



# Financial status of NGOs and their effects on sustainable development.

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*Abstract*

After independence, the government has recognized the importance of NGOs. In the process of development, NGOs are now working in the various fields such as poverty eradication, women and child development, education, environment etc. In Pune district, NGOs have been in existence since the 20<sup>th</sup> century. Finance, leadership, activities are the key input for any NGO to function effectively. The effect of the financial capacity of NGOs on environmental conservation work has been studied in the following research paper.

The main aim of the study is to understand and analyze the financial sources of selected Organizations and their impact on environment conservation activities with special reference to Pune District.

**Key Words:** Environment conservation, NGO, financial sources, sustainable development

## Introduction

In Pune District, several NGOs are working in the field environment issues and environmental activities and are helping people to make them understand the importance of conservation of natural environment. There is a lot of diversity in the NGOs in Pune. They differ in terms of size, membership, structure, funding, and relationship with the political parties and the state, philosophy, goals and programmes. This paper is divided in to three parts. First part is related to financial status of environmental NGOs in Pune district. Second part is related to study of selected NGOs activities and the third part is initially summaries the major findings of the study and ends with the conclusions.

**Methodology** 10- NGOs were selected for the study in accordance with specified criteria. The study relied on both primary as well as secondary data. The data were **collected** from NGOs personnel. The role of the personnel was only to provide information to the researcher for the study purpose. The Leaders or founder members of the sample non-Government organizations were formal interviewed regarding NGOs problems.

**Objectives of the Study.**

- 1.To understand funding sources of the selected NGOs.
- 2.To study activities of NGOs in the field of environment.
- 3.To examine the impact of NGOs financial condition on environmental activities of NGOs.

10 NGO formed as a sample of the study. For the purpose of case studies, the sample NGO were selected in such a manner that all types of NGO are represented. The 10 NGOs included in the present study are differing in size. The important common factor is that they are engaged with the environment conservation activity.

The NGOs were selected after identifying them and were listed based on following criterions.

- 1.The NGO should be registered institution involved in the field of environment conservation.
- 2.The NGO should have been functioning for a minimum period of three years.
- 3.All selected NGOs were established after 1965.

Their names are listed in table no 1

**List of selected NGOs Table No One**

Name of the NGO	Organization Type
AFARM	National NGO
ARTI	Grassroots -level National NGO
ARBUTUS	Grassroots -level
BAIF	National NGO
Ecological society	Grassroots -level
Gram Vardhini	Grassroots -level
Kalpavriksh	National NGO
Nisargsevak	Grassroots -level
Parisar	National NGO
Vanarai Trust	Grassroots -level National NGO

From above classification researcher selected total 10 NGOs for purpose of study. Out of ten NGOs 4 (40 percent) NGOs were national, 2 (20 percent) were grassroots and national and 4 (40 percent) were only grassroots. No one

is international because the researcher contacted with the one international NGO, but it not interested to give the information and other two were not available on phone.

### **Infrastructural facility of NGO**

The minimum facilities are essential for an NGO to enable it to deliver welfare services to its beneficiaries. An adequate level of facilities definitely helps in the smooth and efficient functioning of the NGO. In the 10 selected NGOs, all have space, Furniture, Library, telephone, Vehicle, Computer, OHP /LCD. It means that all selected NGOs were well equipped. This data indicates that near about all NGOs have good infrastructure facilities. But researcher regarding infrastructure facilities observed that lack of own space and well-equipped lab which is required for research strategy is the main problem to selected NGOs.

### **Activities of the NGO**

In the selected majority of non-Governmental organizations were engaged in the educational activity, while nearly half were field work type activity, some were doing recycling of waste and engaged in the legislation type of activity. The researcher meetings with the head, founder member or office staff and a discussion with the them very encouraging. They show activities, slide shows, infrastructure facilities of their NGOs. The activities of NGOs were classified into two areas namely, actual field work activity and only awareness generation activity. Field work activity is distributed in four areas such as soil, water, energy, plantation etc. Awareness generated activities were classified in areas such as lectures, seminar. The selected NGOs are working in the urban and rural areas also; hence data is also classified in these areas. The principal activities being carried out under this category were the awareness generation projects (100 per cent) and plantation. Only 50 percent NGOs were engaged in field work type of activity..

