



Study Report on National Policy on Voluntary Sector

Voluntary Action Network India (VANI)



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Foreword

Voluntary organisations have been playing a major role in nation building since the pre-independence era. However, the contribution of voluntary organisations in doing so remains unrecognized till date. The relationship between the government and the voluntary sector has also been undefined. The 'National Policy for Voluntary Sector' was an effort towards defining and documenting their work relationship and further strengthening it. The policy was developed by the Planning Commission and endorsed by the Union cabinet. However, the purpose for which the policy was developed was not met. The steps taken by the government after the introduction of the policy were not appreciated. The new laws that came into force like the FCRA Act 2010 were extremely rigid and did not respect the spirit of the voluntary sector. No single law, under which all development organisations could be uniformly registered was made. The law governing the registration on VOs in India is still the age old one, under which any organisation be it, academic, medical, research, charitable, etc., may be registered. The National Accreditation Council (NAC), developed by CAPART, could not see the light of the day as it had marginal representation of the sector. The recommendation to have national uniform law for registration was not formulated. The Voluntary Action Cell was also seen not only a nodal point for VOs but also a platform to discuss and address the grievances of the VOs in relation to policy formulation.⁽¹⁾

VANI, being an apex body of voluntary organisations in India has been continuously taking pro-active steps to build an enabling environment for the sector. VANI plays a major role in the development of policy analysis for strengthening collaboration between the sector, VOs, donors, government and corporates. Acting under this mandate, VANI played a pivotal role in the formulation on the National Policy on Voluntary Sector with participation of various stakeholders. Among them were representations (letters and petitions to decision makers), meetings and dialogues with parliamentarians and bureaucrats and organising workshops to educate stakeholders. VANI's efforts in convincing the Planning Commission to involve voluntary sector for such an exercise yielded good results. It was a perfect case of Government-CSO partnership in shaping the policy for the voluntary sector. VANI also conducted various meetings to facilitate the process of policy formation and engaged in multiple state level dialogues in order to state policies as well.

After prolonged advocacy, the Planning Commission constituted a pool of experts to work on the draft policy in 2005. A meeting was held on February 18, 2005, of leading representatives of VOs to discuss the draft National Policy on the Voluntary Sector under the Chairpersonship of Member, Planning Commission. More than 15 representatives from eminent NGOs contributed to the National Policy on the Voluntary Sector. Four expert groups were constituted to revise the draft policy, out of the VANI chaired the one on capacity building, training and governance.⁽²⁾

However, the policy draft that finally came through, unfortunately was never implemented.

This study is a sincere effort towards revisiting the National Policy on Voluntary Sector, to restart the debate on its implementation, which never happened since the last draft of the policy was introduced and recognize the contribution of the VOs in development of the country.

In the end, I would like to thank our research team at VANI, Dr. Pallavi Rekhi (Programme Officer) and Ms. Nivedita Dutta (Programme Manager) for successfully undertaking this study.

Harsh Jaitli

Chief Executive Officer, VANI

Abbreviations

COVID-19- Corona Virus Disease- 2019

VANI- Voluntary Action Network India

VO- Voluntary Organisation

FCRA- Foreign Contribution Regulation Act

CSR- Corporate Social Responsibility

PSU- Public Sector Undertaking

NAC- National Accreditation Council

CAPART- The Council of Advancement of People's Action and Rural Technology

SDG- Sustainable Development Goal

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Context

The pre-independence era of the Indian Society was trapped in a labyrinth of religious superstitions and social beliefs. Detestable practices such as animal sacrifice and physical torture were customary. Other social dogmas were equally depressing especially those revolving around women. A girl child was unwanted, which escalated the number of female infanticides. Daughters were not sent to school and their marriage was a burden. Derogatory social practices such as sati pratha, child marriage, caste differentiation and hierarchy amongst others were also very common that fostered social division.

The voluntary sector rejected all these as features of a modern India and deemed them immoral. The contribution of the voluntary sector has been noteworthy in bringing social reforms being practiced since the beginning of time and achieving modernization.

Even today, the VOs play a central role in achieving development and national growth. Hence, the need for a national policy dates back to the 1980s. After a lot of debates and consultations, a dialogue was finally initiated between the government and the VOs. The Planning Commission, organised a two- day long convention in New Delhi, which was attended by 100 representative VOs from all across the country. Senior officials from the government examined the issues to be addressed through this policy and identify mechanisms to develop a strong and healthy collaboration between the government and the VOs.

As a result of the convention, the draft strategy that was developed to ensure a collaboration between the government and the VOs, was sent across to various ministries and departments to be analysed and provide feedbacks. However, the draft was highly criticized and unaccepted by various ministries.

Later, in 2001, a Steering Committee was developed in order to facilitate the involvement of the voluntary sector in the development of the Tenth Five-Year Plan (2002-2007). This resulted in recognizing the importance of the voluntary sector in development, and the need to have a single policy governing all the VOs all over India. The need for streamlining the procedures and processes related to giving grants to VOs, registration of VOs, and to develop a positive narrative about the voluntary sector was accepted.

The Steering Committee focused on improving interaction between the government and VOs to build mutual respect and identify common goals. In addition, this committee's major goal was the introduction of a sector specific policy that could be implemented by VOs all over the country.

