THE REPORT of the TASK FORCE

constituted to examine the issues related to the evolution of an independent, national level, self-regulatory agency for the voluntary sector and to develop accreditation methodologies for voluntary organizations

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carried out to examine the issues related to the evolution of an independent, national level, self-regulatory agency for the voluntary sector, and to develop accreditation methodologies for voluntary organizations

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THE TASK FORCE CONSTITUTED BY THE PLANNING COMMISSION
(Vide its Notification No. P-11011/1 (2)/2007-vac dated 13th May, 2009)

Convened by

Director General
CAPART

(Council for Advancement of People’s Action and Rural Technology)
Preface

With the fiscal space acquiring enough resilience to accommodate more initiatives of the type generically bundled into what are ascribed to provide a ‘human face’ to India’s growth story, there has been an upsurge of interest in the organizations that occupy a place between the State and the market - agencies that comprise the voluntary sector. We call these comprising the Third Sector, Non Government Organizations (NGOs), Not for Profit Organizations (NPOs), Non Profit Institutions (NPIs), Voluntary Organizations (VOs) or Civil Society Organizations (CSOs) as per our want. In the report, I have used the nomenclatures interchangeably. The role of the sector has, however, acquired depth and pervasiveness at such speed that the controversies could not be eschewed. The controversies, however, need not be unmitigated disasters always. The sector is consequently being looked at more seriously. A Steering Committee on the Voluntary Sector for the Eleventh Five Year Plan was set up in May 2006. The Terms of Reference of the Steering Committee were framed so as to pave the way for a better voluntary sector, public sector and private sector collaboration after the approval of the National Policy on the Voluntary Sector.

The advent of the National Policy on the Voluntary Sector, however, was heralded by the approval of the Union Cabinet in 2007.

The Policy seeks to address what afflicts the healthy growth of the voluntary sector including the demands for more accountability and transparency. The Planning Commission, accordingly, set up a Task Force to Examine the Issues Related to the Evolution of an Independent, National Level and Self-Regulatory Agency for the Voluntary Sector and to Develop Accreditation Methodologies for Voluntary Organizations.

I, as Convener of the Task Force, would like to put on record my most sincere acknowledgement of the unstinted support and contribution of the members of the Task Force, namely, Dr. Sumedh Gurjar, Mr. Girdhar J. Gyani, Shri Gagan Sethi, Ms. Ruth Manorama, Dr. Alok Misra, and Shri B. N. Makhija for their valuable inputs, painstaking preparation of background papers and presentations to stimulate discussions as well as their erudite and insightful interventions during the long deliberations in the meetings of the Task Force as well as in the informal one to one interactions.

I am also indebted to Shri K. N. Rattan from the Quality Council of India, Shri Swetan Sagar from Micro Credit Ratings International Ltd., Shri Pushpendra Kumar from National Institute of Rural Development (NIRD),
Shri H. R. Dave of the National Bank for Agriculture and Rural Development (NABARD), Shri S. Vemuri and his colleagues from the Credit Rating and Information Services of India Ltd. (CRISIL) for their useful contributions that added to the diversity of the ‘resource material’ / inputs.

My warm appreciation goes to Dr. Nandita Chatterjee, Dy. Director General, CAPART for her consistent and patient help in putting things in order – both in terms of organizational efforts required for purposeful deliberations as well as for marshalling the contents of the report. Mr. Arun Shah, Deputy Director (Coordination), CAPART remained the backbone of the exercise and took pains to classify the material and saw that inputs flowed unhindered.

Ms. Archana Sharma, Consultant, CAPART, bore the burden of checking the data from published sources and suffered through the process of repeated reading and rereading and incorporating changes, deletions and alterations that goes into making a draft into a final report. She deserves all the credit for her painstaking thoroughness and bountiful patience.

I have benefited from a wide pool of professionals, both from the voluntary sector and from outside who liberally shared thoughts and material - Shri Ajay Mehta, CEO, the National Foundation for India, Dr. S. S. Srivastava, Director General (retired), Central Statistical Organization (CSO), Dr. Rajesh Tandon, President, Participatory Research in India (PRIA) and Shri Mathew Cherian, Chief Executive, Helpage India deserve special mention.

I know for sure that the Report as it has emerged may not be of the class of erudition we all persevered for. I am fully conscious of my limitation of not being able to make the best use of the people and literature available on the subject. The Report, nevertheless, is being finalized and submitted in the present form with all humility and equally abounding hope that it will trigger concrete actions which will largely serve the intended goal of letting the voluntary sector ride the growth trajectory with more credibility and less difficulty.

Mohammad Haleem Khan  
Director General, CAPART and Convener of the Task Force
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**Annexure-II**
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**Annexure-IV**
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**Annexure-V**
Minutes of the Third Meeting of the Task Force on Accreditation held on 7th May, 2010
Executive Summary

E1. The Reserve Bank of India (RBI) made probably the first efforts in 1986-87 to conduct a survey on Non Profit Institutions (NPIs); nevertheless, a serious difficulty persists in the evaluation of the NPIs’ economic contribution. The voluntary sector is fund driven. As per the Charities Aid Foundation’s Validated Database, 2000 on an average more than 65% of the Voluntary Organizations (VOs) avail below Rs. 10 lakh domestic grant – 30% plus falling in the range of Rs. 1-5 lakh. The Task Force has assumed that this trend may be extrapolated to conclude that a practical regime for accreditation of voluntary organizations, therefore, should provide for common but differentiated due diligence/approach to accreditation – as the size and competencies of a voluntary organization increases, it should be possible for the voluntary organization to aspire for building upon its own extant accreditation status extent and graduate to the next stage.

E2. A preliminary estimate by Central Statistical Organization (CSO) of registered NPIs put their number at around 4 million. It was found that the percentage of societies operating in rural areas is higher than those in urban areas and the number of NPIs formed after 1990 has increased manifold. The pattern of increase in the societies over the years is almost the same in all the states. The proposed regime for accreditation of voluntary organizations should, therefore, be IT based to cope with the enormous data explosion.

E3. Accreditation regime is proposed to be rolled out from a virtual platform. To kick-start it early, NGO Partnership Portal may suitably be modified/enhanced. From any cyber café (may be even a mobile phone) the voluntary organizations should be able to add, amend and change the data as often as possible. The virtual platform will, however, have the capacity to store and generate chronological profiles – all data except the latest if entered in the previous years will become archival material. Public will have access to the same. The archival material will also be in the public domain.

E4. Before any data is accepted for uploading, the NGO Partnership Portal should take the informed consent from the voluntary organization that all information submitted on the portal shall be in public domain and shall make the voluntary organization liable to the relevant provisions of the Indian Penal Code (IPC) and consequential repercussions may be punitive if the same is found otherwise/wrong.

2. Ibid
E5. A practical regime for accreditation has to meet the daunting criteria of scrupulously preserving the freedom of association guaranteed under Article 19 of The Constitution of India. It should not become an entry barrier. It should also save the NGO from ‘replication of extra’ paper work and increased legwork.

It has, therefore, been proposed that the NGO Partnership Portal will be so enhanced that the information fields encompass the data and periodic return needs of:

• The Act under which the voluntary organization is registered
• The Income Tax Act & Foreign Contribution Regulation Act (FCRA), and
• The mandatory disclosure under the Right to Information (RTI) Act

The software would enable the NGO, once the mandatory data required for A-I category accreditation has been uploaded, to take print out of all the periodic returns which, it is obliged to submit to the controlling departments of the above acts, sign it and dispatch by registered post. In Centre/State Governments where the controlling departments have started accepting e-returns this paper work would also be dispensed with. The portal will itself take over the mechanical exercise of submitting the periodic returns electronically in the prescribed format.

E6. For an NGO having an annual expenditure up to 5 lakh, A-I category accreditation certificate will be downloadable from the NGO Partnership Portal by the NGO itself as soon as it is able to input (in one or more than one installments) and upload data with regard to all the mandatory fields on the NGO Partnership Portal. The cost will be borne by the NGO.