### **Financial status of organizations**

A Non –governmental organization must have enough funds to execute its programmes in a proper manner. In absence of adequate funds, the activities of the NGOs are hampered or crippled. A prolonged shortage of funds may even compel the NGO to become defunct and ultimately cease to exist. As part of the study, data were collected from the NGOs in regard to their income, its sources, the methods used for mobilizing own funds as well as their policy regarding taking funds from external sources.

The data regarding the sources of income of NGOs were sought to be collected. The investigator faced considerable difficulty in collecting data as many NGOs either did not have it readily available or were reluctant to furnish full details. Lalitha and Kohli (1982: 139) also reported similar difficulties in obtaining data on financial aspects. 20 per cent of the NGOs did not reveal their financial resources. NGOs they were unable to give the amounts and sources of income. Out of 10 NGOs, while 20 percent furnished data for three years, 30 per cent could give it only for one or two years. Two NGOs did not give the data despite repeated visits. For the purpose of the following analysis, it was therefore decided to use the data furnished for the latest available year.

Table No 2

**Distribution of NGO according to their annual Income**

Annual Income.	Frequency	Percentage
Up to 1, 00000.	1	10
Rs 100001, to 500000.	7	70
Data not available.	2	
Total	10	100

Using the financial criteria, seven NGOs out of ten (seventy percent) have an annual budget ranging from Rs 1 lakhs to Rs six lakhs, which can be classified as medium –sized voluntary organizations. Organizations, having a smaller annual budget of Rs fifty thousand or less can be given the status of smaller NGOs. The level of activities is limited to villages in the case of smaller NGOs and the activities of larger NGOs are expanding to other districts and also to other Indian states.

The sources of income of NGOs could broadly be divided under two heads, namely, own sources and external sources. External sources also divided into government grants and sponsors. Among the own sources of funds were the membership fees, donation, income from rent and sale of produce, prize money from competitions, etc, the external sources of funds were primarily the loans and grants received from various government and non-government agencies. Monetary resources are vital for the smooth running of any organization. 7 (70%) NGOs had very moderate income of 1 lakh to 5 lakh per annum. The sources of income were both internal and external. Among the main internal sources were membership fees and donations on the one hand and income earned from sale of produce, service charges from beneficiaries on the other. The external sources of income mainly comprised loans and grants – in –aids received from various government departments and NGOs. It is worth noting that in over half of the NGOs 7(70%) the own sources of income were high (i.e it is between 26 to 50 percent) than the external sources.

Table.3

**Distribution of NGO's according to percentage of own funds to total Income.**

Percentage of own funds.	Frequency	Percentage
Up to 25 percent	1	10
26 to 50 percent...	7	70

Data not available.	2	20 .00
Total	10	100

It was observed that the 7 NGOs (70.00 percent) own income is 26 to 50 percent to total annual income. For two NGOs data are not available. One NGO, own contribution is up to 25% percent of total income.

Thus NGOs were partially dependent on other grants. The researcher observed that all information regarding financial matters was not given.

Percentage of Government grants to the organization is presented in table 4

**Percentage of Govt grants to organization is presented in Table no 4**

Percentage of Govt grants.	Frequency	Percentage
0 percent	3	30
26 to 50 percent...	2	20
100 percent	1	10
Data not available.	4	40
Total	10	100

The data shows that three NGOs are not taking any government grants. From the above, one NGO is not taking sponsors grants while one NGO taking 100 percent grant from government and researcher observed that this NGO is in deep financial trouble. Two NGOs are taking 26 to 50 percent grant from government. Four NGOs have not given any information regarding funds.

The studies carried out by experts giving reasons for the Govt grants , Mehta (1987:52) remarked that as vos in India are weaker, more fragmented and dispersed compared to those in the west, they are perforce obliged to seek governmental support. A majority of organizations in Lalitha and Kohlis study (1982:140) reported that they had to turn to government assistance due to difficulty in raising funds from the community

One more important thing observed by researcher is that grassroots small NGOs who were working in the local area and follow the environmental awareness activity were not taking the government grants.

It was noticed that there was one NGO which relied only on its own sources of funds. Out of them, two NGOs stated that they did not believe in approaching the government for grants for their projects. The investigator also observed that the financial position of the selected NGOs is such that about 30 percent of them would land in deep financial trouble if government grants were not made available to them. It was noticed that the government grants had provided financial support to the NGOs; it had also generated dependencies among them.

