went on fast thrice as part of his protest against corruption: once during the Congress rule and twice against the Shiv Sena–BJP government. Despite tremendous public response during his visits to different parts of Maharashtra, a mass movement against corruption is yet to take off.

During 1997, Anna Hazare resigned from the presidentship of the state steering committee for the Ideal Village Plan. The programme has now become a mere government scheme, with an uncertain future. The acceptance of Anna's resignation from the presidentship of the Ideal Village Plan committee, by the Shiv Sena chief minister, has taken the spirit away from the programme. Anna plans to continue his work through voluntary effort without government funds in a few selected villages, where the people show the resolve to pursue the goal of their social and economic development.

Conclusion

Ralegan Siddhi may well remain an island like most other development experiments, but it has shown that, if people decide to take up their own development through self-help and by integrating all sections of society, the united force of the people, aided by motivated leadership, has the capacity to transform the village. In Ralegan, the bureaucracy and vested political interests had collaborated to share the glory of success, but they soon realized that they could not make money through corrupt means. The same realization did not occur when the programme was taken up on a larger scale, since the stakes were higher. If many Ralegans spring up, tremendous pressure may be created on

the system to change, with a hope that the corrupt bureaucracy and politicians might 'get off the people's back'.

Endnotes

1. Village-level worker entrusted with extension work.
2. Village revenue officer-in-charge of land records, etc.
3. The author of this chapter is a founder-trustee of Masum.

IV

Empowering the Poor Through Micro-Finance: The SEWA Bank

Ela R. Bhatt

The poor need timely and adequate credit at affordable rates of interest to raise their earnings and improve their living standard. However, in India, the poor, particularly women, have not received adequate institutional credit. During the past 50 years, the Government of India has tried to increase institutional credit to the poor by strengthening the cooperative credit structure through the commercial banks and through 196 regional rural banks.[1] Despite schemes of differential interest rates and a waiver on the recovery of loans, 'Finance against Poverty' appears to defy solution.

A few voluntary agencies have taken up the challenge of financing the poor, and have achieved noteworthy success. The Self-Employed Women's Association (SEWA) is one such agency and the success of Shri Mahila SEWA Sahakari Bank Ltd or the SEWA Bank merits careful study.

Self-Employed Women Workers

According to SEWA, all workers who do not have a regular salaried job are self-employed. They include: hawkers and vendors; home-

based workers, viz., weavers, garment-makers, food processors, and crafts workers; and manual labourers and service providers, namely, agricultural labourers, construction workers, paper pickers, domestic workers, minor forest-produce gatherers, cart-pullers, etc. On this basis, SEWA considers about 93 per cent of all workers in India to be self-employed.[2] A majority of the women workers are self-employed.

Self-employed workers generally have only insecure employment and low income; they have limited capital and assets. Because of the lack of direct access to mainstream markets and limited institutional support, their productivity tends to be low and they suffer high levels of poverty and vulnerability. For long, financial institutions did not reach them; even now very few do.

Self-Employed Women's Association (SEWA)

The labour movement in India had bypassed this large majority of poor workers. The self-employed women of Ahmedabad formed a union named SEWA in 1972. SEWA's main goals are: (*a*) full employment and (*b*) self-reliance for all its members. Economists and planners usually consider full employment only at the macro level. For SEWA, full employment means employment for every single family, which ensures food security, income security, and social security (basic health care, child care, and shelter). The goal of self-reliance is in fact the ultimate goal; the aim of SEWA is to make its members independent, both individually and collectively, not only economically but also in terms of their decision-making ability.

SEWA today has an all-India membership of 2.2 lakh (1 lakh = 100,000) members, and continues to organize women to help them enter the mainstream of the economy through the twin strategies of struggle and development. The struggle is against the many constraints imposed on women by the society and the economy, through development activities which would help them strengthen their bargaining power and expand the range of alternatives before them.

Ten Goals of SEWA Members

Being a democratic organization, the priorities of SEWA are decided by the priorities of its members. SEWA's activities are based on the realities and issues faced and articulated by the members. SEWA seeks to measure its impact on the life of the poor women workers in terms of the following 10 goals which have been identified over the years as the central concerns of all the members, group leaders, the executive committee and the staff. They are: (*a*) Employment for more members; (*b*) an increase in income; (*c*) adequate food and nutrition; (*d*) safeguarding health; (*e*) care of the children of members: (*f*) improvement in the living/housing conditions; (*g*) creation of own assets; (*h*) increase in the organizational strength of workers; (*i*) increase in the capacity of workers for leadership; (*j*) collective and individual self-reliance. The first seven concerns are related to the goal of full employment, while the last three are concerned with SEWA's ultimate goal of self-reliance. Of course, all the issues are interconnected. These goals also provide the framework for assessing the SEWA Bank.

SEWA Bank

When the SEWA Bank was established, poor self-employed women had been facing two major financial problems: lack of working capital and non-ownership of assets which can be used as collateral for credit. As a result, a large portion of their meagre incomes went towards the payment of interest on working capital and rent for trade equipment. A possible solution to free SEWA members from this vicious circle was to link them with registered banks. In 1973, SEWA made an arrangement with some nationalized banks to provide loans to self-employed women, with SEWA acting as an intermediary.

Unfortunately, the women faced many practical difficulties in dealing with nationalized banks. The officials had no experience of dealing with illiterate women unfamiliar with banking procedures. Because of their hectic schedule, women were unable to keep to the hours prescribed by the bank. They would arrive with the amount to be repaid at the bank to find the cash counter closed. They would then have to take the money home or would end up spending it. Often

they gave the amount to the money-lenders for safe-keeping to prevent their husbands or sons from spending it. Difficulties with the banks kept mounting and both women and bank officers felt increasingly frustrated. Finally, at a meeting in December 1973, the members decided to set up a 'bank of [their] own', where they would be accepted on their own terms and not feel inferior. 'We may be poor', they said, 'but we are so many', and 4,000 women contributed a share capital of Rs 10 each to establish the Shri Mahila SEWA Sahakari Bank Ltd.

In May 1974, the SEWA Bank was registered. Since then, it has been providing banking services to the poor, illiterate, self-employed women and has become a viable financial venture. The SEWA Bank's working capital consists entirely of the money contributed by the women, with no grant ever from any source. Since the second year of operation, the SEWA Bank has paid to its members the highest permissible dividend (15 per cent in 1996).

Managing Banking with Poor Women

Banking for the development of poor women requires a flexible approach to meet their needs and capabilities. With its experience of 20 years, the SEWA Bank has decided to assign high priority to savings. Savings have an important impact on the lives of the members of SEWA Bank: (*a*) They ensure financial discipline and result in improved repayment rates; (*b*) they expand the total pool of resources available to the poorest, opening more options for living and livelihood; (*c*) the bank balance becomes an asset, which increases the women's capacity to borrow and raises their status as breadwinners in the family and the community; and (*d*) savings are an autonomous route to economic growth for the women. Savings bring the growth of business under the control of members and can be supplemented by loans. Savings also become a form of social security in times of crisis.