E7. In case of A-I category accreditation, it will be considered enough preventive due diligence, on the part of the National Accreditation Council of India (NACI), if annually it takes a random sample of statistically relevant size and gets the data uploaded by NGOs verified by RBI empanelled Chartered Accountants (CAs). In cases the data uploaded is found to be wrong and intent mala fide, NACI shall take such remedial and deterrent action (may or may not include filing of FIR) that it may deem appropriate. The cost will be borne by the NACI.

E8. For NGOs with an annual expenditure up to 10 lakh but more than 5 lakh, A-II category accreditation certificate will also be downloadable from the NGO Partnership Portal. In this category, however, the chartered accountant who has audited the annual accounts of the NGO will also certify that the data uploaded on the NGO Partnership Portal is correct and has been verified by
him from records. As soon as the CA certifies the correctness as provided on the portal it will be possible for the CA to download the A-II category accreditation certificate for the voluntary organization. All the costs will be borne by the NGO.

E9. In case of A-II category accreditation, it will be considered enough preventive due diligence on the part of the NACI if:

- Annually it takes a random sample of statistically relevant size and gets the data uploaded by NGOs verified by RBI empanelled chartered accountants. In cases where the data uploaded is found to be wrong and intent mala fide, NACI shall take such remedial and deterrent action (may or may not include filing of FIR) that it may deem appropriate.

- National Accreditation Council of India ascertains the physical existence of the chartered accountants who are certifying the data uploaded on the NGO Partnership Portal by RBI empanelled chartered accountants. In both the components of due diligence outlined above, the cost will be borne by the NACI.

E10. To compensate the NGOs for expenditure incurred by them for acquiring A-I or A-II category accreditation, the NGOs will be allowed by the grant making body 1% extra for administrative expenditure, that is, the administrative expenditure allowed to both A-I and A-II category accreditation certificate holders will be 11% in place of hitherto admissible, say, 10%.

E11. For NGOs with above 10 lakh annual expenditure, A-III category accreditation certification is being envisaged. It will be issued by the NACI on the basis of grading done by third party professional agencies.

E12. The grading of an NGO by a third party professional agency recognized by NACI shall have two components – the three digit numerical grade and a pen picture consisting of a set of three essays of not more than 300 words each. The numerical grade is arrived at by using the 3x9 toolkit matrix propounded in this Report, which provides for a binary scoring process so as to capture numerically the essence of the minimum norms. First digit (maximum score 9) of the grade should give a measure of governance and identity, the second digit (maximum score 9) will indicate the robustness of financial and accounting discipline and the third digit (maximum score 9) should give a grant maker a fair idea about the NGO’s core competencies. The pen picture provides for capturing the desirable as well as the best practices being observed by the NGO. It also allows the freedom and scope for creativity to the third party professional grading agency to use its trademark proficiency to communicate to the grant maker and the NACI the best as well as the flip side of an NGO.
E13. The cost for A-III category accreditation will also be borne by the NGO. The NACI, however, keeping in view the resources available at its disposal, may from time to time make policies to subsidize the cost. It is being proposed that in case of NGOs with an annual expenditure up to Rs. 1 crore, the promotional assistance will not be more than 75% of the charges paid by the NGO to the third party professional grading agency and for bigger NGOs, say, with an annual expenditure of Rs. 5 crore or above it will not be more than 50%.

E14. A body corporate in the name and style ‘The National Accreditation Council of India’ shall be created, to begin with, may be under the Societies Registration council Act. Later it shall acquire the status of a statutory body on the pattern of The Bar Council of India and The Press Council of India once the enabling legislation is promulgated by the Parliament.

E15. To guard the autonomy of the NACI, it is being proposed that the Chairperson shall be an eminent person identified by a Search Committee consisting of the Speaker of the Lok Sabha, the Leader of the Opposition in the Lok Sabha, the Leader of the Opposition in the Rajya Sabha, the Chairperson of the Press Council of India and the Chairperson of the National Human Rights Commission. The Search Committee shall call for an Expression Of Interest (EOI) with adequate publicity and also on the NGO Partnership Portal with the provision that all entries shall remain in public domain so that stakeholders are able to voice their opinion with regard to the suitability of the individual. The Search Committee, however, shall not be restrained by the number of EOIs thus received and may recommend any other name as warranted by their combined wisdom by consensus. The tenure of the Chairperson shall be for five years and he shall be eligible for nomination for one more term of five years subject to a maximum age of 70 years of the incumbent Chairperson.

E16. The Member Planning Commission in charge of the voluntary sector shall be ex officio Vice Chairperson of the NACI.

The General Body of the NACI shall not have more than 51 members including the Chairperson and Vice Chairperson and shall comprise the following:

- The Chairperson
- The Vice Chairperson
- Not more than 20 members representing voluntary organizations. One NGO shall be elected for every 5 crore or so population—geographical constituencies being so carved out that, as far as possible, every State gets representation at least once in 15 years. The election will be done on the lines of the Bar Council of India.
• Not more than 10 members from the grant making ministries/ departments of the State and Central Government. The Chairperson, NACI, may prefer to give nomination to the States not finding representation through elected NGOs elected as above.

• Not more than 10 members to be nominated by the Chairperson, NACI from various statutory commissions, namely, the National Human Rights Commission, the National Commission for Minorities, the National Commission for Scheduled Castes, the National Commission for Scheduled Tribes, the National Commission for Other Backward Classes, the National Commission for Women, the National Commission for Persons with Disabilities, the National Commission for Safai Karamcharis, the National Commission for Protection of Child Rights, The Press Council of India, the Central Information Commission, etc. (The list is not meant to be exhaustive).

• The Chairperson may nominate persons of eminence from professional and academic institutions, e.g., Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Outstanding Academicians from reputed schools offering Masters in Social Welfare, Credit Rating and Information Services of India Ltd. (CRISIL), ICRA (formerly known as Investment Information and Credit Rating Agency of India Limited), Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), journalists and such other group of stakeholders as the Chairperson may deem proper to fill up the remaining vacancies.

E17. In brief, The functions of the NACI shall be five fold:

• To develop, nurture, upgrade and promote norms and practices for the accreditation of voluntary organizations of various sizes and competencies;

• To assiduously remain on watch and guard against all efforts and developments that may compromise the autonomy of a voluntary organization or the Right to Association of volunteers;

• To be the social safety net provider to the volunteers and all people working in the Third Sector;

• To remain responsible for promotion, facilitation and even undertake activities that improve the availability of trained and adequate manpower for the sector; and

• To promote charity, private philanthropy, CSO-CSR interface as well as work for enhancement of fund raising competencies in the sector.
E18. The Council shall have three permanent Standing Committees to run its activities smoothly:

- The Executive Committee;
- The Finance and Accounts Committee; and
- The Ethics and Welfare Committee.

The Council shall, however, have the authority to create one or more committees/sub-committees to handle a well-defined work/task in the interest of the smooth running of the Council.

E19. The Executive Committee of the NACI shall have in addition to the Chairperson and the Secretary of the Council, not less than five and not more than 11 members from the members of the NACI. ‘Two to five’ will be from nominated members and ‘three to six’ from those elected to represent the voluntary sector as decided by the Council.

E20. Officer-in-charge of the Finance and Accounts & Audit Wing of the Council shall be the convenor of the Finance and Accounts Committee and the Secretary and the CEO of the Council shall be the Chairperson of the Committee. In addition two nominated members and two members of the Council elected from those elected to represent the voluntary organizations having finance and accounts background shall be nominated by the Chairperson of NACI in the committee.

E21. The Ethics and Welfare committee shall be headed by the Chairperson/Vice Chairperson of the NACI and convened by the Secretary and CEO of the NACI. In addition two nominated members of the Council and three members elected from those elected to represent the voluntary organizations shall be nominated by the Chairperson of NACI.

E22. In the month of April every year, it shall be obligatory on the part of a grant making body to contribute 1% of the total grant disbursed in the previous year to various NGOs in India to the Third Sector Development and Volunteers Welfare (3D & VoW) Fund. The Fund shall be managed by the NACI. The annual revenue of the Council will be utilized as follows:

- Not more than one third will be spent on meeting the establishment cost of the Accreditation Council as well as on the development and promotional activities including subsidizing the cost of A-III category accreditation and grading,
- Not more than one third may be used for welfare measures for the personnel working in the voluntary sector in case of their untimely death and accidents etc., in the form of gratuitous relief to the next of kin or the volunteers in distress because of accidents or their families as social safety net, and
- Not less than 1/3 of all receipts from the grant making bodies shall be ploughed in to the corpus of the fund. The corpus will be invested as per
the professional fund manager’s advice. The yield from these investments will add into the receipts from the grant making bodies to make the annual revenue of the council.