A National Conference was held in 2002, under the Hon'ble Prime Minister Sh. Atal Bihari Vajpayee, focused on the Role of VOs in Nation Building. It was due to the sincere efforts of the Steering Committee that in 2003, a draft National Policy for the Voluntary Sector was released. After various consultations, a second draft was shared in 2005. The National Policy for Voluntary Sector, was finalized in 2007, was announced by the Voluntary Action Cell of the Planning Commission and was approved by the Union Cabinet on May 17, 2007.

A few highlights of the policy and their implementation status is mentioned below:

- All central and state laws, policies, rules and regulations governing the VOs will be reviewed to safeguard their autonomy, while simultaneously ensuring their accountability .

However, with the introduction of the recent FCRA and Income Tax amendments, it is difficult to say that how much of this has been implemented.

- All voluntary organizations must be registered as societies, as charitable trusts, or as non-profit companies under one central law. In other words, there is need to have classification between development and other non-profit entities.

Currently, some states have adopted the Societies Registration Act (1860), with amendments, while others have independent laws. For instance, Maharashtra and Gujarat has charity commissioner. This creates a state of ambiguity about reporting for both the regulatory authorities as well as the VOs themselves.

- In order to encourage transfer of shares and stock options to VOs, the government will consider suitable tax rebates for this form of donation. The government will also simplify and streamline the system for granting income tax exemption status to charitable projects under the Income Tax Act. At the same time, the government will consider tightening administrative and penal procedures to ensure that these incentives are not misused by paper charities for private financial gain.

However, unless charity is clearly defined, the tax exemption applicable to the sector and those donating to the sector will always remain in doubt. This is where the previous policy lacked.

- An organization seeking foreign funding must be registered under the Foreign Contribution (Regulation) Act. This law prescribes stringent screening norms that often restrict the ability of VOs to avail foreign funds. When approved, there are conditions like funds must be held in a single bank account, thus presenting enormous difficulties to VOs working at different locations. The government will review the FCRA and simplify its provisions that apply to VOs.

Although multiple utilization accounts have been allowed, but it has been made very restrictive especially after its amendment in 2010. The FCRA Act definitely went through subsequent reviews by the government, but unfortunately, it did not solve the purpose mentioned in the policy. The policy desired to make FCRA implementable with law abiding VOs, but recent amendments (2020) have made it further restrictive.

- There would be formal system for registering complaints and for redressing grievances of VOs.

At present, there is no platform for the VOs to register complaints or share their grievances with the government. No nodal ministry or department was formed or designated which had executive power to address the grievances of the sector.

In the nascent stages of the policy, a few steps were taken to implement it by the government. However, as time passed, getting the state governments to implement the policy became a huge problem. VANI in collaboration with its member organisations organised state level consultations in various states to build an understanding about the policy among VOs at the state level. However, it was a difficult and tedious exercise to bring all government ministries, departments and state governments on board. ⁽³⁾⁽⁴⁾⁽⁵⁾

Introduction

For understanding and recognizing the critical role played by the VOs or the challenges that they have to deal with, COVID- 19 is an excellent example— from the extensive amount of services they have been providing to the marginalized and vulnerable populations of India, to the lack of support they are experiencing from the government's side in terms of restrictive legislations and lack of financial resources, amongst others, the pandemic provides a clear picture to identify the status of VOs today.

In a country like India, the voluntary sector bridges the gap between the government and the population of the country. It identifies the needs of the community and provides its support and services, even in the most untouched and marginalized areas, where the government is not able to reach.

Voluntary sector comprises of non- profit organizations that are not associated with government—including schools and universities, advocacy groups, professional associations, religious and cultural institutions. Apart from disaster relief services, the VOs serve various other functions like promotion of health, education, environment awareness, etc. They act as an authentic and important source of information for both citizens and government, serving as a communication channel between the two sectors. They monitor and evaluate the government policies and actions and hold government accountable. Evidence- based advocacy is also an important role they perform and offer alternative policies for government, the private sector, and other institutions that are more sector- friendly. They fight for the rights of the citizens and work to change and uphold social norms and behaviors.

However, at present, there is a lot of uproar in the voluntary sector due to the changing landscape vis a vis the amendments in legislature, the harsh effects of COVID- 19, depleting resources and questionable survival of the VOs. Therefore, it has become imperative to identify systems and mechanisms that will enable stronger collaboration between the government and the VOs, on the basis of mutual respect and a common vision. To facilitate this synergy, it is required to revisit the National Policy for Voluntary Sector. The policy broadly aimed at encouraging, enabling and empowering the voluntary sector, for increased social, cultural and economic growth of the country.

The National Policy for Voluntary Sector broadly focused on recommendations that has the following focus:

- Harmonizing the regulatory framework for the Voluntary Sector
- Strengthening partnership between the government and the Voluntary Sector
- Promoting accountability and transparency within the VOs
- Establishing a National Accreditation Council for the Voluntary Sector

The following is a review of the current status of the above stated recommendations of the National Policy on Voluntary Sector, 2007:

- The first and foremost objective of the National Policy for Voluntary sector focused on harmonizing the regulatory framework for the voluntary sector, empowering the VOs, and ensuring an

independent, creative and effective voluntary sector. It also focused on providing diversity in form and function, thereby facilitating full contribution in social, cultural and economic development of the country.

