

AccountAble™

138. National Policy on Voluntary Sector - 2007; Part - I

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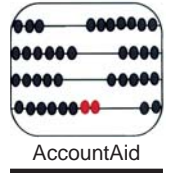
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Introduction

On 17th July 2007, the Government of India notified¹ a National Policy on the Voluntary Sector. This is a novel initiative on part of the Government. The policy formally recognizes the importance of the voluntary sector. It also sets out a broad framework for Government interface with NGOs and other voluntary organizations.

Immediately a doubt arose. Will the policy be implemented by the Government? At a recent workshop, a learned speaker turned the argument around, making an interesting point. Once the policy has been announced, the entire Government machinery is bound by it. Therefore, this offers a rare opportunity for the voluntary sector. The opportunity is ensuring that the promises made in the policy result in real action. And for that it is essential that the policy be studied, debated, and kept alive.

This issue of AccountAble discusses the implications of this policy for the NGOs. The discussion focuses specially on sections related to laws affecting NGOs.

¹ Published in The Gazette of India - Extraordinary, Part II - Section 3 - sub-section (ii), No. 945, on Tuesday, 31-July-2007 / श्रावण ९, १९२९

The *Puram* in Policy

The word '*policy*', believe it or not, has been derived from the Sanskrit word '*pur*'. Policy means a way of management, government, administration. *Pur* means city. What could be the link between the two? This question opens up the hidden world of research on linguistics, how words and ideas travel across the globe, acquiring new spellings and meanings.



According to Online Etymological Dictionary, the word *policy* comes from Old French *policie* (14th century) meaning civil administration. The French had in turn borrowed it from the Latin *politia* which meant the state. Latin itself had borrowed the idea from the Greek *politeia*. However, this word was based on *polis* meaning city, state. According to Prof. Calvert Watkins, who teaches Linguistics and Classics at Harvard University and is a leading expert in Indo-European studies, the word *polis* (as in metropolis) comes from *pele* (enclosed space, often on high ground). Both link this with Sanskrit *pur*, *puram* meaning "city, citadel".

And while the world was playing with *pur*, India went ahead and coined a different word for policy – *neeti* (नीति). This amazingly precise word has been formed by combining 'नी' with 'वित्त्न'. Prof. Shreenarayan Mishra of Banaras Hindu University, in his preface to *Sukraneeti* (1968), has explained that it means guiding or taking a person from the inappropriate path to the right path.

Though Indians may have unknowingly contributed to coining the word 'policy' in ancient times, but so far as developing a policy for NGO sector is concerned, many other countries are already there or are at an advanced stage in developing one. For more on this, see 'Voluntary Sector Policies around the World' in AccountAble 140.

Sources: <http://www.etymonline.com>; p. 402, Dictionary of Word Origins, Mr. John Ayto (1992); p. 64, American Heritage Dictionary of Indo European Roots, Prof. Calvert Watkins (2000); p. xiii, *Sukraneeti*, Pt. Sri Brahmasanara Misra (1968).

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A Guide for the Government

The policy does not say what the voluntary sector should or should not do. NGOs remain free, within the normal laws, to do as they deem fit. The policy merely says how the Government will interface with NGOs. Thus, the policy is a guide for the *Government*, and not for the NGOs.

Also, the policy is a statement of intent. It is not law. However, it will guide the framework of laws (such as FCRA, Income Tax, Registration laws) affecting the voluntary sector.

Who is Covered

The policy defines the term 'voluntary organizations' in fairly wide terms. However, the policy applies only to those voluntary organizations (VOs) that are private and self-governing. This would mean that various NPOs, such as CAPART², NIRD³, and Institutes of Rural Development in various states, etc., set up or controlled by the Government are not covered by the policy. Further, VOs that return profits to the owners or directors (such as cooperatives) are also not covered. If you extend this further, even SHGs may have to be excluded from the policy. Also, the VO should have defined aims and objectives – it does not matter whether it is registered or is merely an informal group

Broad Segments of the Policy

The policy affirms the Government's commitment to encouraging and empowering the voluntary sector. It formally recognizes the value of the voluntary sector to the society. The policy sets out four objectives:

1. Create a positive legal environment for

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- the VOs
2. Help NGOs raise funds from India and abroad
3. Enhance Government's partnership with VOs
4. Strengthen governance and management of VOs

How are these objectives to be achieved? The policy devotes considerable space to this. It talks about reorienting the legal environment (discussed in this issue of AccountAble). It also looks at ways in which the Government and VOs can work together more effectively – including consultation, collaboration and project funding. The policy ends with a look at specific ways in which the voluntary sector can be strengthened, and its reach widened.