**Percentage of sponsor's grants to the organization is presented in Table no 5**

**Table no 5**

Percentage of. Sponsors grants to the organization	Frequency	Percentage
0 percent	1	10
Up to 25 percent	1	10
26 to 50 percent.	4	40
Data not available.	4	40
Total	10	100

It is evident that 4 NGOs (40.00 percent) take 26 to 50 percent grants from other source and one NGO take up to 25 percent grants from other sources. One NGO does not take grants even from other funding agencies. It collects their funds by organizing one- two-year, environment education classes, donation from past student etc. Some of past students contribute occasionally. The study of the annual reports of the organization shows that organization taking funds from the local. national, international corporate funding agencies such as Shell Foundation, UK, Winrock International U.S.A, Rotary Club, Champaign West, Illionois, USA, GTZ, Germany, Ashden Trust, London DST, New Delhi, U.S.E.P.A ,GOAL, India, TATA Power Co, Ltd ,Lonawala, Suryashibir, Nature lovers Foundation, Pune. etc.

The researcher observed that only 40 percent NGOs take grants from the international agencies. At the time of interview of headperson of NGOs researcher has asked question regarding international funds. At that time 40 percent respondents said that for the international funding international networking, well contact with international agencies, well known personality of organization, these things are necessary for the international grants. The researcher also observed that there is lack of information regarding international funding agencies,

inability to communicate with funding agencies and lack of doing propaganda or advertise NGOs work. These are some causes why NGOs are unable to take grants from international agencies.

Thus, for any type of funding national, or international communication, development of contact with various funding agencies, advertisement of work, quality of work, regular assessment of work, long term vision for development or environment conservation, are necessary. Lack of information regarding funding agencies itself is an obstacle for the NGOs development and it is a limitation for NGOs work. It was observed that as most of the organizations had no specific policy regarding acceptance of funds, they were accepting whatever funds were coming their way by way of loans, grants and donations.

Thus, funds are very important factor for the NGOs activity. In the rural area funds are more required for the soil and water conservation activity. The researcher found that only Grassroots level NGO have a lack of funds, hence they are not engaged in the field work type of activity. They are only engaged in the awareness generation activity which required fewer funds as compared to the field work activity. National and State level NGOs received grants from the various sources hence they can do field work activity regarding environment conservation. In this way role of funds is very important for the environment conservation activity.

In order to identify the problems faced by NGOs data show that problems in the area of finance emerged as the major problem for 8 NGOs (80.00per cent) while 2 NGOs reported facing no problems in the area of finance. While discussion with managers of the NGOs they also reported that the main problems emerged were, unavailability of funds, lack of space, equipment for their activities and lack of technical help or guidance during programme implementation. Due to financial uncertainty, they also face personnel were the major problem for NGOs. The main problems reported in the area of personnel were that the NGOs found it difficult to get full-time active workers, they found it difficult to get qualified workers, and they were unable to get the suitable trained workers and part-time workers devoting insufficient time to work. These problems accounted for 80 per cent of the total problems in this area.

Thus, finance or lack of funds and difficulty to get qualified trained devoted fulltime workers are the major problems for the NGOs. The researcher observed that only- grassroot type of NGOs face this problem more because of they are unable to pay sufficient salary and job security for their workers as compared to the national and state level NGOs. Hence grassroots type of NGOs has limitations for the environment conservation activity. But researcher also found that grassroot NGOs implement awareness generation activities in a good way in their near local area both rural and urban areas. It was observed that Community projects sponsored by the NGOs cannot continue without NGO funding or technical support. NGOs themselves are highly dependent on outside donors.

### **Suggestions for Improved Performance of NGOs**

To make more funding available to NGOs they have to approach various government, non-government, national and international agencies, and corporate sector.

**Findings: -**

From above study, it was found that a major qualitative change has taken place in the field of environment due to NGO's fieldwork activity as well as non-fieldwork activity but finance is important source for environment conservation and sustainable development. Hence, the constructive support of NGO's and their self-reliance is necessarily for the sustainable development in India

**Conclusion**

Available resource for NGOs is important factor for the environment conservation activity .A Non –governmental organization must have enough funds to execute its programmes in a proper manner. Hence, NGOs should be become financially strong with the help of their own sources as well as support from government and corporate sector.

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