However, the recent advancements that have taken place with regard to the laws governing the voluntary sector, and also the findings from the data collected by VANI and others, indicated a completely adverse reality. Instead of creating an enabling environment for the sector by making the laws more simplified, uniformed and friendly, the government has imposed stricter, contradicting and stringent regulations which hinder the overall growth and sustainability of the voluntary sector. The FCRA and Income Tax amendments passed by the government recently, need comprehensive review to ensure a harmonized regulatory framework for the sector. The current situation might lead to further shrinking of the civil space and hinder the relationship between the two pillars of growth.

- The next goal of developing the policy was to identify systems to enable collaboration between the government and the voluntary sector, on the basis of mutual trust and respect and a common mission. Interestingly, after liberalization the corporate sector gained space due to a separate ministry and regulatory reforms whereas the voluntary sector still struggles for basic sector-friendly regulatory reforms. In spite of various recommendations from various experts, the actions have been contradictory. There is a need to articulate the role of VOs in GDP and other economic indicators like nature and scope of the sector. Sometimes, the contribution of VOs in GDP growth overtakes their role of socio-economic harmony and growth. The government alone would not have been able to fight the COVID- 19 crisis, without the incredible support of the VOs in India. The collaboration certainly resulted in fruitful results that was recognized and visible.
- The policy also recognized promoting accountability and transparency within the sector as an important tool towards building a positive narrative of the sector. To get their act together, the voluntary sector needs to focus extensively on addressing issues of credibility, accountability and transparency. However, given the vast composition of the sector, comprising of a varied mix of organisations having diverse objectives and mandates, for the sector to seek to do so on its own is nearly impossible.
- Establishment of a National Accreditation Council was another objective of the policy. The voluntary sector suffers from the fact that all charitable institutions along with RWAs, schools, hospitals amongst others, are registered under the same Societies Registration Act 1860. As a result, the VOs in India face a wide range of challenges putting their relevance, effectiveness and legitimacy at stake. Therefore, the policy mentioned setting up of an accreditation agency which will ensure adherence to certain standards by the VOs.⁽⁶⁾

NATIONAL POLICY ON THE VOLUNTARY SECTOR - 2007

1. *Preamble*

- 1.1 This Policy is a commitment to encourage, enable and empower an independent, creative and effective voluntary sector, with diversity in form and function, so that it can contribute to the social, cultural and economic advancement of the people of India.

Source: <https://niti.gov.in/planningcommission.gov.in/docs/data/ngo/npvol07.pdf>

However, even after the Act was approved by the union cabinet, it never got approval in the parliament. Hence, the implementation of the policy was extremely poor and therefore, there is also a need to identify the gaps and understand the relevance of the earlier recommendations in the present context. In this regard, VANI had taken this initiative to revisit the National Policy for Voluntary Sector, 2007, and provide draft recommendations for a revised and more relevant policy.

Objectives of the Study

- *Conduct a research on the current status of the National policy on Voluntary Sector.*
- *To identify the changes that have taken place in the voluntary sector since the National Policy for Voluntary Sector was formulated in 2007.*
- *To prepare a draft of a revised National Policy on Voluntary sector with recommendations gathered from senior leaders in the sector.*
- *Help the VOs to understand the current status of the National Policy on Voluntary Sector.*

Research Methodology and Activities

The research has evaluated the formulation and implementation of the National policy on Voluntary Sector in India. The study was based on primary and secondary data and was conducted in a phased manner. The recommendations for the revised policy were finalized based on consultations with various experts and state level meetings with the voluntary sector.

Research and Documentation

Data was gathered conducting extensive desk research to understand the concept, history and current status of the National policy on voluntary Sector. Existing policies on the voluntary sector in various other countries were read and analysed and available literature was reviewed. The National Policy on Voluntary Sector, 2007, documents created by VANI and other literature vis a vis the National Policy, available online was reviewed. Inputs and comments from experts of the voluntary sector were sought to draft recommendations for the revised policy.

Primary Data Collection

In depth interviews were conducted with eminent leaders from the voluntary sector, followed by state level e-discussions the extensive desk research. A few questions highlighting the gap areas in the existing policy were shared with these experts, seeking their comments and recommendations based on years of experience, working in the sector. The inputs received were compiled and incorporated into the draft recommendations to be shared with the government for advocacy.

Limitations

This study has potential limitations. This is a qualitative study based on in- depth interviews and observations of select leaders from the sector, who were either associated with the process of formulating the National Policy on Voluntary Sector, 2007, or have contributed to the voluntary sector extensively. Therefore, the findings cannot serve as a basis for generalizations and are subject to further quantitative validation. The respondents constitute a small sample and are therefore not representative of the whole universe from which they have been drawn. The study was conducted during the COVID- 19 times, so face to face consultation was not organised.