E23. It is also being envisaged that all proposals for grants above 1 crore (illustrative) will be rated by a professional third party rating agency for the quality of project formulation and due diligence gone into with regard to assumptions, quality of base line data, nature of interventions proposed and their nexus to outcomes envisaged and the exit policy and sustainability of outcomes.

E24. It will be desirable to provide a statutory basis by promulgating an Act of Parliament to provide for:

- The creation of the National Accreditation Council of India,
- The establishment of Third Sector Development & Volunteers Welfare (3D&VoW) Fund, and
- The 1% levy on all grants made by donors as contribution to the 3D & VoW Fund.

E25. For the early roll out of NACI and to kick-start its functioning CAPART infrastructure and manpower may be used. The Director General, CAPART may be entrusted to shoulder the responsibilities of the Secretary of the NACI.

E26. The regional offices of CAPART may discharge the responsibilities of the Regional Offices of the NACI. The Regional Councils may also be developed on the pattern of the National Accreditation Council with the difference that:

- The National Accreditation Council of India will nominate the Chairperson of the Regional Council.
- To avoid multiple elections it is being proposed that all those who contested for the membership of the National Accreditation Council and scored more than 10% valid votes cast but lost the election for the National Accreditation Council Membership will be made members of the Regional Council subject to a maximum of 15 members.
- Similarly, not more than ten members will be nominated by the National Accreditation Council as the ex-officio members to represent the participating States.
- The Chairperson of the National Accreditation Council of India will nominate one person from the above as the Vice Chairperson of the Regional Council.
- The Regional Representative of CAPART will be the Member Secretary of the Regional Council.
World over volunteerism is an integral part of a community. Its expression, definition and understanding vary according to history, politics, religion and culture. However, despite the wide variety of volunteerism expressions, it is possible to identify some core characteristics. Volunteering is a means for social inclusion and integration, and a powerful resource for reconciliation in divided communities. It can contribute to a cohesive society by creating bonds of trust and solidarity, and thus, an unrivalled source of social capital. Volunteerism can create opportunities for different people to contribute to positive change regardless of their nationalities, religions, socio-economic backgrounds or age. Through volunteering, people can gain and have opportunity to exercise skills such as leadership, communication and organization skills, and extend their social networks.

It can provide informal learning opportunities and can therefore be a crucial instrument for continuous personal development. On the other hand, the economic value and share of volunteering as “economic” activity in the Gross Domestic Product (GDP) is significant.1

The Regulatory Framework for Volunteerism in India

There are no specific laws or regulations, which specifically regulate volunteerism in India. However, legislation addressing the non-profit sector affects formal forms of volunteerism undertaken within the framework of NGOs and Volunteer Involving Organizations (VIOs) in terms of nature, expression, scope and target groups. Prior to the enactment of the Societies Registration Act of 1860, voluntary action was guided mainly by religious and cultural ethos.

Subsequently, a series of legislations addressing the non-profit sector were enacted. The most venerable landmark in this respect was Article 19 of the Indian Constitution, which recognized a number of civic rights including the right “… to form associations or unions”.

It constitutes the legal basis of relevant legal provisions applicable to the non-profit sector. There are also non-mandatory provisions that allow any group with the intention of starting a non-profit, voluntary or charitable work to organize itself into a legally registered entity. However, given the optional nature of these provisions, there is a large group of voluntary bodies, which are not registered. The main statutory laws governing the various types of registered nonprofit organizations are:

1. The UNV/John Hopkins University Initiative for Profiling Volunteerism in the System of National Accounts in India with the Framework of the UN Handbook on Non Profit Institutions
Chapter I

A. Non-profit organizations created for the larger public good.

1. The Societies Registration Act, 1860
2. The Indian Trusts Act, 1882
3. Public Trust Act, 1950
4. The Indian Companies Act (Section 25), 1956

B. Religious non-profit organizations

5. Religious Endowments Act, 1863
7. Mussalman Wakf Act, 1923
8. Wakf Act, 1954

The Societies Registration Act, 1860

The purpose of the Act is to provide for registration of literary, scientific and charitable societies. The Societies Registration Act is a Central Act. However, ‘unincorporated literary, scientific, religious and other societies and associations’ is a State Subject (Entry 32 of List II of Seventh Schedule to Constitution, i.e. State List). Thus, normally, there should have been only State Laws on this subject. However, the Societies Registration Act was passed in 1860, i.e. much before the bifurcation of power between state and centre was specified. Though the Act is still in force, it has been specifically repealed in many states and those states have their own Acts.

The following societies can be registered under the Societies Registration Act, 1860, namely, charitable societies; military orphan funds or societies; societies established for promotion of science, literature, or for fine arts; societies established for instruction and diffusion of useful knowledge; diffusion of political education; societies established for maintenance of libraries or reading rooms for general public; societies established for public museums and galleries for paintings, or other works of art; and collections of natural history, mechanical and philosophical inventions, instruments or designs [section 20]. Any seven or more persons associated for literary, scientific or charitable purpose can register a society by subscribing their names to memorandum of association.

The Indian Trusts Act, 1882

Trust and trustees is a concurrent subject [Entry 10 of List III of the Seventh Schedule to the Constitution]. Thus, the Act applies all over India except, when
specifically amended/ altered by any state government. The Indian Trusts Act was passed in 1882 to define the law relating to private trusts and trustees.

**The Indian Companies Act (Section 25), 1956**

Under this Act, a company can be established ‘for promoting commerce, art, science, religion, charity or any other useful object’, provided the profits, if any, or other income is applied for promoting only the objects of the company and no dividend is paid to its members.

**Public Trust Act, 1950**

Public Trust means an express or constructive trust for either public or charitable purpose or both and includes a temple, a math, a wakf, church, synagogue, agiary or any other religious or charitable endowment, and a society formed either for religious or charitable purpose, or both and registered under the Societies Registration Act, 1860.

In order to be a public trust, it is not essential that the trust should benefit the whole of mankind or all the persons living in a particular state or city.

It is said to be a public trust if it benefits a sufficiently large section of the public, as distinguished from specified individuals. Also if the beneficiaries of the trust are uncertain or fluctuating, then the fact that the beneficiaries belong to a certain religion/ caste does not make any difference.

**Religious Endowments Act, 1863**

An Act to enable the government to divest itself of the management of religious endowments. Whereas it is expedient to relieve the Boards of Revenue and the Local Agents, in the Presidency of Fort William in Bengal, and the Presidency of Fort Saint George, from the duties imposed on them by Regulation XIX, 1810, of the Bengal Code (for the due appropriation of the rents and produce of lands granted for the support of mosques, Hindu temples, colleges and other purposes; for the maintenance and repair of bridges, salaries, kattras and other public buildings; and for the custody and disposal of Nazul Property of Escheats) and Regulation VII, 1817, of the Madras Code (for the due appropriation of the rents and produce of lands granted for the support of mosques, Hindu temples and colleges or other public purposes; for the maintenance and repair of bridges, choultries, or chattrams, and other public buildings, and for the custody and disposal of escheats), so far as those duties embrace the superintendence of lands granted for the support for mosques, or for the maintenance of such religious establishments; the
repair and prevention of endowments made for the maintenance of such religious establishments; the repair and preservation of buildings connected therewith, and the appointment of trustees of managers thereof; or involve any connection with the management of such religious establishment.

**Charitable and Religious Trust Act, 1920**

This is an Act to provide more effectual control over the administration of charitable and religious trusts. Whereas it is expedient to provide facilities for obtaining information regarding the trust, created for public purposes of a charitable or religious nature, and to enable the trustees of such trusts to obtain the directions of a court on certain matters, and to make a special provision for the payment of the expenditure incurred in certain suits against the trustees of such trusts.