Most women would like to save even from their meagre earnings, but they have no place to deposit their money. It is very time consuming and expensive to go to a bank to deposit their tiny savings. Also, it is difficult to find a 'safe' place for the savings. To illustrate, a rag-picker used to save a little every day and hide it in her trunk. The savings accumulated to Rs 300. Once, on returning from work, she

discovered that the money had been taken by her husband. Because of this incident, she stopped keeping her savings at home and gave them to a 'good' neighbour for safe-keeping. But when she demanded an amount of Rs 1,000 from him, he behaved as if she was a stranger! Such experiences are quite common among poor women, both rural and urban. Institutions such as the SEWA Bank provide a secure place for poor women to store and build up their cash assets.

While the members are ready to save, they need financial services that suit them. Savings need to be collected from their homes and/or the market place; a photograph on the passbook instead of a signature has to be the means of identification. Often, the members want the bank to maintain the confidentiality of their accounts, particularly from the men of their family. They require special loan procedures and rules that take into account their economic situation, e.g., the repayment schedule has to be based on their cash flow. They require savings and credit schemes that allow for small savings and adapt to their crises situations. They also require training and assistance in understanding and dealing with banking procedures.

Village women initially tested the reliability of the SEWA Bank by depositing very small amounts. Now they invest their savings in long-term bank securities. Also, SEWA Bank has distributed about 70,000 savings boxes among its members for their daily savings.

Savings are crucial for the sustainability of the Bank. Local savings deposits help build the capital for operations. The interest earnings of savers and the increasing availability of loans help to maintain the commitment of members, which is essential for the growth and viability of the bank.

Integrated Approach

The SEWA Bank's integrated approach distinguishes it from other micro-credit efforts. Credit or access to financial services, though important, is not adequate for sustained and substantial employment or to transform the economic activities of the poor into profitable ventures. To build up sizeable incomes, assets and a livelihood, the poor need access to :

- Market information and commercial linkages;
- technology and methods to improve productivity;
- market infrastructure;
- health and social security services;
- information, know-how, entrepreneurial ability; and
- representation in decision-making bodies.

The SEWA Bank works closely with SEWA, the trade union, and its other economic organizations, such as the Women's Cooperative Federation and the Women's District DWCRA (Development of Women and Children in Rural Areas) associations working as producers' groups. The Bank not only provides financial services but has also set up a contributory work security or insurance fund and a housing loans section.

Appropriate Mechanisms

Any self-employed woman can open an account with the SEWA Bank. As the majority of account holders are illiterate, the SEWA Bank has evolved a unique system of identification—a card which has a photograph showing her holding a slate with her account number written on it. Her name and account number are thus associated with her photograph and not her signature, as is the usual banking procedure. Over time, the illiterate account holders have also learnt to sign and to read their passbooks.

Asset Creation

Perhaps the one single factor which pushes self-employed producers into the poverty cycle is the lack of assets. For women the condition is worse. Creation of assets owned by women is a priority of the SEWA Bank. It supports transfers of agricultural land and houses in the women's name; their acquiring their own capital, bank accounts, shares, savings certificates, etc.; and the release of mortgaged houses, land, pawned silver and gold.

Growth of SEWA Bank

The SEWA Bank's board of directors consists of elected representatives of the major trade groups, drawn from the membership. All major decisions about the Bank's operations are taken by the board, which meets once a month. It sanctions all the loans and, keeping the prevalent rates of interest in mind, decides the interest to be charged for different categories of loans. Illiteracy of the members has rarely proved a hindrance in taking decisions or finding solutions.

Initially, the SEWA Bank concentrated on mobilizing self-employed women to deposit their savings and acted as an intermediary to enable depositors to secure loans from nationalized banks. Later, the Bank began advancing money from its own funds to its depositors, and since then it has developed into a viable financial unit. As Table 9.1 shows, the SEWA Bank has grown slowly but steadily over the last 20 years, with a spurt in growth after the liberalization policies of the last five years.

Table 9.1
Growth of the SEWA Bank: Key Indices

(figures in thousands)

Year	*Number of shareholders*	*Share-capital (Rs)*	*Depo-sitors (Nos)*	*Deposits (Rs)*	*Working capital (Rs)*	*Profits (Rs)*
1975–76	6.6	76.0	10.5	950	1,660	30
1980–81	7.5	80.7	14.0	2,729	3,195	54
1985–86	9.8	538.1	22.2	11,279	13,537	222
1990–91	13.2	1,460.0	27.9	24,466	34,417	741
1995–96	17.5	4,259.0	44.8	72,165	98,206	1,001

The SEWA Bank started as an urban bank, but in recent years it has extended its operations to the rural areas, serving the growing rural population of self-employed women. As mentioned earlier, along with savings, credit, financial services, and financial counselling, the SEWA Bank offers deposit-linked work insurance schemes and housing services. The SEWA Bank has been consistently given an 'A' grade since its inception by the auditors.

Savings Services

All banking activities start with savings. Women are encouraged to save and all facilities to do so are provided. Usually, a woman is considered eligible for a loan if she has saved regularly. The SEWA Bank interacts with its members as individuals and as groups. Generally, the group approach is used in rural areas and the individual approach in urban areas, although as the Bank grows the group approach is encouraged in urban areas as well.

Women in each village form a savings group. The size of the group varies between 10 to 50 women and the monthly savings amount varies between Rs 10 and Rs 25 per woman. The women are trained in banking procedures, each woman has her own passbook, the group passbook being maintained by the two or three group leaders. The group leader maintains contact with the Bank, motivates and creates awareness among members, and serves as a link between the Bank and the women. Mobile vans service each village at previously announced time. In the initial stages, the Bank's ward-level fieldworkers collected the savings, but as the management capacity of the group grew, the women leaders themselves came to the Bank to deposit their periodic savings.

'Consumption' loans are also badly needed by poor women. The SEWA Bank has never distinguished between a consumption and a productive loan. Consumption loans contribute to income of the poor because of the inseparability of their productive and consumption activities. 'Consumption' expenditures for food, health, or even housing help to maintain their key productive asset: labour. Obtaining a cash loan rather than selling an animal enables the family to earn an income (and surplus) later when the animal produces offspring. Experience shows that the dichotomy between production and consumption does not apply to the poorest, and micro-banking should make provision for both.

Credit and Repayment

The SEWA Bank started advancing loans to its members in a modest way. The advances rose slowly initially as the SEWA Bank had to

learn about the credit needs of the self-employed women. There was no blueprint for banking with the poor and there were many problems, such as, for example, the non-availability of any collateral or security. The women did not have any banking track record on the basis of which financial decisions could be made. Written information on their businesses was absent because no account books were maintained by them. Since most women were illiterate, different kinds of mechanisms like door-to-door service and simpler procedures were required. Of course, the lending risk was high because of the financial vulnerability of the poor women and their groups.