Chapter I: Regulatory Reforms for Voluntary Sector

This chapter elaborates upon the various laws and Acts in India that govern the Voluntary Sector. All of them have been discussed below:

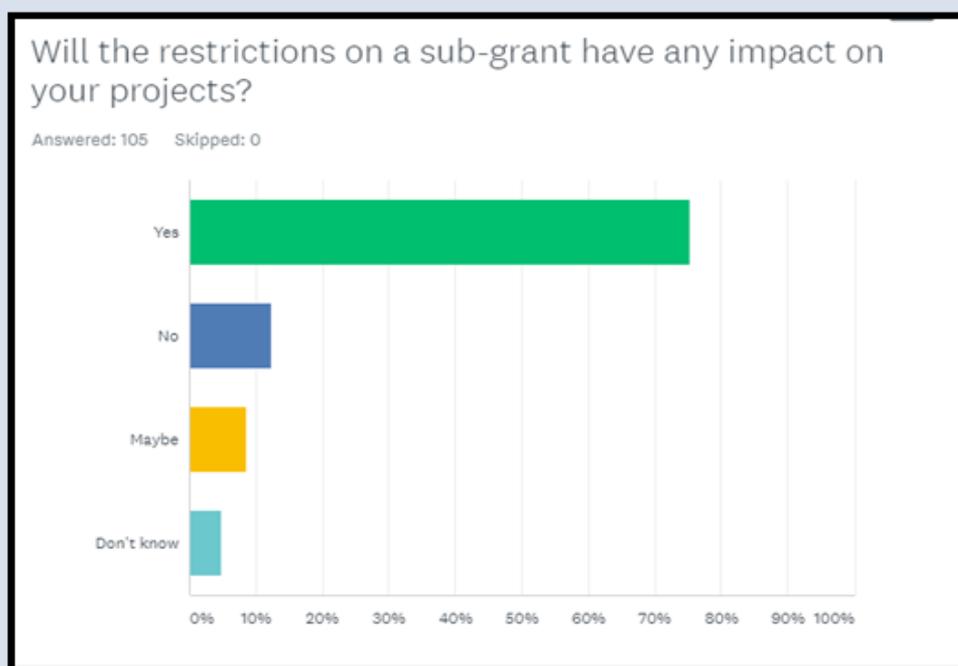
FCRA Amendment Act, 2020

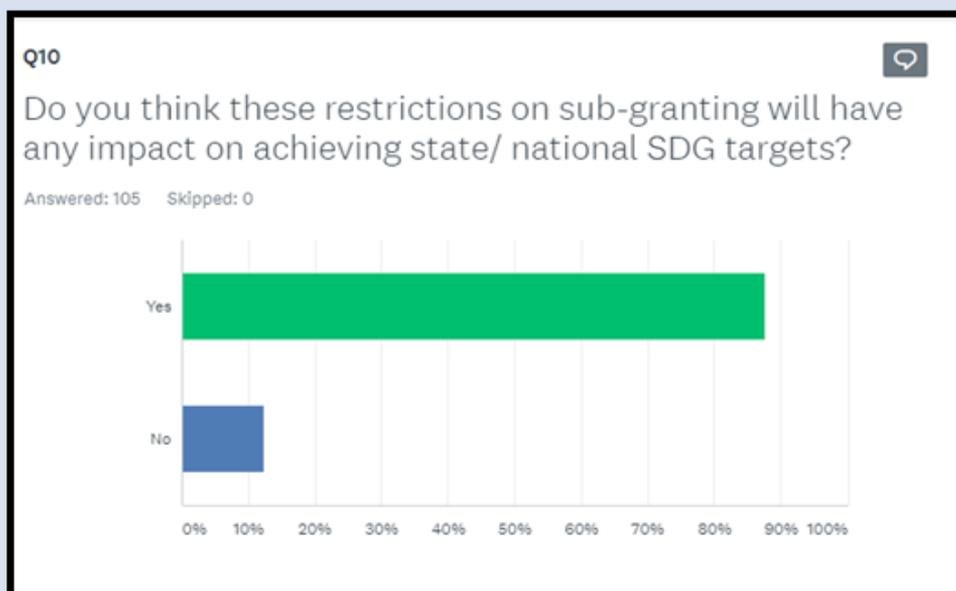
Below are the implications of the key changes proposed:

1. Sub-granting will not be allowed: The proposed amendment states that organizations would not be entitled to transfer or sub-grant any of the FC funds to any organization, whether registered or unregistered under FCRA. The umbrella NGO approach has been withdrawn, which will affect many large national level organisations funding hundreds of downstream organisations. This amendment is a deviation from the normally accepted norms of charitable activity.

According to a survey conducted by VANI recently, on the impact of FCRA amendments 2020, around 75% of the respondents mentioned that their projects will bear the impact of the restrictions imposed on sub-granting.