It extends to the whole of India except the State of Jammu and Kashmir, provided that the government at any state may, by notification in the Official Gazette, direct that this Act, or any specified part thereof, shall not extend to that state or any specified area therein, or to any specified trust or class of trusts.

**Mussalman Wakf Act, 1923**

An Act to make provision for the better management of the wakf property and for ensuring the keeping and publication of proper accounts in respect of such properties.

**Wakf Act, 1954**

An Act to provide for the better administration and supervision of wakfs. This Act was enacted by the Parliament in the fifth year of the Republic of India.

**Public Wakfs (Extension of Limitation) Act, 1959**

An Act to extend the period of limitation in certain cases, for suits to recover possession of immovable property, forming part of public wakfs. It extends to the whole of India except the State of Jammu and Kashmir.

In this Act, “public wakf” means the permanent dedication by a person professing Islam, of any immovable property, for any purpose recognized by Muslim Law, as a public purpose of a pious, religious or charitable nature.

There is a growing appreciation of the role of voluntary organizations in supplementing the efforts of the state in bridging the development divide at the level of multilateral agencies too. The UN General Assembly in its 52nd session declared the year 2001 as the International Year of Volunteers (IYV). The role
of voluntary organizations was particularly recognized at the United Nations Conference on Environment and Development, held at Rio de Janeiro, Brazil in June 1992. Thereafter active presence of voluntary organizations, continued at all important global international fora, such as the Cairo Population Conference 1994, the Copenhagen World Summit on Social Development 1995, the Beijing Conference on Women 1995, and so on. The global thinking on the role of voluntary organizations/CSOs is also captured through the World Bank statement that it had learnt through three decades of interaction, that the participation of CSOs in government development projects and programmes can enhance their operational performance, by contributing local knowledge, providing technical expertise, and leveraging social capital. It goes on to say that CSOs can bring innovative ideas and solutions, as well as participatory approaches to solving local problems.

Voluntary organizations provide an opportunity for civil society based initiatives, improvisations and innovations, the spirit of volunteerism and philanthropy, to take shape and harness local creativity for doing things the state apparatus has been struggling with. In India in view of the continental size of the country, its kaleidoscopic socio-cultural and economic diversity, and the distance yet to be traversed by the Panchayati Raj Institutions (PRIs) so as to serve as an effective tool of local governance, and rising up to the local expectations from a welfare and participative democracy, the role of voluntary organizations emerges as of singular importance. Voluntary organizations at times also articulate the public dissent in a fashion not always feasible through a state organization. These organizations have successfully given voice to things ‘to be done’ as per the mandate of the constitution that remained on the back burner for too long because of the expediency of day to day governance – typical to a developing democracy. More often than not these organizations have kept powers that are focused on need for, and efforts to be made towards greater transparency, accountability and sensitivity, towards the governed, especially with regard to the people living on the margins of sustenance. They work at grassroots level even in remote areas and, therefore, their reach is much wider. They are closer to ground realities and know the needs of the communities. Their approach with target group is direct, empathetic and therefore they are able to draw more contextualized plans of action. They also manage to develop intimate contacts with the people and develop confidence among them.

Policies with regard to voluntary organizations have consistently been positive in India. Voluntary contribution, be it shramdan, or by any other name, has been appreciated; voluntary organizations, cooperation sought and participation encouraged. The voluntary sector has been given due importance in the planning process right from the First Five Year Plan, as emphasis was given on public cooperation in national development with the help of voluntary organizations. It was highlighted in the First Plan document that the “Public cooperation and public
opinion constitute the principal force and sanction behind planning. A democracy working for social ends has to base itself on the willing assent of the people, and not the coercive power of the state.” In the Second Plan, it was reiterated that public cooperation and public opinion constitute the principal force and sanction behind India’s approach to planning. It was observed that wherever the people, especially in rural areas, were approached, they responded with eagerness. In the national extension and community project areas, in local development works, in shramdan, in social welfare extension projects and in the work of voluntary organizations, there has always been willingness and enthusiasm on the part of the people to contribute in terms of labour, and local resources have been made freely available. The Third Five Year Plan emphasised that “The concept of public cooperation is related to the much larger sphere of voluntary action, in which the initiative and organizational responsibility rest completely with the people and their leaders, and does not rely on legal sanctions or the power of the state, for achieving its aims. It was realized that so vast were the unsatisfied needs of the people that all the investments in the public and private sectors together can only make a limited provision for them. Properly organized voluntary effort may go towards augmenting the facilities available to the community, for helping the weakest to a somewhat better life. The wherewithal for this has to come from time, energy and other resources of millions of people for whom voluntary organizations can find constructive channels, suited to the varying conditions in the country”. During the Fourth and Fifth Plan, the thrust on public cooperation and involvement of people’s organization was lost due to attack from neighbours on the Indian Territory and the recession that followed. During this period investment was focused especially in intensive agricultural programmes.

In the Sixth Five Year Plan, the idea of participation of people’s organizations was again recognized. Success stories in the field of voluntary organizations like the Jamkhed Project on child and health care in Maharashtra, Bharat Agro Industries Foundation’s work in animal husbandry and social forestry, and Self-Employed Women’s Association (SEWA) were cited, and it was stated that the country is dotted with numerous examples of highly successful voluntary action of this nature. Role of voluntary organizations in development got a further fillip in the Seventh Five Year Plan, where it was declared that serious efforts would be made to involve voluntary organizations in various developmental programmes, to supplement the government efforts to offer the rural poor choices and alternatives.

In the Eight Plan Document, due emphasis was given on building up people’s institutions. It was admitted that developmental activities undertaken with people’s active participation have a greater chance of success, and can also be more cost-effective, as compared to the development activities undertaken by the government where people become passive observers. It was admitted that improvement in efficient land use, minor irrigation, watershed management, recovery of wastelands, afforestation, animal husbandry, dairy, fisheries and
sericulture, etc., could be achieved by creating people’s institutions accountable to the communities. Therefore, the focus of attention would be on developing multiple institutional options for improving the delivery systems by using the vast potential of the voluntary sector.

The emphasis continued through the Ninth Plan, wherein efforts were being made to promote peoples’ participatory bodies like PRIs, Self Help Groups (SHGs) and NGOs for development.

The deeper insight gained helped in formulating criteria for identifying voluntary agencies for enlisting help in relation to the rural developmental programmes:

- The organization should be a legal entity.
- It should be based in a rural area and be working there for a minimum of three years.
- It should have broad-based objectives serving the social and economic needs of the community as a whole, and mainly, the weaker sections. It must not work for profit but on ‘no profit and no loss basis’.
- Its activities should be open to all citizens of India, irrespective of religion, caste, creed, sex or race.
- It should have the necessary flexibility, professional competence and organizational skills to implement programmes.
- Its office bearers should not be elected members of any political party.
- It should declare that it will adopt constitutional and non-violent means for rural developmental purposes.
- It is committed to secular and democratic concepts and methods of functioning.

In the Ninth Five Year Plan, it was admitted that private initiative, whether individual, collective or community based, forms the essence of the development strategy articulated in the Plan, and efforts to be made to remove disadvantages, which had prevented some segments of our society in participating effectively in the development process. Keeping up with this line of thinking, “promoting and developing people’s participatory bodies like Panchayati Raj Institutions, cooperatives and self-help groups” was one of the objectives of the Ninth Plan.

The Mid-Term Review (MTR) of the Ninth Five Year Plan (October 2000), has identified certain problems in the performance of Central and State Plans, and went on to conclude that some of the maladies faced by the country could be mitigated by involving voluntary sector as a complement and supplement to the state efforts. It was inter-alia suggested that “initiatives by local bodies, NGOs and women need to be encouraged”.


It has been observed in the Approach Paper to the Tenth Plan that in many states, we have: hospitals/dispensaries, but absence of personnel, and there are school buildings but teachers remain absent. To rectify these anomalies, and to achieve most of the targets set up for the Tenth Plan, the need to promote voluntary sector was recognized. The theme of encouragement to voluntary sector continued in the Approach Paper to the Tenth Plan, and reflected in the following words, “In view of the continued importance of public action in our development process, increasing the efficiency of public interventions must also take high priority.”

The minimum agenda proposed in the Approach Paper recognized voluntary sector by putting “greater decentralization to PRIs and other people’s organizations” as one of the items for the Tenth Plan.