With experience and with the active cooperation of the SEWA union and its members and group leaders, the SEWA Bank evolved creative solutions to these problems and developed its own blueprint of lending to the poor. The solutions involved assessing their credibility with respect to financial behaviour rather than collateral or security. The emphasis was on group pressure of the trade group. Extension service was made an integral part of all loans. The challenge was to create Bank's own track record of women's banking and to design simple and suitable procedures. Linking loans with other much needed support services like insurance, health care, child care, legal aid, and training has helped to reduce women's vulnerability. Continuous personal relationships and interactive contact with customers have forged a bond with the SEWA women. They regard SEWA Bank as their mother!

As Table 9.2 shows, credit has expanded rapidly and the repayment rate has been excellent. Every year about 50 per cent of the funds advanced have been repaid by the members and they become available for further advances. Interest rates range from 12 per cent to 17.5 per cent per annum, and most loans have to be repaid in 36 monthly instalments. Technical assistance is provided to borrowers when needed to enable them to use their credit productively by identifying direct sources of purchase of raw materials, better tools and equipment, links with the market for their goods and services, etc. The Bank also helps them acquire skills to make new products and identify work opportunities. Close monitoring of loans ensures that they are used for economic activities. It facilitates repayment. The fact that loans are advanced to members of the SEWA union, and that SEWA encourages and assists its members to become economically viable, has a significant bearing on their repayment. The rural group itself decides about loans to its members. It also decides about the interest

rates. This helps the groups to capitalize and manage their own growing fund.

Table 9.2
Advances and Repayments of SEWA Banks Funds

Year	*No. of women*	*Advances (Rs)*	*Repayments (Rs)*	*Repayment rate*
1975–76	5	680	–	–
1980–81	163	2,48,975	2,62,738	96%
1985–86	3,366	43,12,237	34,92,911	93%
1990–91	9,132	1,20,15,000	93,24,070	95%
1995–96	11,522	2,30,20,000	1,55,25,000	96%

Perhaps the most important indicator of sustainability is the repayment rate, which has been between 93 and 96 per cent. It could be achieved because the credit advanced by the Bank led to a real growth of economic enterprise and to higher incomes and ownership of assets. The improved economic conditions translated into high repayments also because of close monitoring by the Bank, the links between the group leaders and borrowers, and constant communication between the Bank, SEWA, the cooperatives, and other village groups.

Repayment is a complex process for the poor who lead a vulnerable life and often face a crisis. At such times, the Bank attempts to understand their problems, reschedules their loans and links up with SEWA to provide supportive services. The SEWA Bank is also involved in banking activities with 'Parivartan', a World Bank project on slum improvement. It networks and collaborates with the Ahmedabad municipal corporation to upgrade the infrastructure in 100 slums under the leadership and management of local women. The SEWA Bank also has special schemes for rehabilitating mill workers' families belonging to closed mills in Ahmedabad city.

The Growth of Rural Banking

SEWA began organizing a union of rural agricultural labourers in 1977, but soon discovered that in rural areas, developmental activities were the greater need. Women needed credit but the rates charged by private money-lenders were exorbitant and the women had no access to banks. Unfortunately, the Reserve Bank of India rules did not permit

the SEWA Bank to extend its activities to rural members. So, while rural women continued to organize themselves into cooperatives, producer groups and unions, their activities could not be supported by granting credit. Finally, after years of lobbying for policy changes, thanks to the Marathe Committee Report (1992), the SEWA Bank was allowed in 1994 to extend its activities to five rural districts.

Expansion in rural areas came about through village-level groups which are unregistered but have formed a district-level registered savings and credit association (see Table 9.3). Apart from lending, the SEWA Bank also trains the village- and district-level organizations in the five districts.

Table 9.3
Savings and Credit Groups, Five Rural Districts, Gujarat, March 1997

Number of savings groups	771
Number of members	21,393
Total savings	Rs 3,351,781
Number of loan receivers	13,503
Amount of loan outstanding	Rs 2,677,707

Housing

In response to the members' demands, the SEWA Bank has gradually increased its share of loans for housing. Today, more than one-third of its credit portfolio is allotted for housing loans. For self-employed women, home is a productive asset, which plays a central role in their economic activities. Housing loans for poor women range from loans to repair a wall or a door, to 'monsoon-proofing', adding a room, or even buying a new house. They also include loans for water or electricity connections, installing toilets, etc. Until now, the SEWA Bank has loaned Rs 50,000,000 to 6,000 women for housing purposes.

Many housing loans of SEWA are used to upgrade the house of the beneficiary. Most SEWA members are primarily home owners or long-time tenants with secure occupancy, who live in substandard dwellings in slum neighbourhoods. Their dwellings are usually 'temporary' structures with walls of un-nailed planks or mud mixed with straw. Roofs may be made of a variety of scrap material and dirt floors are the rule. Dark and damp houses make for low productivity and insecure work environment. Dampness during the rainy season and lack of

ventilation all year round have negative health implications for the residents. A loan of Rs 10,000 to 25,000 permits the borrowers gradually to upgrade such homes into brick structures with plastered walls and tiled floors. Windows are installed to improve lighting and the circulation of air. Corrugated sheets are used on roofs.

In one part of Ahmedabad, housing loans from the SEWA Bank have enabled the borrowers to replace their temporary shacks with three-room permanent houses. The process has been incremental and has followed a consistent sequence beginning with reconstruction of one room, rebuilding of the walls and the levelling of the floor.

SEWA has only one type of loan regardless of the stated purpose of the loan or whether it is secured or unsecured. Its terms are: a three-year long term; a ceiling of Rs 25,000 on all loans; interest rate of 17 per cent per annum, paid on outstanding balance; monthly repayments; one guarantor for loans of under Rs 2,000 and two guarantors otherwise. While an individual's earnings may not suggest a strong ability to pay, SEWA Bank's emphasis on regular savings as a criterion to assess the creditworthiness seems sound. As in many other countries, the poor in India are often willing to spend as much as 60 per cent of their income on housing if they have the title to this asset. In many households, all the members assume responsibility for the repayment of housing loans.

Integrated Work Security Scheme

As mentioned earlier, the poor women are vulnerable to all types of crises. They are continuously subject to individual crises such as sickness, social crises such as riots, natural crises such as floods, and economic crises such as unavailability of raw materials and collapse of markets. To support its members in times of crisis, the SEWA Bank has started its own insurance scheme and has demonstrated that such a scheme for SEWA members can be self-reliant and financially viable.

In 1996, 20,000 members were covered by a scheme run by the SEWA Bank in collaboration with the Life Insurance Corporation and the United India Assurance Company (Table 9.4). The scheme covers death, accidental death, sickness, widowhood, and loss of household goods and work tools in case of flood, fire, riot, or storm.

After considering the high rate of maternal mortality among poor women, coverage for maternity benefit has also been added. The SEWA Bank members availed of the benefit of maternity protection insurance to the extent of Rs 82,800 in 1996.

Table 9.4
Premium Paid vs. Claims Paid

(Rs. in thousands)

	*LIC**		*UIAC***	
Year	*Premium*	*Claims*	*Premium*	*Claims*
1992–93	7,50	5,70	1,50	1,28
1993–94	1,50	9,60	2,10	3,70
1994–95	1,80	11,61	3,00	4,81
Total	10,80	26,91	6,60	9,79

* LIC: Life Insurance Corporation of India.
** UIAC: United India Assurance Company.