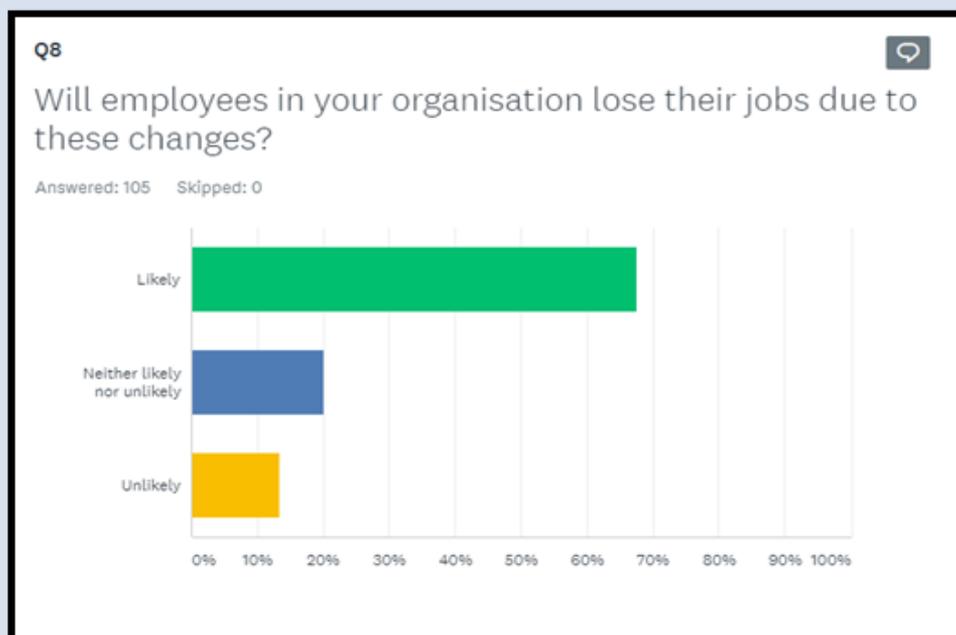
In addition, the data also suggested that these restrictions in sub-granting will also indirectly affect the achievement of the SDGs in the long run. Approximately 87% of the respondent organisations said that this might cause difficulty in continuing their efforts towards achieving state/ national SDGs.





2. Decreased allowance for administrative expenses: Currently the administrative expenditure in any year should not exceed 50% of the total FC funds received in that year. The draft bill has proposed to revise the ceiling limit of admin expenses to 20% of the total foreign funds received in a particular year. Reducing the ceiling limit will lead to loss of jobs in the non-profit sector.

AS per VANI's data, due to the decrease in the administrative allowance from 50% to only 20%, it will be difficult for the organisations to manage their expenses. As a result, employees will be laid off and unemployment will increase significantly. 68% of the total 104 respondents mentioned that their employees are likely to lose their jobs due to these changes.



3. Bank Accounts in State Bank of India: Currently, FCRA registered organizations can open designated bank accounts as well as utilization bank accounts with any core banking compliant bank integrated with the public financial management systems (PFMS). The proposed bill states that the designated bank account, in which all the foreign contributions are received, should be opened in the branch of State Bank of India specified by the central government. However, the utilization bank accounts can be opened in any scheduled bank compliant with PFMS regulations. The rationale of asking all the NGOs from all over the country to open a bank account in a particular bank in New Delhi is probably an effort to create another layer for receipt of foreign contribution for monitoring purposes. This law is likely to cause operational and procedural hassles to institutions located outside New Delhi.

4. Suspension in case of non-compliance: Currently FCRA 2010 provides the power to the Central Government to suspend the registration pending cancellation of certificate, for a period up to 180 days. The proposed amendment states that period of suspension can be further extended for a period of 180 days. In other words, the period of suspension can be extended to a period of 360 days from the date of the issue of the order. This amendment will create lots of hardship to those NGOs whose registration is restored after completion of the suspension proceedings, as during the suspension period, bank accounts are frozen, and the NGO virtually comes to a standstill.

5. Mandatory submission of Aadhar Card of board members: It is proposed that Aadhar card is mandatory for FCRA registration/prior approval /FCRA renewal for all the board members (office bearers, directors and key functionaries) in their application to MHA. A copy of passport for OCI is required. The current FCRA form states that Aadhar number is optional. Government already collects enough information on Board Members and Chief Functionary.

6. Surrender of FCRA Registration: The amendment allows voluntary surrender of FCRA registration; however, surrender can only take place after MHA is satisfied that there were no violations of the FCRA provisions. Importantly, the assets created from the FC contributions and unutilized FC funds can be vested to the prescribed government authority.⁽⁷⁾

Income Tax Act, 2020

- Earlier, any voluntary organisation could get themselves registered under two sections in the Income tax Act, to enjoy tax benefits. VOs could get registered under Section 12AA, after which their donors would get tax benefits, under 80G on donations made. The second section was Section 10(23C), under which organisations that worked in health and education, received automatic registration under this provision, as long as their annual receipts did not cross Rs 1 crore.
- Before the Finance Bill 2020 was introduced, registrations under all the above mentioned sections were granted to organisations on a permanent basis.
- However, post the implementation of the Finance Bill 2020, the amendments propose granting of registrations valid only up to five years after which the VOs will have to reapply.
- The Bill also proposed replacement of Section 12AA to 12AB which states that organisations will have to renew their registrations every five years to continue their activities.

- The Bill provides VOs that are applying for the first time under the Income Tax Act, will be granted a provisional registration for three years after which they will have to reapply for registration, which will then last up to five years.
- The VOs that already have a permanent registration under this Act, will also have to apply for a fresh registration.
- Apart from these changes, the amendments have now made it mandatory for VOs to share their donor lists.⁽⁸⁾

CSR Act 2020

The proposed new Rule 4 should read as follows:

“CSR Implementation

(1) The Board shall ensure that the CSR activities are undertaken by the company itself or through:

(a) Registered public charitable trust under Indian Registration Act 1908 invoking principles of Public Trust or section 8 company or a society registered under the Act of 1860 (as may be amended by state legislature) and having proven track record with demonstrable professional touch.