Voluntary sector, as the Approach Paper elaborated, deserves encouragement because of its following comparative advantages:

- The voluntary organizations/NGOs are much closer to the poorer and disadvantaged sections of the society.
- Staff of voluntary organizations are normally highly motivated and altruistic in their behaviour.
- Voluntary organizations can easily stimulate and mobilize community resources and have access to volunteers.
- Voluntary organizations are more effective in bringing people’s participation.
- Voluntary organizations are less rule-bound and are non-bureaucratic, informal and flexible in their structure and operations.
- Voluntary sector has greater potential for innovations.
- Voluntary organizations prefer to work in a multi-sectoral framework.
- Voluntary organizations are catalysts for creating social cohesion (Kumar 1998).

Certain disadvantages or shortcomings of the voluntary sector were also taken note of, namely, their inability to cooperate with each other in a way, which would allow for coherent policy making. Their accountability and transparency is not perfect, and their operations are smaller in scale. Therefore, there is a need to improvise the working of voluntary organizations by scaling up their operations and by making them transparent and accountable.

The spirit continues, and the positive vibes towards the voluntary sector keep themselves reinforcing in various ways, including those now getting articulated to improve the sectors credibility by enhancing ways of improving on accountability and transparency aspects.
On 22nd May, 2006, in the context of the formulation of the Eleventh Five Year Plan (2007-12), it was decided to set up a 30-member Steering Committee for the active involvement of the voluntary sector in the development process with Dr. (Ms.) Syeda Hameed, Member, In-charge of Voluntary Action, Planning Commission, New Delhi as the Chairperson, and more than 15 members from the voluntary sector.

The Steering Committee devoted a full four page long chapter on ‘Accreditation of Voluntary Organizations’ in its report and annexed ‘Norms for Voluntary Sector suggested by the Credibility Alliance’. In the meetings of the Task Force, we have been immensely benefitted from this report and have made use of the norms suggested by the Credibility Alliance and annexed to the report in the formulations we have suggested and documented in the Task Force Report. Some Task Force members were of the view that the Task Force should confine its recommendations within the boundaries laid down in the Steering Committee Report. Less vocal majority, however, preferred not to feel constrained, notwithstanding the acknowledgement by all that the recommendations of the Steering Committee, were ground breaking in nature, and pioneering in more than one ways.

To quote the Report of the Steering Committee:

“...”

3.2 Any accreditation process for the voluntary sector will strive for the following principles:

a. Accountability and transparency - The accountability and credibility of the voluntary sector has been questioned time and again. There have been guiding principles evolved by Voluntary Action Network India (VANI) and Association of Voluntary Agencies for Rural Development (AVARD), norms by Credibility Alliance and rating criteria by Micro Credit Ratings International Ltd. (M-CRIL) and by Sajjata Sangh, to achieve better accountability and transparency for voluntary organizations.

b. Not ranking or rating - The voluntary sector is diverse in nature and it will be very difficult to rate voluntary organizations. Hence, it is felt that the rating of NGOs will probably be difficult. However, based on the Credibility Alliance’s prescribed norms for Good Governance, there can be a process to accredit the NGOs. Credibility Alliance norms can be used as a starting point for the National Accreditation Council (NAC), proposed to be set up. Norms will have to be agreeable to the sector. Meetings to discuss norms will be held independently once the process of accreditation is in place. It may be difficult to arrive at an unanimous decision on norms, but it could be acceptable to several networks of voluntary agencies.”

The report has also dwelt on ‘Attributes and Criteria for Empanelling Accreditation Agencies’ and states:

“...”
3.4 … Based on the NAC model, assessors would be invited from different fields. There is a need to centralize the initial work for a more rigorous assessment, and decentralization should be looked at as a future activity. Once the NAC model works, five regional accreditation councils could be considered in the West, North, East, North East and South India, at major metros. The criteria should be to look for organizational assessment capacity, exposure to voluntary sector and reputation for independence and credibility.

Regarding process for accreditation the Report elaborates:

“…”

3.5 Assessors should be trained to not go only by written descriptions like job descriptions and board minutes, but to collect information from the beneficiaries, and other stakeholders to get the ground reality. This work has to be divided between the organization headquarters, field offices and other important stakeholders in order to capture the real essence of good governance. The accreditation renewal should be required once in every five years.

“…”

Regarding composition of the National Accreditation Council (NAC) the Report mentions:

“…”

3.6 The NAC needs to be formed to award accreditation to voluntary organizations based on documentation and evaluation of the assessors. It should consist of academics from schools of social work, leaders of the voluntary sector networks, retired bureaucrats who have worked in NGOs after retirement for at least five years, and corporate association members from CII, Associated Chambers of Commerce and Industry of India (ASSOCHAM), FICCI, etc. and NGO leaders of repute.

“…”

Regarding the economics of accreditation the Report proposes:

“…”

3.7 The NAC should charge a small fee, which allows it to cover its basic costs without making it exclusive and inaccessible to small voluntary organizations. There are several options for meeting the cost of accreditation. It is estimated that this cost could be in the range of Rs. 2500 to Rs. 15000. If this task is given to a professional agency it may cost much more, ranging from Rs.30,000 to about Rs.70,000 depending upon the size of the voluntary organization, its location, nature of activities, etc.

3.8 In the pilot phase, when the concept of accreditation is sought to be popularized, the cost should be borne by the NAC out of its own corpus, which in turn may have contributions from large donors. After establishing the viability of the
In conjunction with the Steering Committee deliberations, efforts were also on to address the issues relating to the voluntary sector comprehensively. The Planning Commission in consultation with various stakeholders prepared the National Policy on the Voluntary Sector. The National Policy on the Voluntary Sector², adopted in May, 2007 by The Government of India, pledges 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. It constitutes the beginning of a process to evolve a new working relationship between the government and the voluntary sector, without affecting the autonomy and identity of voluntary organizations (GoI/Planning Commission, 2007).

3.9 Voluntary organizations would accept such a process in order to achieve greater transparency and they should, therefore, contribute towards the accreditation costs. Their contributions could be fixed in proportion to their annual budget. To keep costs low, organizations should be categorized by size or budget. For pilot projects, government and donors should be approached, and they should subsidize such costs in order to promote credible voluntary organizations. But superficial accreditation should be avoided and contextual and sectoral issues will have to be paid special attention. Voluntary organizations should not have the freedom to choose assessors, and the government may decide to contribute a corpus fund for the accreditation process.

The Report further postulates:

"..."

3.11.1 Accountability to stakeholders, and transparency in the functioning of the voluntary sector is essential; therefore, there is a need for accreditation of voluntary organizations through an independent agency like the National Accreditation Council. This Body could be set up by law.

3.11.2 Accreditation does not amount to ranking or rating of voluntary organizations. It is a stamp of transparency, accountability and credibility.

3.11.3 The role of NAC would be to review all cases of accreditation brought by the assessors, before awarding accreditation to VOs.

"...

² National Policy on the Voluntary Sector, 2007
Chapter I

The National Policy on Voluntary Sector Obligates:

“… It will also promote a dialogue among public and private grant makers so that they may take advantage of the best practices in grant making and fund-raising strategies.