In 1995, Professor Helzi Noponen carried out a study of the crises, setbacks and chronic problems—the determinants of economic stress —that disrupt the household economy of SEWA women. The study analyzed the incidence, frequency, costs, and subsequent coping strategies. The analysis revealed that women who had been members of SEWA for longer periods, who had savings accounts in the SEWA Bank, and who contributed a greater share to total family income, had a lower incidence of stress. The analysis underscores the positive effect of SEWA's programmes in financial services, social security, and cooperative and trade union activities. The findings lend support to arguments in favour of the efficacy of credit-plus rather than minimalist credit programmes for poor women.

Performance of SEWA Bank

The real performance of the Bank is reflected in its impact on the lives of its depositors and borrowers. The SEWA Bank has demonstrated that it is not only possible but also profitable to run a bank of and for poor women. When poor women themselves own the bank, they take a keen interest in its management and try to ensure high repayment rates, maximum surpluses and efficient use of resources. Table 9.5 compares the performance of SEWA Bank with that of other public and private sector banks in India.

Table 9.5
Comparative Performance of SEWA Bank According to Different Criteria, 1994

Financial ratios	*Public-sector banks*	*Private-sector banks*	*SEWA Bank*
Stability (Capital + Reserves/ As % of deposits)	7	3	13
Profitability			
Profit–Deposits ratio (%)	2	1	1
Profit–Advances ratio (%)	–3	1	3
Liquidity			
Loans–Deposits ratio (%)	46	49	34

The figures show that the SEWA Bank has a high degree of stability as measured by its ratio of own to borrowed funds. Capital adequacy ratio and debt-equity ratio are the two major indicators of the financial health of any bank. The SEWA Bank has achieved the norms prescribed internationally, and is performing better than the public and private sector banks in the country. The performance figures also show that the poor women do contribute to capital-formation, and the common perception of the poor as a 'burden' on the economy, needing endless subsidies, is not correct.

Conclusion

From the viewpoint of the sustainability of the micro-credit programme itself, if the people own the institution and participate in its management, the benefit of the small group guarantee approach will extend to all the operations. Collective responsibility involves not merely agreeing to loan proposals and ensuring repayment for a small group, but also raising and maintaining capital, and setting reasonable interest rates on savings and loans to ensure the viability of the entire banking operation. Active participation of the members and the board is crucial to the impact created by a bank such as the SEWA Bank. In other words, the banking system should be driven by those who save and borrow, and not by inflexible rules.

From the point of view of the women themselves, their involvement in, and ownership of, a successful institution enhances the collective strength and empowerment that comes with organization. Poverty is characterized by not only the lack of finance but also vulnerability, powerlessness and dependence. Collective organization and ownership of wealth help overcome the psychological consequences of poverty and help challenge the wider structure of society.

From a wider perspective, member-owned or controlled micro-credit institutions can help strengthen our democratic systems. Democracy and development require active and informed participation at the grassroots. Democratic organizations and institutions can provide a valuable learning environment for the poor, leading to their active participation in wider democratic structures. In a democratic society, just as the political process helps to express the wishes of the voters, the economic process must articulate concerns of the majority. The political economy of nation-building can then better the life of the poor and ensure the uplift of all.

Endnotes

1. The commercial banks have 63,000 branches, 33,000 of them in rural areas. The regional rural banks have 14,500 branches.

2. According to the quinquennial surveys of the NSS during 1987–88 and 1993–94, about 13 to 14 per cent of the usually employed (among both males and females taken together) were regular employees and 55 to 56 per cent were self-employed, (the rest were casual labourers). Among women workers, about 57 to 59 per cent were self-employed and about 34 to 37 per cent were casual labourers; the regular employees formed only 6 to 7 per cent. The self-employed women workers formed about 34 to 35 per cent of all self-employed workers according to the two NSS surveys. These estimates are based on: Visaria (1998).

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NGO Self-evaluation: Issues of Concern

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Summary. — This paper addresses the issue of self-evaluation among non-governmental organizations (NGOs). In general, self-evaluation is seen to be a non-priority area for NGOs for three reasons: there is little performance pressure on NGOs, the perspectives available for evaluation do not match the context in which NGOs function, and the existing methodologies for evaluation are not appropriate for the evaluation process to become institutionalized within the NGO. The author discusses each of these in turn and proposes action to be taken by the NGOs and by those with whom they work (e.g., the poor, the donor agencies etc.). These recommendations, if adopted, should encourage NGOs to engage in more systematic evaluations of their own programs and, thus, to improve their impact and efficiency.

1. INTRODUCTION

Non-governmental organizations (NGOs) are, as a sector of society, a diverse entity operating under different paradigms. The historical origins of the NGO movement provide the initial basis for segmentation. In India, NGOs doing grassroots development work are largely the product of various social movements such as the Gandhian, Christian Missionary, Marxian and the student movement of the late 1960s. NGOs can be further segmented according to scale and program type.

Ideally, NGOs represent the nucleus of experimentation in grassroots development and mobilization work with poor communities. A variety of approaches exist in their work in the tradition of "letting a hundred flowers bloom," where experimental work on a small scale has an impact on the larger society as much through direct results as through innovative idea dissemination.

At best, a majority of indigenous NGOs have become efficient welfare delivery systems with substantial legitimacy from the community, and drawing support from programs designed by either the state or the private funding agencies. At worst, they have become inefficient managers of resources trying to implement a diverse set of programs requiring a managerial competence for integration beyond their existing capacities.

Given the above scenario, critical self-evaluation by NGOs of their role and work in the overall development and societal context is an important exercise to remind themselves of their original purpose. At the more operational level, self-evaluation ensures that they measure their own performance in terms of impact and efficiency.

However, the NGO reality as it exists today, has certain characteristics that make self-evaluation difficult. Factors such as diffused goals, lack of performance pressures, absence of formal systems and the perception of evaluation as a non-legitimate activity make self-evaluation a non-priority area for most NGOs.

At the conceptual level there has been inadequate development in areas such as measuring intangible performance parameters, measuring overall organization effectiveness and judging synergetic factors in effectiveness.

The result is that most current evaluation practice tends to be either impressionistic or limited to program impact evaluation (as opposed to ongoing implementation analysis) through rigid but limited quantitative survey methodologies. This too is limited to evaluation by funding agencies rather than any felt need for self-evaluation on the NGO's part.

The paper will address itself to the above problem, focusing more specifically on:

(i) Evaluation as a formal exercise rather than an *ad hoc* one.
(ii) Self-evaluation rather than evaluation by outsider agencies.
(iii) Indigenous NGOs doing grassroots community work rather than intermediary and funding NGOs.

The paper has been divided into three broad sections, each attempting to answer the following

questions within the above framework:

(i) How do we increase the need for self-evaluation within NGOs?

(ii) What kind of perspectives are required for evaluation given the contextual setting of development work?

(iii) What kind of self-evaluation methodologies will be appropriate if NGOs are to look at their own work more critically?