(b) Any entity registered or established under an Act of Parliament or a State legislature or any entity registered under an Act of Parliament or a State legislature including a public charitable trust or a society (as may be amended by state legislature).

Provided that such company/entity covered under clause (a) or (b), shall register itself with the central government for undertaking any CSR activity by filing the e-form CSR-1 with the Registrar along with prescribed fee.

Provided further that the provisions of this sub-rule shall not affect the CSR projects or programmes that were approved prior to the commencement of the Companies (CSR Policy) Amendment Rules, 2020.”⁽⁹⁾

The Lokpal Amendment Act, 2016

The Lokpal Amendment Act, 2016, was essentially introduced to promote accountability and transparency. According to the Act, 'public servants' receiving government grants or foreign donations were required to disclose their assets and liabilities, in the format prescribed in the law. Public servants included government employees, and office bearers/ board members of VOs. However, this made board members of VOs uncomfortable and many of them stepped down. It was reiterated that board members of VOs work purely in a voluntary capacity and have no personal or professional gains associated. They invest considerable amount of time and resources to VOs out of passion for the cause and concern for the society. A lot of lobbying and advocacy against the enactment of this law took place and all the amendments were made redundant. Hence, at present public servants are not required to disclose their assets and financial statements.⁽¹⁰⁾

Societies Registration Act, 1860

An Act for the registration of literary, scientific and charitable societies

Whereas it is expedient the provision should be made for improving the legal condition of societies established for the promotion of literature, science, or the fine arts, or for the diffusion of useful knowledge, [the diffusion of political education], or for charitable purposes;

Comment: Charitable purposes which came within the language and spirit of the statute of Elizabeth could be grouped into four heads, (i) relief of poverty, (ii) education, (iii) advancement of religion and (iv) other purposes beneficial to the community not coming under any of the preceding heads. The words in Act 21/1860 are, therefore, to be understood as including religious purposes also.

It is enacted as follows :-

Societies formed by memorandum of association and registration

Any seven or more persons associated for any literary, scientific, or charitable purpose, or for any such purpose as is described in section 20 of this Act, may, by subscribing their names to a memorandum of association, and filing the same with Registrar of Joint-stock Companies form themselves into a society under this Act.⁽¹¹⁾

Indian Trusts Act, 1882

An Act to define and amend the law relating to Private Trusts and Trustees.

Lawful purpose- A trust may be created for any lawful purpose. The purpose of a trust is lawful unless it is (a) forbidden by law, or (b) is of such a nature that, if permitted, it would defeat the provisions of any law, or (c) is fraudulent, or (d) involves or implies injury to the person or property of another, or (e) the Court regards it as immoral or opposed to public policy. Every trust of which the purpose is unlawful is void. And where a trust is created for two purposes, of which one is lawful and the other unlawful, and the two purposes cannot be separated, the whole trust is void.⁽¹²⁾

Companies Act, 2013

Formation of company — (1) A company may be formed for any lawful purpose by— (a) seven or more persons, where the company to be formed is to be a public company; (b) two or more persons, where the company to be formed is to be a private company; or (c) one person, where the company to be formed is to be One Person Company that is to say, a private company, by subscribing their names or his name to a memorandum and complying with the requirements of this Act in respect of registration:

Provided that the memorandum of One Person Company shall indicate the name of the other person, with his prior written consent in the prescribed form, who shall, in the event of the subscriber's death or his incapacity to contract become the member of the company and the written consent of such person shall also be filed with the Registrar at the time of incorporation of the One Person Company along with its memorandum and articles:

Provided further that such other person may withdraw his consent in such manner as may be prescribed:

Provided also that the member of One Person Company may at any time change the name of such other person by giving notice in such manner as may be prescribed:

Provided also that it shall be the duty of the member of One Person Company to intimate the company the change, if any, in the name of the other person nominated by him by indicating in the memorandum or otherwise within such time and in such manner as may be prescribed, and the company shall intimate the Registrar any such change within such time and in such manner as may be prescribed:

Provided also that any such change in the name of the person shall not be deemed to be an alteration of the memorandum. (2) A company formed under sub-section (1) may be either— (a) a company limited by shares; or (b) a company limited by guarantee; or (c) an unlimited company. ⁽¹³⁾

Chapter II: Relationship Between the Government and the Voluntary Sector

The government-voluntary sector relationship is extremely complex, dichotomous, and a constantly changing one. Dynamic in nature, it depends to a large extent on information sharing, communication and dialogue between the two. In the current context, where the complete landscape of the voluntary sector is changing due to various reasons, there is an ardent need to focus on the collaboration between the government and the voluntary sector, to ensure sustainability of the latter. On these lines, it is necessary for the adoption and implementation of a revised and more relevant National Policy for Voluntary Sector.

On one hand, the Niti Aayog reached out to more than 92,000 VOs to bolster inter-sectoral partnerships in order to fight the pandemic that has hit the country and impacted the lives of lakhs of people. On the other hand, the government of India passed new Acts, regulating the voluntary sector, that are suffocating and controlling in nature.