² Council for Advancement of People's Action and Rural Technology, New Delhi

³ National Institute of Rural Development, Hyderabad

Enabling through Regulation

We mostly look at regulation as a nuisance. This perception comes from our daily brushes with the law, or rather the keepers of the law. Most of us know that this is neither pleasant nor uplifting. This continuing experience leads most of us to hate or detest laws, especially when these apply to us.

However, there is another view of the law. Law should help protect people and nurture their good work. It should not lead to harassment or act as a hindrance. This makes sense because without laws, there would be anarchy. It will no longer be safe for people to walk the streets or stay at home. People will start keeping



private armies or will form gangs to protect themselves.

The policy makes an interesting promise in this regard. It seeks to 'establish an enabling environment for the voluntary sector'. How will it do this? We consider some of the key points that the policy makes. The original text of the policy is given in shaded boxes:

4.1 Autonomy with Accountability

Firstly, all laws, policies, rules and regulations related to VOs must ensure that their independence and

4.1 The independence of VOs allows them to explore alternative paradigms of development to challenge social, economic and political forces that may work against public interest and to find new ways to combat poverty, deprivation and other social problems. It is therefore crucial that all laws, policies, rules and regulations relating to VOs categorically safeguard their autonomy, while simultaneously ensuring their accountability.

autonomy is not adversely affected. Anything that may be viewed as interference in internal affairs of VOs would be considered against the policy of the Government. To take a specific example, the proposed FCRA rule of limiting administration expenditure to 50% must be tested against this assurance. Will this erode the autonomy of the sector? Will it allow Government officials to interfere or browbeat VOs?

However, while promising this, the policy also mentions an important exception. The Government may interfere in a reasonable manner to ensure that VOs remain accountable.

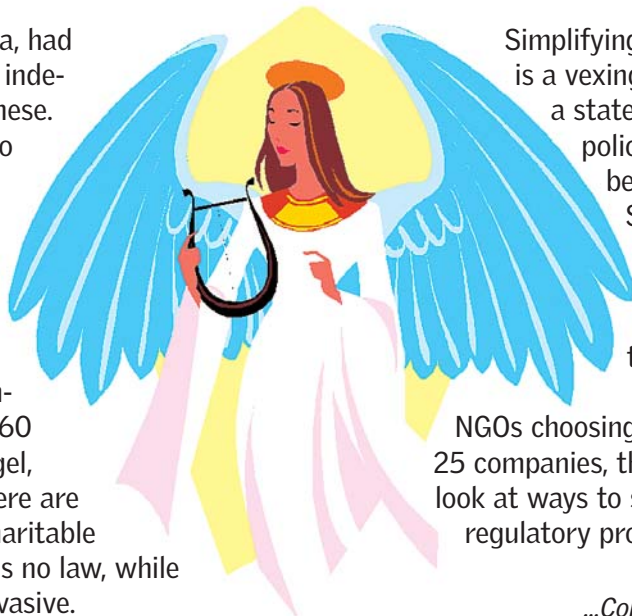
4.2 Dialogue on Simplification of Registering Laws

In 1860, the British Crown had introduced the Societies Registration Act in the provinces controlled by it. Other princely states such as

4.2 Voluntary organizations may be registered as societies, as charitable trusts, or as non-profit companies under Central or State laws. Some States have adopted the Societies Registration Act (1860), with amendments, while others have independent laws. Similarly, laws relating to charitable trusts vary across States. Over time, many of these laws and their corresponding rules have become complex and restrictive, thus leading to delays, harassment and corruption. As the nodal agency for interface between the Government and the Voluntary Sector, the Planning Commission will encourage State Governments to review prevailing laws & rules and simplify, liberalise and rationalise them as far as possible. In order to facilitate registration of non-profit companies, the Government will examine measures to simplify procedures under section 25 of the Companies Act (1956), including those for license, registration, and remuneration to member-employees.

Travancore, Kashmir, Telangana, had their own laws. At the time of independence, India inherited all these.

Some states then went on to make new laws, or to modify the existing ones. These have widely varying provisions related to filing, remuneration, winding up, state intervention, etc. The newer laws tend to be more intrusive, compared to which the original 1860 Act looks positively like an angel, with white flapping wings! There are also varying laws related to charitable trusts – in some states, there is no law, while in others, the law is seen as invasive.



Simplifying and rationalizing these is a vexing issue as this is mainly a state subject. However, the policy proposes a dialogue between the VO's and the States, with help from the Planning Commission. This may help resolve some of the more thorny issues.

With more and more NGOs choosing to register as section 25 companies, the Government will also look at ways to simplify registering and regulatory procedures.

...Continued in Accountable 139

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AccountAble in Hindi

अकाउण्टेबल हिन्दी में 'लेखा-योग' के नाम से उपलब्ध है।

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