2. EVALUATION AS A NON-PRIORITY AREA FOR NGOs

The environment within which NGOs function today is relatively resource rich. Private funding agencies as well as the state are keen to finance a majority of grassroots NGOs, especially those that are politically non-controversial and whose work is more development oriented. Through effective networking with such funding agencies, by the articulate among the NGO leadership, they are able to raise substantial resources for a variety of programs. As a result, the survival of NGOs has become delinked from their performance.

The absence of pressures for performance for the NGOs has made self-evaluation of their own work a non-priority area. By contrast, for commercial organizations working in a competitive market economy, the pressure for performance is far greater than for the development NGO. The performance parameters of the two, however, are completely different.

If we take the poor as the client system for development NGOs we find that because the former are unable to pay for the NGOs' services and because initially the power equation between them and the NGOs is biased in favor of the NGOs, they are ineffective or not prone to the application of pressure on the NGOs.

Given such a context, if self-evaluation is to emerge as an important agenda item in NGO operations, it is necessary to build up surrogate pressures for performance on the NGOs not provided by the market. Such pressures for performance may be generated through the mechanisms described below, many of which are being implicitly adopted by the more effective NGOs. Critical self-evaluation of performance would follow automatically.

(a) *The poor as a demand system*

This in some ways is the ideal solution: the poor with whom the NGO is working become an effective demand system for the services of the NGO. However such a situation is possible only when there are competing NGOs. Alternatively, can the NGO establish processes whereby the poor view the services as their right rather than services provided by an act of benevolence? For this to function a high level of integrity as well as a systematically thought out process of mobilization is required.[1]

(b) *Donor NGOs as performance monitoring systems*

To a large extent current evaluation of NGO work falls within this category. However, current evaluations by outside donor agency experts fail to institutionalize the evaluation process within the NGO; their departure fails to generate an ongoing evaluation exercise. Further, outside experts with a limited knowledge of local contexts and limited time are better suited for impact evaluation than an ongoing evaluation of implementation. To institutionalize self-evaluation it would be necessary to spend much more time in each NGO so that the process of evaluation is internalized by the NGO staff and leadership. It also implies that the evaluation process involves the NGO staff at different levels of the evaluation exercise.

(c) *Leadership providing the evaluation pressure*

Those NGOs doing some amount of critical self-evaluation fall into this category. Here the NGO leadership establishes a direct rapport with the community, empowering the latter to judge the NGO's performance. Alternatively, the leadership consciously introduces processes of self-evaluation through periodic review meetings and other formal forums within the organization.

(d) *Intermediary agencies as change agents*

Intermediary agencies providing a variety of consultancy services to NGOs may devote adequate time and professional skills to set up processes and formal systems within the client NGO in areas such as prospective planning, monitoring and information systems, and evaluation systems. All these can contribute towards a process of self-evaluation. The intermediary agency in effect acts as a change agent to transform the NGO system. Intermediary agency monitoring is superior to donor agency monitoring because intermediary agencies can commit

more time and their services are not tied to resource generation for the NGO.[2]

(e) *Initiating economic programs where the market functions*

NGO's programs should include a certain economic or business component where the NGOs bear the risk of business failure. These pressures from the market would make NGOs conscious of performance as a survival issue which could in turn have a demonstration effect on other program areas.[3]

(f) *Crisis as a pressure point*

Usually a critical self-evaluation exercise is undertaken when an organization faces a crisis. The possibility of triggering a crisis which would force an NGO to critically look at itself is one mechanism for initiating a process of self-evaluation.[4]

(g) *Clear statement of goals and objectives*

Finally, clarity in goal making and making these goals explicit to all participants such as donor agencies. NGO staff and the community with whom the NGO is working would provide a clear benchmark against which performance can be evaluated. A formal planning system would be an extension of this process.

3. PERSPECTIVES FOR EVALUATION.

One of the reasons why evaluation of their own performance has become a non-priority area for NGOs is because of the very nature of their task. Social development programs do not lend themselves to the same design and analysis as programs of a physical nature such as building infrastructural facilities or programs of a commercial nature where performance is quantitatively measurable in money value terms. Social programs entail much more than providing inputs efficiently and producing desired outputs.

Social programs are implemented in a setting that is qualitatively different. Goals are multiple, diffused, and intangible. The variables in an open community setting are many and largely uncontrollable. There are several human actors and interest groups whose goals conflict, whose stakes vary and whose actions do not seem to follow a rational logic. In short, a complex, uncertain and unpredictable world of human actions prevails.

Development thinking and concomitantly NGO work has seen a shift from the more tangible economic growth and welfare delivery programs, to problems of access for the poor and restructuring of power equations and social relations. At the same time, a particular NGO may be pursuing goals at one or the other end of the above spectrum.

The sectoral service approach, amenable to greater direct control constitutes the primary agenda in only a minority of grassroots-level NGOs today. Any intervention, however non-conflict oriented, has the potential to disrupt the status quo.

Once its initial role has been legitimized, an NGO finds that restricting its activities to the initial single entry point is no longer feasible and its role expands. The dynamic inter-relationship between the NGO and the community cannot ever be restricted to a single set of well-defined activities. All NGOs tend to move their activity set from single goal-single activity to a multiple goal-activity set. NGO work is characterized by indivisibility. Strict boundaries and formal measures for the intervention process become difficult to define. Any intervention has a synergetic effect on the local social context.

Related to the above context is the issue of the emotional involvement of the NGO leadership and staff; in some circumstances it can become difficult for them to distance themselves from the process of social change at each stage, to analyze objectively, and to take action. Interventions also create change and instability in the community, especially at times when their reactions are subjective rather than objective.

In the light of the above context of NGO work, traditional evaluation perspectives and methodologies become redundant. The goal attainment model of evaluation which involves the method of measuring actual performance against preset objectives using positivist methodologies (surveys, quantification of performance measures) is of little use by itself. Such a perspective assumes a clear, rational, explicit, ordering of goals.

In reality:

(i) There are certain hidden goals which in actual practice predominate and guide the behavior of the participants.

(ii) Many of the goals are inter-related and to extract individual goals for evolving measurable indicators may be both infeasible and reduce the meaning of complex goals.

(iii) There may be several conflicting goals of the different interest groups.

(iv) Explicit tangible goal setting at too early

a stage may reduce the flexibility and operating space fo the NGOs.

Perspectives for evaluation of NGO performance must therefore be much broader than what is being currently used. It is necessary that such perspectives include the measurement of overall organizational effectiveness as compared to final program impact; measurement of intangible process variables such as morale, participation, leadership, and measurement of other parametres such as values, goal conflict and congruence, interest groups and power equations, community needs and capabilities.

Part of the resistance to evaluation by outsiders is motivated by the limited perspectives used in NGO evaluation. Part of the lack of interest in self-evaluation among NGOs can be attributed to the limited knowledge and exposure to more holistic evaluation perspectives. Table 1 outlines the appropriateness of different perspectives to different kinds of NGOs and types of programs.