These amendments are a strong attempt to attack the existence of the voluntary sector. Needless to say, that the smaller organisations, working in the grass roots of India, are struggling the most. The VOs have been fighting a long battle for their survival and to achieve the recognition that they deserve. However, the government does not seem to support their very existence and has taken some harsh steps that are draconian and are shrinking the civil society's space even further.

Leaders from the Voluntary Sector considered that it is easy for the government to adopt harsh regulations, but it is difficult for the VOs to present their concerns in front of the government due to lack of a direct communication channel between them. The leaders also mentioned that the actions of the government are more detrimental to the voluntary sector, rather than empowering. According to them, the voluntary sector is completely capable of running an organisation based on the work that it does and the impact that it creates. Any kind of guidance from the government is not required on these lines. The voluntary sector only requires the government to adopt policies that are facilitating rather than controlling in nature.

Dependence or independence from government funding is a key factor that defines the relationship between the government and the voluntary sector. Most of the sector leaders shared, during the in depth interviews, that VOs must not be dependent on the government, whether financially or while working directly on a development programme. They must work as individual entities. However, the government is not of the same opinion. The government policy favours constant support and funds for the VOs. According to the leaders, this is the beginning of a strong hold over the voluntary sector. Increasing dependence on the government agencies for funding and support, has led to a fragile relationship between the two sectors and has given rise to a controlling approach of the government towards the voluntary sector. The growing dependency on the government has led to the accumulation of authority in the hands of the government, thereby widening the trust deficit and lack of respect between the sectors.

The revised policy is seen as an effort to bridge these gaps and enable a cordial relationship and a strong partnership between the government and the voluntary sector. However, some believe that The National Policy for Voluntary Sector, 2007, had no gaps at the document level. The gaps were seen in the implementation

of the policy at a state and national level. While a few others felt that just the implementation of this policy would not be sufficient to change the working relationship between the two sectors, at this point in time. A lot more efforts are required not just from the voluntary sector, but also from the government's court. However, what the government actually wants is also delusional.

It is a fundamental requirement for any government to develop policies in order to regulate the activities and also to provide guidelines for making relevant decisions. Without policies, there would be no concrete strategy for moving forward and the future would remain unpredictable. These guidelines are necessary for VOs to devise strategies and making decisions.

A policy is necessary from the point of view of the regulators. The government cannot be present everywhere all the time, to monitor activities and processes, this is where the policy proves really useful and provides necessary assistance. The policy is a ready reckoner that can be followed and adhered to.

This policy will facilitate the evolution of a new professional relationship between the two pillars of growth of India. Voluntary organizations are into serious profession and it deserves similar recognition. The policy will enable the society and state to look at the voluntary sector as an essential partner in nation building. This study is an effort to provide recommendations to develop a more sector friendly policy.

Chapter III: Promoting Accountability & Transparency within the Voluntary Sector

An estimated 3.5 million organisations are registered with the government of India which makes the voluntary sector of India diverse in nature. The state has defined laws that govern the voluntary sector but lacks a supporting regulatory framework. The voluntary sector today, is grappling the perils of shrinking civic space, depleting financial resources and a negative public narrative. Thus, the sector is passing through very challenging times. There have been numerous changes in the laws as well its interpretations by the enforcement agencies. Many questions have been raised about the accountability and transparency within the sector.

The National Policy on Voluntary Sector, 2007 suggested that accreditation of VOs will lead to better funding decisions and make the funding processes more transparent. Further, accreditation may provide incentives for better governance, management and performance of VOs. No reliable accreditation system is in place at present. The Government encouraged various agencies, including those in the voluntary sector, to develop alternative accreditation methodologies with a thought process that this will allow time for such methodologies to be debated and gain acceptability in the voluntary sector, before considering their application to Government funding of VOs.

The policy identified accountability to all stakeholders and transparency in functioning as key issues in good governance. The voluntary sector was expected to set its own benchmarks in these areas. Since VOs vary in their objectives and activities, it was impractical to expect uniform norms for accountability and transparency. The Government encouraged support organizations, and VO networks & federations to facilitate discussion and consensus building on these issues. It also aimed at encouraging such agencies to advise and assist VOs to adopt norms that they find acceptable and useful.

The founders of VANI also argued for self-regulatory mechanism, which evolves from within the sector. A “Code of Conduct” was also designed by VANI. Through this VANI encouraged self-regulation by encouraging accountable and transparent practices amongst the Indian VOs. In 2017, VANI updated its Code of Conduct, aligning it with Global Standard, through a participatory process involving feedback from different stakeholders including VANI’s Governing Body, Governing Board, Sector Experts, VOs, Academia, Staff and Volunteers.

Despite varied efforts, the need for a National Accreditation Council remains intact. The revised policy will also encourage setting up of such a body for smooth adherence to best operating standards by the VOs all over India.

Chapter IV: Recommendations for the New Policy

This chapter deals with a summary of probable recommendations that could be proposed in the revised policy draft, after collecting substantive evidence from the ground in order to support our arguments. The following recommendations are on the basis of in- depth discussions and online meetings with sector leaders and are a medium to initiate a dialogue within the sector and with the government with respect to revisiting the policy.