6.2 Accountability to all stakeholders and transparency in functioning are key issues in good governance …”

The National Policy elaborates on the relationship between the voluntary sector and the government and the aspects that need attention, to quote: “…

5.6 The third instrument of partnership between the government and the voluntary sector is project funding. A large number of government agencies operate schemes for financial assistance to voluntary organizations. These schemes usually deal with activities such as surveys, research, workshops, documentation, awareness raising, training, creation and running of public welfare facilities, and so on. Project grants are a useful means for the government to promote its activities without its direct involvement. They are also a valuable source of support to small and medium VOs. Nevertheless, there are legitimate concerns regarding the effectiveness of grant-in-aid schemes. Out-dated design of funding schemes, arbitrary procedures, selection of unsuitable VOs, poor quality of implementation, and misuse of funds, are some of the reasons for the possible defeat of the objectives of such funding. Concerned government agencies would be encouraged to ensure proper accountability and monitoring of public funds distributed to VOs…”

The policy has also dwelt at length on instruments that are considered as enablers and facilitate fund flow to the sector. The accreditation of the voluntary organizations has been found to be of great importance by the policy makers. The policy makers, however, also took note of no reliable system of accreditation being available, for immediate application, before government funding, and hoped that government encouragement will encourage methodologies of accreditation to emerge with the active participation of the voluntary organizations. The policy also promises not to rush things up and allow time for such methodologies to emerge, debate and find acceptability.
The primary position of the Planning Commission for promoting volunteerism and the voluntary sector since the very First Five Year Plan, notwithstanding, the other institutional arrangements in Government of India, to look into various aspects of governance and the options for reform, did not ignore the potential and importance of the voluntary sector either. In the context of improving the delivery of public goods and services especially in the social sector, and finding ways to improve the credibility of these voluntary delivery instruments, the Second Administrative Reforms Commission has also taken note of the sector. The Commission in its Ninth Report under the name and style “Social Capital- a shared destiny,” submitted in August, 2008 has also deliberated in detail on the issue of accreditation and made observations and recommendations as follows.

Excerpts from the Second Administrative Reforms Commission

3.2.7.2 Accreditation of Voluntary Organizations

3.2.7.2.1 Accreditation is a formal recognition of the achievements of an organization, linked to some internal/external norms, such as commitment to long-term aims and objectives, organizational ability, adherence to financial norms, transparency and accountability, etc.

3.2.7.2.2 A large number of voluntary organizations receive grants from government for a variety of purposes, such as social and welfare services, surveys, studies, monitoring, evaluation, etc. These organizations vary greatly in their capability and credibility. In the absence of any system of accreditation/certification, the government agencies at both union and state level, have found it extremely difficult to distinguish between organizations who value quality, and those which have been set up almost solely for the purpose of receiving government grants. In this context, it is widely recognized that there is need to have a system of accreditation and certification for voluntary organizations, which would facilitate and bring transparency in the government-NGO partnership, particularly in the work of funding agencies. The procedure adopted for accreditation/certification should not be so complex as to lead to harassment, delay and corruption.

3.2.7.2.3 It is generally agreed that accreditation could be best done by the voluntary sector itself. However, attempts to form a self-regulatory body of voluntary organizations in the country have not succeeded so far. There is a feeling that the government needs to be involved in this process.
3.2.7.2.4 The process of accreditation and certification undertaken for the voluntary sector should be based on the following principles:

(a) Accountability and transparency
(b) No ranking or ratings
(c) Norms will have to be compatible to the sector

3.2.7.2.7 The Commission has carefully considered the whole issue and agrees with the view that:

(a) Accountability to stakeholders, and transparency in the functioning of the voluntary sector are essential; therefore, there is a need for accreditation of voluntary organizations through an independent agency like the National Accreditation Council. This body could be set up by law.

(b) Accreditation does not amount to ranking or rating of voluntary organizations. It is a stamp of transparency, accountability and credibility.

(c) To start with, the government needs to place an appropriate corpus of fund at the disposal of the NAC, which could be supplemented by donations. Thereafter, the Council could finance its activities by charging fees from its clients. Such system of accreditation/certification should be applicable only to those organizations, which seek funding from government agencies. In order that the parameters adopted are clear and transparent, and the actions taken by NAC are independent, it is advisable that the Constitution of the Council, its functions and procedures are clearly spelt out in the law...."

The 2nd Administrative Reforms Commission made the following recommendations:

<table>
<thead>
<tr>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2.7.2.8</td>
</tr>
<tr>
<td>(a) There should be a system of accreditation/certification of voluntary organizations which seek funding from government agencies.</td>
</tr>
<tr>
<td>(b) The government should take initiative to enact a law to set up an independent body – National Accreditation Council – to take up this work. In the beginning the Government may need to provide a one-time corpus of funds to this organization.</td>
</tr>
<tr>
<td>(c) The above law should provide details with regard to the constitution of the Council, its functions, its powers to levy appropriate fees from the applicants, and other related matters.</td>
</tr>
</tbody>
</table>
As a follow up action to the National Policy another Expert Group Meeting to ‘Examine the Issues Related to Encourage the Evolution of an Independent, National Level, and Self-Regulatory Agency, for the Voluntary Sector and to Develop Accreditation Methodologies for Voluntary Organizations’ took place at Yojana Bhavan, under the Chairpersonship of Dr. Syeda Hameed, Member, Planning Commission on 26th February, 2009 (Minutes of the Meeting along with the list of participants are available as Annexure-I). A few important issues flagged during the deliberations in the meeting held on 26th February, 2009 consist of those emphasized by Dr. Syeda Hameed, Member, Planning Commission and also argued in detail by a large number of voluntary organizations. Ms. Firoza Mehrotra, Special Consultant, Planning Commission aptly summed these up as follows:

- The contribution of the voluntary sector as professional partners in development is commendable.
- The need for an independent, self regulatory accreditation system has arisen both from the voluntary sector as well as the government.
- Many aspects of accreditation were discussed, and it was felt that there is need for a Task Force to develop minimum norms for accreditation, and may be even programme/sector specific norms as add-ons. Norms already developed by Credibility Alliance could be taken as a starting point.
- The need to accredit and have a committed and professional pool of ‘accreditors’.
- There could be one national body – the National Accreditation Council with state/regional offices comprising people of repute and standing.
- The process of accreditation should be linked to capacity building.

At the end of the aforementioned meeting, the participants were requested to volunteer to constitute a Task Force. Accordingly, vide its Notification No.P-11011/1(2)/2007-VAC dated 13th May 2009, (Placed as Annexure II) the Planning Commission has set up a Task Force to look more deeply into the issue. The Task Force was expected to examine the issues related to the evolution of an independent, national level, self-regulatory agency for the voluntary sector and to develop accreditation methodologies for voluntary organizations.
Chapter I

The composition of the Task Force was as follows:

Dr. Sumedh Gurjar Member
Centre for Innovation & Dissemination
Yashwantrao Chavan Academy of Development

DG/DDG Convener
Council for Advancement of People's Action
and Rural Technology

Dr. Sumedh Gurjar Member
Centre for Innovation & Dissemination
Yashwantrao Chavan Academy of Development

Mr. Girdhar J. Gyani Member
Quality Council of India

Mr. Gagan Sethi Member
Center for Social Justice & Jan Vikas

Ms. Ruth Manorama Member
National Alliance for Women

Dr. Alok Misra Member
Micro-Credit Ratings International (M-CRIL)

Terms of Reference of the Task Force are enumerated below:

I. To frame minimum norms/standards as well as programme/sector specific
   add-ons (for select sectors).

II. To conceptualize the organizational structure and composition of the
    National Accreditation Council and its state/regional offices.

III. To define the functions of the National Accreditation Council.

IV. To define the procedure for accreditation.

V. To identify the possibility and mechanism of grading of VOs/NGOs.

VI. To suggest viable financial models for accrediting VOs/NGOs.

Aforementioned narration is an attempt to take the reader of this Report on
a guided tour along the route traversed, and to apprise him briefly of the issues
deliberated, and concepts flagged prior to the notification of the Task Force and
formulation of its terms of reference. The conceptual cradle of the Task Force and
the need of the present report hopefully, may thus be presumed to have become
abundantly available to the discerning reader.
Overview

There had been various attempts in India to conduct surveys on Non Profit Institutions (NPIs), and collect information on their social and economic activities. These surveys include those carried out by the Reserve Bank of India (RBI), the economic censuses, conducted by the Central Statistical Organization (CSO) and the surveys of the National Sample Survey Organization (NSSO). The RBI conducted a sample survey on private NPIs such as trusts, charitable institutions, and welfare associations etc. as far back as in September, 1988.

The CSO conducted five economic censuses. The first economic census was conducted in the year 1977, followed by the second economic census in the year 1980 and the third in the year 1990. The fourth and fifth economic censuses were conducted in the years 1998 and 2005 respectively. Both rural and urban areas were covered and estimates shown separately. In all these censuses, all units engaged in production of goods and services, other than for the sole purpose of own consumption, were covered. In the agricultural sector, all units engaged in production of goods and services, except those engaged in crop production and plantations, were covered. In all the economic censuses, area sample frames of the units were prepared for further use as sampling frames for conducting follow-up sample surveys. But, there was no specific code for identifying non-profit organizations in the first three economic censuses. For the first time, in the 4th Economic Census, a specific code was recorded for the NPIs. In the 5th Economic Census, the definition of NPIs was followed with more clarity.