A very brief outline of some of the alternative perspectives that would be ueful is given below:

(a) *Strategic management*

The organization's strategies for implementation of programs are evaluated against its goals and environment. Related parameters such as organizational structure, management style, staffing patterns, information and planning systems, relationships with the community and its external environment, and resource position are matched with each other.

The main body of knowledge is derived from strategic management and organization theory literature as developed in mainstream management science.[5]

Table 1. *Self-evaluation by NGOs: A framework for application*

NGO type	Program type	Pressure mechanism	Evaluation perspective	Methodology
Large hierarchical NGO	Single service	(i) Donor agency monitoring (ii) Clear statement of goals (iii) Economic programs where the market functions	(i) Goal attainment (ii) Strategic managment	Introduction of a planning system
Relatively large program implementing NGO	Delivery of multiple services to single sector or economic programs		(i) Strategic management (ii) Interorganization networks	(i) Introduction of planning systems (ii) Participatory performance review meetings
Large NGO implementing multiple sector programs	Integrated programs having specific sectoral components interlinkages	(i) Leadership providing performance pressure (ii) Intermediary professional agencies acting as consultants	Strategic management	(i) Planning systems (ii) Participatory review meetings
Small dynamic NGO with intangible social goals	Initiating community self-reliance	(i) Crisis as pressure point (ii) Leadership providing performance pressure	Community change	(i) Participatory review meetings (ii) Goal clearance by constituents (iii) Eliciting community responses
Politically active NGO	Political mobilization and social change of the poor	(i) Crisis as a pressure point (ii) The poor as a demand system	Social systems perspective	Community responses

(b) *Inter-organization networks*

The NGO is not looked at in isolation but as the focal point in a network of development institutions such as donor agencies, intermediary NGOs, state-owned program organizations, the development banking sector, etc. This evaluation perspective assumes that development requires organized effort that is beyond the purview of any single organization. It would look into the existence, stability, and viability of such a network through formal and informal mechanisms; and conflict, cooperation and goal congruence of members in the network.[6]

(c) *Community change*

This views the NGO's performance from the community's perspective and studies the impact and dynamics of the changing relationships, values, and state of being of the community brought about by the NGO interventions. Variables such as expansion of the role of women, production and social relationships, community leadership and kinship structures will be evaluated.

Social anthropology provides the knowledge base for such a perspective.[7]

(d) *Social systems*

This takes a broader perspective, asking what is the significance of the NGO's work in the overall societal framework. Given the state of society, what course of action should it pursue — political mobilization, development programs, welfare or economic upliftment services? How effective have NGOs been in pursuing the relevant approach? The answers to these meta-level questions would automatically determine the strategic and operational questions.

Marxian political economy and social systems theory provide the theoretical base for such a perspective.

The above perspectives are not new to the social sciences. However, their application to the evaluation field has been largely neglected. These perspectives are not mutually exclusive although they have different value premises. What distinguishes these perspectives is that they are more holistic, and ask qualitative questions without distinguishing between means and ends. They are not restricted to questions of economic efficiency or specific sectoral program impact.

For these perspectives to gain legitimacy as well as to be made more operationally applicable to the field of evaluation it is necessary to have a new research agenda in evaluation research. First, comparative studies in evaluation must gain ascendancy. A comparative evaluation of multiple but similar projects has greater chances of throwing light on the failures and successes of an individual project. Such an exercise will pinpoint the kind of variables that need to be looked into for determining causality in performance.

Second, abstract variables need to be given concrete shape in the form of measures that are easy to see and measure in a field situation. One of the reasons why the above perspectives have been little used is because in the applied social sciences, variables which are easily measurable in a western society are not the ones which exist, are easily measurable and are relevant in more traditional societies. Such surrogate measures include the level of participation of women in community meetings; the negotiating methods used by the community in discussing program outputs; the statements of program staff on key issues, etc.

4. METHODOLOGY FOR SELF-EVALUATION

For self-evaluation to become institutionalized as a process within NGOs it is necessary that the skills and capability of the NGO staff are taken into account. If self-evaluation is to become a tool for improving NGO performance then it is necessary that the process be participatory and concerned with both goals and field-level implementation issues, in addition to impact of the final performance. The analytical techniques used should also be simple and easy to understand. Methodology becomes even more important than perspective if a constituency is to be created within NGOs for an objective self-evaluation.

Some of the methodologies that have been found useful for self-evaluation include the following.

(a) *Participative review meetings*

Regular review meetings should be held by NGO staff members to evaluate their own performance with their peers and the community. Such a methodology is used by a large

number of NGOs. However, these meetings tend to be too unstructured and hence not focused on the performance question. It is necessary that NGOs make explicit performance evaluation in their agenda and specify some criteria for evaluation.

(b) *Introduction of planning systems*

The introduction of planning processes, especially through staff meetings, automatically pins down responsibilities and solicits evaluation at a later date.

(c) *Client system or community response*

A formalized system of presentation of the NGOs work to the clients or through open meetings with the community will elicit responses on their work which could become the starting point for a more rigorous evaluation process and set certain minimum standards for performance.

(d) *Goal clearance by different constituents*

As congruence of goals by all the different stake holders is difficult to achieve it is necessary to elicit what each constituent group perceives as the goals of the NGO program. This will lead to a greater clarity of the goals, if not their congruence, which would become the benchmark standard for future performance.

The above methodologies might reduce the rigour of the evaluation process but by being more participative help institutionalize the evaluation process. Current evaluation practice tends to be restricted to what the outside expert perceives to be the NGO's goals and performance.

5. CONCLUSION: A FRAMEWORK FOR APPLICATION

This paper begins with the statement of the problem that NGOs are not being self-critical enough of their performance. Current evaluation tends to be impressionistic and unsystematic. The need is for an ongoing self-evaluation process within the NGOs that is a formal, institutionalized process.

Such a situation has arisen for three reasons:

(i) There are not adequate pressures for performance on the NGOs.

(ii) The perspectives available for evaluation do not match the context within which NGOs function.

(iii) The methodologies for evaluation are not appropriate for the evaluation process to become institutionalized within the NGO.

To transform this situation a variety of mechanisms, perspectives, and processes exist that need to be adopted by the NGOs. However given the diversity of NGOs and types of programs being implemented no unique solution exists.

Table 1 attempts to integrate the three interrelated issues and their appropriateness under different organizational settings and in different program types. The table provides a broad framework for application.

NOTES

1. An action research project has attempted to introduce this concept in the government delivery system. See Mathai (1982).

2. PRADAN's approach in its professional assistance to NGOs includes this function.

3. PRADAN's more recent, direct programs for rural industry development in Kesla Block, Hoshangabad District, Madhya Pradesh are a conscious adoption of this approach.

4. For a discussion of how crisis reoriented the goals and strategies in a social movement and NGOs see Mies (1980) and Sethi (1980).

5. For a well integrated presentation of the theoretical perspectives in strategic management as applied to social development programs see Paul (1982) and Johnston and Clark (1982).