A. Establishing an Enabling Environment for the Voluntary Sector:

The voluntary sector has been playing a major role in national development, particularly through community participation. The sector has the ability to think differently and everything that is valued by the society today, be it gender issues, human rights, democracy, and other key issues, have been pushed forward by the voluntary sector at large, even after facing resistance from the government. VOs can bring in a fresh perspective, an understanding of the needs of the community and a platform for the communities to share their concerns. It is therefore necessary to strengthen the voluntary sector and facilitate an enabling working environment for the voluntary sector. It is also important to rebuild that faith and appreciation towards the voluntary sector.

The government would encourage the formation of a nodal ministry for voluntary sector to ensure uniform reporting guidelines and to open one single registration window for all development organisations. It would also focus on formulating laws and legislations that are in line with the policy and are facilitating enough for the voluntary sector to breathe. State level policies on the Voluntary Sector must also be enacted for smooth functioning of the sector. It will also ensure a platform for a continuous dialogue between the government and the voluntary sector. The government will also encourage VOs by publicizing best practices and expect them to practice transparent and accountable systems.

B. Capacity Building:

Training and capacity building are a continuous process and one never stops learning. It is important for the VOs to be sensitized on issues that will impact their work, and laws that will govern them. Capacity building must be carried out to ensure superior working standards and adaptability with the changing environment. In addition, the sense of volunteerism and the feeling of 'doing good' must be restored among the youth. Hence, the state voluntary organisations suggest setting up of a strategic and effective state level platform for capacity building of the VOs.

Apart from this, behavioral change of the government officials and corporate sector towards the voluntary sector is also necessary to maintain a mutual respect between the sectors.

The government will ensure facilitation of sensitization workshops for government officials and for the VOs. The government will also support institutions that run courses and train aspirants in voluntary work.

C. Changing the Narrative

- The country is facing many major problems such as a biological disaster; COVID-19, gender inequality, poverty, hunger, unemployment, HIV, population control, natural disasters, among others. All these require strategic solutions, manpower and the ability to reach the remotest of areas. Therefore, it is required to involve the voluntary sector in dealing with these problems, as was done at the time of COVID-19. More than 90,000 VOs were approached by the government and together, they provided relief services and basic necessities to the population of India(9).

A multi-sectoral approach will help fight various issues at a larger scale and achieve faster results. The government will encourage VO participation in national programmes and ensure mutual trust and respect among the sectors. This will help in changing the narrative of the sector and gaining the due recognition for the voluntary sector and their work.

- The sector also recommends setting up of a National Accreditation Council that will assure quality standards adherence by the voluntary organisations. This will also ensure accountability & transparency and rebuild trust in the voluntary sector.
- The policy will also ensure that the growing mistrust and public apathy doesn't eat into the vitals of the voluntary sector, corrective measures are an urgent requirement. The VOs of India suggest developing a "Preamble" of what the voluntary sector essentially is and strengthen accountability and transparency quotient.
- Loose inclusion of entities such as private hospitals, religious associations, schools, sports club, RWAs along with Voluntary Organisations has not only swelled the perceived numbers but also at times impacted the credibility of the latter. Thus, a clear delineation of these entities (estimated 3.5 million VOs in India) is the need of the hour.

D. Financial Support

- Funds from foreign organisations and sub granting, acted as an important financial support for many VOs in India. The organisation must be registered under the FCRA Act. However, the FCRA amendments 2020 introduced stringent regulations that will mostly restrict the ability of the VOs to avail foreign funding. If approved, problems such as decreased allowance for administrative expenses, bank account in bank and branch designated by the government, etc present enormous restrictions on the VOs.

The government will simplify these provisions and enable procurement of funds from foreign agencies. This will help VOs, especially the grass roots organisations sustain in the long run.

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About Voluntary Action Network India (VANI)

VANI is a national network of Indian Voluntary Development Organizations (VDOs). Currently VANI has 540 members with an outreach to around 10,000 VDOs across India. The membership of VANI ranges from grass roots to the national organizations. The members work on a range of priority development issues of the government including education, health, nutrition, integrated child development, livelihood, skill development, environment, natural resource management, climate change, water and sanitation, emergency response and preparedness, agriculture, poverty and so on, in some of the most remote areas of the country. In the year 2017-18, our network collectively reached out to over 32 million people belonging to vulnerable and marginalized groups including children, disabled people, women, elderly, farmers, dalit, tribals, disaster survivors, unemployed, youth, LGBT, sex workers etc. VANI through its efforts and strategies aims to build a strong voluntary sector not only at national but regional and local level as well. VANI was set up with the mission to promote voluntarism, create space for the sector by fostering value based voluntary action. VANI's interventions are focused to strengthen the external and internal enabling environment. To ensure the external enabling environment, VANI conducts evidence based advocacy which includes regulatory frameworks and resource generation. In order to achieve this VANI works with the government, private sector, bilateral, multilaterals and other stakeholders. For strengthening the internal enabling environment, VANI works towards building resilience and promoting accountability, transparency and compliance through the interactive educational events and information dissemination. VANI strives to become a resource centre by conducting evidence based research; publishing studies, articles and reports not only at state level but national and global level as well.



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