6. For a review of the literature and theoretical perspectives in organization theory see Astley and Van de Ven (1983).

7. For a general introduction to sociological perspectives in rural development see Long (1980). For specific measures for community participation see Cohen and Uphoff (1981).

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VI

NGOs AND SOCIAL TRANSFORMATION

Voluntarism is an important ingredient of the democratic way of life. Centuries of human history have borne witness to the relentless efforts made by voluntary agencies to ameliorate the sufferings of the weaker and oppressed sections of society, alongside the official governmental programmes for social welfare. These have been generally of religious inspiration with a humanitarian approach. Their focus has been relief and charity. With all the altruism and self-sacrifice they have put in, they did little to change the situations and processes that give rise to the necessity of these activities. Consequently the question arose whether all these sufferings are necessary and what causes them. Is it not more important to strike at the root of these social problems by removing the economic and social dependence of one section of society on another? This line of reflection gave rise to the developmental approach in social work. The effectiveness and strength of social action are in direct proportion to the number of persons in a given community becoming aware of their own problems and supporting measures for the removal of such problems. Development activities begin where charity ends. Developmental groups essentially attempt to provide the basic social and economic infrastructure to facilitate the growth of productive forces. They are started and managed by people-volunteers who are imbuded with spirit of social service and this desire to contribute to the well-being of less privileged citizens. Without any political involvement they supplement the state effort in areas where such effort is non-existent or insufficient. Thus we have groups digging wells, doing farm extension work, running schools and hospitals and setting up credit and marketing agencies. All these are intended to make the target population attain economic self-sufficiency and

self-reliance. Being non-political, these groups draw support from governmental sources, banks and business houses as well as foreign funding agencies. The result is a growing dependence on the part of these groups on the funding agencies and the tendency to perpetuate themselves.

Non-governmental organizations have come to occupy an important place in India. The spread of NGO activities in the country, as in many other parts of the world, is manifest in a number of spheres and in a wide spectrum of programmes. In welfare programmes, development-oriented initiatives, conscientizing people, empowering women and weaker sections, protecting the rights of the marginalized segments and environment, spreading literacy and education, information technology, to name a few, the participation of the NGO sector has been impressive particularly since Independence. There is a high degree of diversity and heterogeneity in the activities too.

Social service in the past has been much concerned with, and by many identified with, the relief of distress, especially material distress, and the combating of evils. It is one of the outstanding changes of recent decades that the emphasis, is coming to be laid more and more on the enrichment of normal life. Yet the former objects remain, and are likely to remain for a long time, a large part of what is called "social service" is still identified in the minds of many with them. Many of the risks of life are met by mutual aid. Mutual aid is to be contrasted with help rendered by the privileged to the unprivileged. Many of our social service today are a mixture of the two; help is given by those who have means or leisure to spare on such terms and in such a manner as to stimulate mutual aid among the recipients. Now they are found in almost

all areas of human activity. The activities are virtually multiplying in geometrical progression.

The role of NGOs in development has been very significant in India. They are found in almost all areas of human activity. The activities are virtually multiplying in geometrical progression. They have taken up an array of roles too: activists, environmental protectionists, strong advocates of human rights, consumer protectionists, to name a few. Since independence some urgency of voluntary action was felt in certain areas where NGOs could work constructively. Attention was thus drawn to reconstruction and development ensuring people's participation. Consequently, many existing as well as newly-born organization began listing out priorities and strategies towards this end. The policy of the government of encouraging voluntary action in this area further accelerated multiplication of both NGOs and their development-oriented programmes.

Very good work is to the credit of voluntary action in the field of education, health, social reform, creating of public opinion, and general community education resulting in the change of outlook of the people. In fact, the works of the sector have influenced the government policies and programmes. Some NGOs have been successful enough to change the attitude of government towards the neglected sections. There are instances where NGO action could successfully deter the government from formulating policies opposed to people. Not only in India but in many developing countries governments had been compelled to consult NGOs before they embark on new projects that affect the population. In a way NGOs can influence the path and direction of development. Non-governmental organizations have become indispensable due to number of reasons. First of all, the programmes of NGOs are more often than not innovative and adaptive, and

the talent in NGOs is not obstructed by formalities of the organization. The programmes are closely monitored and modifications are made according to the needs of the people. The advantage of NGOs lies in their proximity to the people. They also have the option to experiment with suitable programmes and evaluate on the basis of their experience in a particular community leading to initiative pioneering approaches to social development.

The NGOs are relatively more sensitive to the needs of the community, which places them in an advantageous position as against the official agencies. Closeness to the immediate needs of the people determines the programmes and policies. Areas are identified, priorities are chosen and programmes are conceived deliberately with the involvement of the beneficiaries concerned in the decision making process. This in fact avoids remote planning which seldom takes into consideration the actual reality. NGOs, in principle, aim at long-term benefits and the programmes are conceived not merely for short term benefits. This may, in turn, help the community to become self reliant.

One of the important contributing factors for the failure of rural development programmes is the absence of involvement of the people for whom the programme were meant. The need for micro level institutional arrangement, to involve the people in formulation, implementation and monitoring of the programmes is therefore stressed in several quarters. Development practitioners, government officials and foreign donors consider that voluntary organizations by virtue of being small scale, flexible, innovative and participatory are more successful in reaching the poor and in helping in the alleviation of poverty. Non-governmental organizations are credible in the sense that they motivate the rural masses for change of attitudes and perception. They

generate awareness about the rural development programmes on the one hand and alternative paths on the other. Through repeated reinforcement and follow up activities the NGOs induce reinforcement over a period of time. This is the major reason why the NGOs and foreign donors utilizing the service of Sociologists to interact with the beneficiaries for sustainable development through people's participation. NGOs have ventured into the territories, not in a geographical sense alone, which were left out or sidelined in the development programmes of the State. The presence of NGO is felt among the tribals, women in the unorganized sector, destitutes, children, the aged, sex workers, the blind and other similar neglected and marginalized sections of society. NGOs could penetrate into these segments of the populace where assistance was required but hard to come by. Even though the work of the NGOs in these fields was carried out at the micro level, in the end it has borne fruits and made significant impact. It is widely recognized that they have been quite effective in their limited area of operation.

A prominent feature of the non-governmental sector is therefore, its capability of bringing people and motivating them to participate in the developmental process. Whether it is in Pani Panchayat for water conservation and distribution, the element of participation and involvement remains the strength of NGOs. Due to this, the work of the organizations in the arena of development in general, has been quite remarkable. This is clear from the sector's effective programmes using indigenous resources, and mobilizing the masses and reaching the poor. Non-governmental agencies in rural community development will help us to explore the nature and significance of the extent of people's participation. These days, NGOs have increasingly been taking active interest in development process. Some of them have emerged

as an alternative channel for helping the poor, vulnerable and disadvantaged sections of the society. Some of the most important functions which NGOs provide include mobilizing resources for development, generating public awareness through network of information and communication developing professional skills in respective areas, providing opportunities for significant endeavours and personal development through involvement in group activities and facilitating feedback to policy decision makers. Some of the NGOs have done commendable job in rural and backward areas. They can be of great help in filling the gaps left by government led development initiative and steps.

The potential of creative talent in them facilities a necessary opportunity to design, experiment and amend their strategies to suit the needs of the people for whom the programmes are intended. The approach of the NGOs which is characterized by information, personal and humane elements enhances the quality of service they render. They have been perceived as flexible, participatory, inexpensive and are able to reach the poor better, in contrast to Government. More importantly, NGOs vis-a-vis the government have the ability to help ensure that the people, vulnerable groups in particular are involved themselves in decisions that affect them. NGOs begin to work in areas even before the development of governmental programmes in these areas. NGOs receive accolades for their innovative and enterprising spirit in finding solutions to the issues confronted by society. It has been widely acknowledged that the strongest functional aspect of NGOs is their potential role as trial blazers, and pioneers of new untried development approach. Innovations in community health, indigenous medicine, techniques of delivery of services to the poor in remote destinations, microfinance and banking system, organizing the workers in the information sector and in evolving

appropriate credit system that benefit the poor all had wider repercussions in the society.

In reality, NGOs serve as a test-bed for new ideas and methodologies that are difficult for the government and business sectors to develop and act as a sounding board for governmental policies and programmes. Such attempts secure recognition and often governmental agencies try to emulate them. Some of the most exalted ideas and effective movements in the post-independent India have come from the voluntary sector. The environmental movement was initiated by the voluntary sector, so is the Ambedkar movement. The Narmada Bachao Andolan has brought the whole question of the alternative development concept to the centre-stage. Raj and Mable Arole's work in Jamkhed has produced an alternative for the delivery of health services to the rural masses. The consumer movement, the Lok Adalat idea, the Chipko, the Silent Valley agitation, the fisherfolk struggle against mechanised foreign fishing and various other social movements and human rights outbursts that have benefited the poor have originated from the NGOs.

In India the work of the action groups so far have left a deep impress on our public consciousness. May be no substantial change in the structures is noticeable. But a new awareness has dawned. Many groups in rural areas, as in the forest regions, in slums in fishing villages have been given a voice in the place of their age-long silence. They have become conscious of their rights and have felt their power in their confrontations with their oppressors. Non-formal education has spread into the backward regions and backward classes, and thousands have learned to read and write and stand up for their rights. Experiments with health care have opened up new possibilities in this crucial area.

Charity was the guiding principle of social service and philanthropy, inspired by religious considerations. The volunteers were neither paid workers nor were professionally trained workers. They did not expect any return, except the psychological satisfaction and or social admiration. Today the majority of persons working with the non-governmental organizations are doing full time jobs. It is unrealistic to expect that they would be working without seeking any reward. In recent years a big class of so-called social activists has emerged who feel that voluntary action is a big business, lucrative activity and self-serving activity at best. A good number of well-trained qualified personnel are working in this area considering voluntarism as a profession. The most important propelling force of non-governmental organization proliferation in recent times has been the increased supply of direct and indirect international financial support.

The advantages of voluntary agencies, like flexibility in operations, rapport with the local community and their commitment to planned social changes, are sometimes set off by the fact that they generally become personality oriented. They are built around the leadership qualities and dedication of an individual; and it is, therefore, difficult to replicate the experiment. Committed and dedicated leadership is seldom seen. The founders or some of the active members of the organization tend to perpetuate themselves. In some cases, the initiators cleverly manipulate to make it a family organization by putting their relatives or friends as members in the organizations who would rarely challenge their authority. In most case,chairperson secretary, and treasurer monopolise all the power in their hands as other members largely remain apathetic or indifferent to the work of the organization.

One of the major problems that face voluntary agencies is lack of finance. Since most of the activities undertaken by them are in the nature of extension work, they cannot become self-supporting. They are dependent for funds on the government, whose procedures are often slow and time-consuming, on foreign donor agencies and industries whose grants may not be available on a regular basis. Funds and resources of NGOs are a sensitive issue. NGOs are now being referred more and more in the context of funds and their utilization. It is known fact that many of the action groups are financially supported by foreign funding agencies. Notably a large chunk of the NGOs depend on foreign funds to run their activities. In 1984, foreign contribution to the sector in India stood at Rs.2,540 million and it touched the mark of Rs.3,500 million within the next two years. It is estimated that every year, under FCRA, over 20,000 million (20 billion) rupees flow from foreign donor agencies to voluntary groups for rural development alone. There are organizations which have an annual budget ranging from Rs.30 million to 500 million.

NGOs look upto the funding agencies for tailor-made programmes. In reality, they become a mere implementing agency of the donors, or as Korten calls 'public service contractors'. There are constant pressures on voluntary organizations to become public service contractors. The primary concern is not the people but the existence of the organization with uninterrupted supply of grants and funds. NGOs falling under this class take up new responsibilities where financial assistance is easy to obtain. When the motive remains mere survival of the organization through funds and projects, it fails to adopt better management skills for effective functioning. Obsolete management techniques keep the organization at a level from which it cannot grow

in tune with the changing times. Tailor-made projects limit the scope for indigenous and innovative technical know-how. Such projects usually come with a specific package of management prescriptions suited for specific purposes.

The experience of NGOs working among the neglected sections, questioning the prevalent practices and demanding a change in the status quo, shows that the challenges are not easy to overcome. They arise not only from government organisations but also from the community in which the NGO is based. The activities may not receive sympathy or support from the powerful elite in the community. Rather, such elements usually oppose the organisation which may emerge as a questioning authority against the exploitative practices prevalent in the community. Instances of this sort are not limited.

The oft-repeated criticism is that the functioning of NGOs has been highly local and only a limited fraction of the population comes under their coverage. Networking and co-ordination of activities have not yet yielded the desired results. Sharing the experience and knowledge gathered through micro level action needs to be emulated elsewhere. The efforts of the NGOs steered towards this direction will definitely have a positive impact on the society. The roles and tasks are not however limited. NGOs in the coming days will continue to play a crucial role in welfare and developmental activities of the country. They will assume a wider role in the era of liberalization and globalization. The new era offers a lot for the NGOs to do. The NGOs will have to define their role in such a way that it aims at protecting the interests of the neglected and the downtrodden. The changing times which began with economic reforms have undoubtedly affected the poor and the middle class sections of the society. In the tide of the changes that

marked the liberal entry of multinational corporates and new labour standards, cut down in the subsidy of many commodities, budgeting in tune with the whims and fancies of international donor organizations and the like, the poor find it hard to cope with. They become poorer day by day. As a corollary of all this, as some recent studies show, things are turning in favour of the well-off sections of the society.

The role of NGOs is not confined to the introduction of innovative ideas. While concentrating their efforts on left-out areas in both rural and urban regions, the aim has to be conceived in a wider perspective. The NGOs need to put in their voluntary service in transforming the minds of people that are loaded with ill-developed conceptions on equality, justice, development, change, work ethics and others. Prevalence of socially undesirable practices and evils that appear to erect obstacles on the way to progress needs NGO intervention. More often than not, the NGOs, would have to swim against the stream while they work with the deprived. Combating the powerful cannot necessarily be on a smooth trial.

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