In the National Accounts Statistics of India, all institutional units of the economy are grouped under three institutional sectors, namely, (i) Public Sector (ii) Private Corporate Sector and (iii) Household Sector. The NPIs, however, are not shown explicitly as a separate sector. In the national accounts while the NPIs serving public sector and private corporate sector are integrated into the respective sectors, the Non Profit Institutions Serving Households (NPISHs) sector are being accounted under the Household Sector. Information on private NPIs was collected in the 5th Economic census 2005. However, both the NPISH’s and NPIs serving commercial/business houses were covered together as one category, like in the 4th Economic Census. For each economic unit, information on ownership of enterprise, registration code, number of workers, address, etc. was collected. Information on Source of Finance was also collected from the units.

On 23rd January 2006 the United Nations Development Programme (UNDP), India and the UN Volunteers (UNV) programme organized a Forum at the UNDP office in New Delhi, to discuss the issues relating to implementation of the UN Handbook
on NPIs in the System of National Accounts (SNA) in India. Representatives of the Planning Commission and the Ministry of Statistics and Programme Implementation (MoSPI) of Government of India, NGOs, UNV Headquarters, and the Centre for Civil Society Studies of Johns Hopkins University, which is leading the effort to implement, the UN NPI Handbook in countries throughout the world, attended the meeting. In this Forum, the need for implementation of UN Handbook on Non Profit Institutions in order to capture the contribution of NPIs to the national economy was stressed. It was mentioned that the voluntary sector in India played a significant role in the economic and social change of the country and contributed significantly to the development in both rural and urban areas. The participants noted that:

- There was a serious difficulty in the evaluation of the NPIs' economic contribution, as credible data were not available. These data, therefore, need to be collected urgently;
- Before collecting the data on NPIs, the end objectives of compiling the accounts of NPIs, that is, to depict their contribution to the economy, should be adequately taken into consideration;
- Consideration should be given to categorizing the NPI sector into two separate groups, viz., rural and urban;
- The voluntary sector is fund driven, and in addition to measuring the inputs to the NPI sector, attention must be focused on its outputs and contributions to society.

India had been at the forefront of international efforts to improve economic statistics and would certainly implement the UN Handbook on NPIs in due course of time. More specifically since past efforts by the Reserve Bank of India to conduct a survey on NPIs in 1986-87 did not give desired outputs, and since India was one of the few developing countries to implement the 1993 System of National Accounts (1993 SNA); the Central Statistical Organization (CSO) should be able to implement the UN Handbook on NPIs, though it will require generation of data on a very large scale. Although 1993 SNA recommends compilation of separate accounts only for the NPIs, there has been a demand from several users for the accounts of all NPIs at one place, with suitable breakdowns, irrespective of whether they are serving government, corporations or households. Such a presentation will depict the role and structure of NPIs in totality.

Against the above background, the CSO has taken up a survey on NPIs in India, prepared a frame/directory/register of all NPIs registered and functioning in the country, collected the relevant financial data (employment, output, assets and expenditures), by purposes of their activities from the functioning NPIs, and eventually compile the accounts for NPIs, so that the same are integrated into the
national accounts statistics of the country, as well as present a set of satellite accounts for the NPIs following the concepts and definitions of 1993 SNA. Based on the number of such institutions registered with the government agencies, it may be pertinent to mention that the NPI sector is one of the largest institutional sectors in India. The estimated number of such registered NPIs is around 4 million.¹

The Central Statistical Organization’s findings, after the first phase of this survey at an all India level, involved the preparation of the state-wise computerized list from the original records of societies, available with the respective registering authorities in different states. With the active cooperation of the CSO and states Data Encryption Standards (DESs), the states liaised with the respective Registrar Commissioners/ Commissioners of Stamps and Registration/Commissioners of Charity, etc. to undertake the computerization of the records relating to NPIs numbering 31,74,420 society records received from the states and Union Territories (UTs).

The distribution of societies by location (rural-urban) depicted in the figure below indicates that 18,63,381 societies, comprising of 58.7% of all registered societies, are located in rural India. This percentage share is highest in the state of Himachal Pradesh (93%) and lowest in the UTs of Chandigarh (5%) and Delhi (0%).

1. Compilation of Accounts for Non Profit Institutions in India in the Framework of System of National Accounts (Report of Phase-1 of the Survey), National Accounts Division, Central Statistical Organization, Ministry of Statistics and Programme Implementation, GOVERNMENT OF INDIA, 2009 the UTs of Chandigarh (5%) and Delhi (0%).
Chapter II

The distribution of societies by activities, is covered in the pie chart below. The activities covered are:

i) Culture and recreation
ii) Education and research
iii) Health
iv) Social services
v) Environment
vi) Development and housing
vii) Law, advocacy and politics
viii) Philanthropic intermediaries and voluntarism promotion
ix) International activities
x) Religion
xi) Business and professional associations, unions, and
xii) Not elsewhere classified

The pie chart indicates that out of the total registered societies, 13,10,911 (41%) are under Social Services activities, 6,15,954 (19%) under Education & Research, 3,69,912 (12%) under Culture & Recreation, 2,30,017 (7%) under Unions, 1,58,666 (5%) under Development & Housing, 1,52,288 (5%) under Religion, 59,507 (2%) under Health, with the remaining societies under Environment, 27,632 (1%) under Philanthropic Intermediaries and Voluntarism Promotion, 18,395 (1%), Law, Advocacy & Politics, 6,347 (0.20%), International Activities, 3,072 (0.10%) and Others. This information is not available for 60,874 (2%) societies. The top three activities account for 72% of the registered societies. The distribution of registered societies

**Percentage Distribution of Societies Registered under Various Activities/Purposes**
under various activities/purposes by rural and urban is given below.

The 13.1 lakh societies registered under the Social Services activities are

## Distribution of Societies Registered under Various Activities/Purposes by Location (Rural/Urban)

<table>
<thead>
<tr>
<th>Activity code</th>
<th>Activity</th>
<th>No. of societies</th>
<th>Rural</th>
<th>Urban</th>
<th>Information not available</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Culture &amp; recreation</td>
<td></td>
<td>2,34,583</td>
<td>1,35,327</td>
<td>2</td>
<td>3,69,912</td>
</tr>
<tr>
<td>2</td>
<td>Education &amp; research</td>
<td></td>
<td>2,99,858</td>
<td>3,16,085</td>
<td>11</td>
<td>6,15,954</td>
</tr>
<tr>
<td>3</td>
<td>Health</td>
<td></td>
<td>30.553</td>
<td>28.953</td>
<td>1</td>
<td>59,507</td>
</tr>
<tr>
<td>4</td>
<td>Social services</td>
<td></td>
<td>8,09,920</td>
<td>5,00,949</td>
<td>42</td>
<td>13,10,911</td>
</tr>
<tr>
<td>5</td>
<td>Environment</td>
<td></td>
<td>18,661</td>
<td>8,970</td>
<td>1</td>
<td>27,632</td>
</tr>
<tr>
<td>6</td>
<td>Development &amp; housing</td>
<td></td>
<td>91,640</td>
<td>67,011</td>
<td>15</td>
<td>1,58,666</td>
</tr>
<tr>
<td>7</td>
<td>Law, advocacy &amp; politics</td>
<td></td>
<td>2,508</td>
<td>3,838</td>
<td>1</td>
<td>6,347</td>
</tr>
<tr>
<td>8</td>
<td>Philanthropic intermediaries and voluntarism promotion</td>
<td></td>
<td>9,809</td>
<td>8,586</td>
<td>0</td>
<td>18,395</td>
</tr>
<tr>
<td>9</td>
<td>International activity</td>
<td></td>
<td>1,188</td>
<td>1,884</td>
<td>0</td>
<td>3,072</td>
</tr>
<tr>
<td>10</td>
<td>Religion</td>
<td></td>
<td>88,667</td>
<td>63,619</td>
<td>2</td>
<td>1,52,288</td>
</tr>
<tr>
<td>11</td>
<td>Business and professional associations, unions</td>
<td></td>
<td>1,33,311</td>
<td>96,701</td>
<td>5</td>
<td>2,30,017</td>
</tr>
<tr>
<td>12</td>
<td>Not elsewhere classified</td>
<td></td>
<td>1,09,692</td>
<td>51,144</td>
<td>9</td>
<td>1,60,845</td>
</tr>
<tr>
<td>13</td>
<td>Information not available</td>
<td></td>
<td>32,991</td>
<td>27,880</td>
<td>3</td>
<td>60,874</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>18,63,381</td>
<td>13,10,947</td>
<td>92</td>
<td>31,74,420</td>
</tr>
</tbody>
</table>
mainly concentrated in rural areas (8.1 lakh), and the remaining 5 lakh societies in urban areas. However 6.2 lakh societies under Education and Research are equally distributed in rural and urban areas. Out of the total of 3.7 lakh societies under Culture & Recreation, 2.3 lakh societies are located in rural areas. The remaining 8.8 lakh societies, registered under other activities, constitutes 5.2 lakh societies located in rural areas and 3.6 lakh societies in urban areas. This comparison is depicted pictorially in the bar diagram:

**Distribution of Societies (In lakhs) Registered under Various Activities / Purposes by Location (Rural/Urban)**

![Bar diagram showing distribution of societies registered under various activities by location](image-url)
In rural areas, nearly 44% of the societies are registered in Social Services, followed by 16% in Education & Research, and 13% in Culture & Recreation. Similarly, of all the societies registered in urban areas, nearly 38% of the societies are registered in Social Services, followed by 24% in Education & Research, and 10% in Culture & Recreation. The overall trend of society registration across activities, is more or less, the same for the entire country, as well as separately for rural and urban areas. It is observed that the share of societies registered in rural areas is higher than urban areas, in almost all activities except law, advocacy & politics and international activities. In education and research, the registrations are equally distributed in rural and urban areas.

The voluntary sector has been burgeoning at a furious pace in most parts of the world in recent decades. In India too, the sector has grown in size and profile very significantly, both as the preferred instrument for the delivery of social development services and as the champion of the concerns of sections of society. The distribution of societies registered in different periods, that is, before 1970, 1971 to 1980, 1981 to 1990, 1991 to 2000 and after 2001 is shown in Figure below-

It may be seen that the number of NPIs formed after 1990 has increased manifold. The pattern of increase in the societies over the years is almost same
in all the states. There were only 1.44 lakh societies registered till the year 1970, followed by 1.79 lakh registrations in the period 1971 to 1980, 5.52 lakh registrations in the period 1981 to 1990, 11.22 lakh registrations in the period 1991 to 2000, and as many as 11.35 lakh societies were registered after 2000. Information on year of registrations was not available in respect of 0.4 lakh societies. The percentage distribution of societies registered in different periods of registration, by location, is given in the Table below:

As mentioned elsewhere in this Report, although there are a number of Acts

<table>
<thead>
<tr>
<th>Year of Registration</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 1970 &amp; before</td>
<td>3.85</td>
<td>5.52</td>
<td>4.54</td>
</tr>
<tr>
<td>2 1971 to 1980</td>
<td>5.18</td>
<td>6.28</td>
<td>5.64</td>
</tr>
<tr>
<td>3 1981 to 1990</td>
<td>18.83</td>
<td>15.33</td>
<td>17.38</td>
</tr>
<tr>
<td>4 1991 to 2000</td>
<td>36.11</td>
<td>34.32</td>
<td>35.37</td>
</tr>
<tr>
<td>5 2001 &amp; after</td>
<td>35.76</td>
<td>35.71</td>
<td>35.74</td>
</tr>
<tr>
<td>6 Information not available</td>
<td>0.27</td>
<td>2.83</td>
<td>1.33</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>
under which non profit institutions are registered in India, the CSO’s survey covers only the societies registered under the Societies Registration Act, 1860 or Mumbai Public Trust Act, or its state variants. It is primarily for the reason that about 90% of the NPIs are registered under these Acts. From the records maintained by the registering authorities of NPIs mentioned above, the details of registrations for about 31.7 lakh societies covering all states and UTs of India have been collected. These registrations refer to the period up to March 2008. Based on these details, the state-wise distribution of the societies is presented in the Table below:

### Distribution of Registered Societies by States and Ratio of Societies per Thousand Persons

<table>
<thead>
<tr>
<th>State</th>
<th>No. of societies per 1000 persons</th>
<th>% Distribution of societies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andaman &amp; Nicobar</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Arunachal Pradesh</td>
<td>2.54</td>
<td></td>
</tr>
<tr>
<td>Assam</td>
<td>3.46</td>
<td></td>
</tr>
<tr>
<td>Bihar</td>
<td>0.70</td>
<td></td>
</tr>
<tr>
<td>Chandigarh</td>
<td>1.26</td>
<td></td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>1.71</td>
<td></td>
</tr>
<tr>
<td>Daman and Diu</td>
<td>0.96</td>
<td></td>
</tr>
<tr>
<td>Delhi</td>
<td>0.21</td>
<td></td>
</tr>
<tr>
<td>Goa</td>
<td>4.13</td>
<td></td>
</tr>
<tr>
<td>Gujarat</td>
<td>3.04</td>
<td></td>
</tr>
</tbody>
</table>

*Note: The diagram illustrates the distribution of societies and the ratio of societies per thousand persons for each state.*
Distribution of Registered Societies by States and Ratio of Societies per Thousand Persons (contd.)

<table>
<thead>
<tr>
<th>State</th>
<th>% Distribution of Societies</th>
<th>No. of Societies per 1000 Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haryana</td>
<td>1.89</td>
<td>12.06</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>2.49</td>
<td>4.21</td>
</tr>
<tr>
<td>Jammu &amp; Kashmir</td>
<td>0.17</td>
<td>3.30</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>0.14</td>
<td>0.02</td>
</tr>
<tr>
<td>Kerala</td>
<td>10.28</td>
<td>16.22</td>
</tr>
<tr>
<td>Lakshadweep</td>
<td>9.66</td>
<td>4.48</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>0.02</td>
<td>1.28</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>7.07</td>
<td>6.40</td>
</tr>
<tr>
<td>Manipur</td>
<td>2.76</td>
<td>4.87</td>
</tr>
<tr>
<td>Meghalaya</td>
<td>0.49</td>
<td>0.09</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>0.17</td>
<td>1.24</td>
</tr>
<tr>
<td>Nagaland</td>
<td>5.99</td>
<td>5.94</td>
</tr>
<tr>
<td>Orissa</td>
<td>1.24</td>
<td>2.79</td>
</tr>
<tr>
<td>Puducherry</td>
<td>0.17</td>
<td>0.46</td>
</tr>
<tr>
<td>Punjab</td>
<td>0.49</td>
<td>0.46</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>0.13</td>
<td>0.07</td>
</tr>
<tr>
<td>Sikkim</td>
<td>3.30</td>
<td>0.07</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>1.83</td>
<td>0.07</td>
</tr>
<tr>
<td>Tripura</td>
<td>0.07</td>
<td>0.17</td>
</tr>
<tr>
<td>Udrar Pradesh</td>
<td>3.16</td>
<td>0.46</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>1.56</td>
<td>1.54</td>
</tr>
<tr>
<td>Upur Pradesh</td>
<td>3.90</td>
<td>3.90</td>
</tr>
<tr>
<td>Uttarakhand</td>
<td>2.04</td>
<td>2.04</td>
</tr>
<tr>
<td>Varanasi</td>
<td>1.57</td>
<td>1.57</td>
</tr>
<tr>
<td>West Bengal</td>
<td>5.25</td>
<td>5.33</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
At an all India level, the ratio of societies per thousand persons, in urban areas, is 3.9 as compared to 2.3 in rural areas. In most of the states this ratio is higher in urban areas except in Goa, Himachal Pradesh, Kerala, and Meghalaya. In case of Kerala it is as high as 11 societies per thousand persons in rural areas. The number of societies per thousand persons in urban area is highest in Puducherry i.e. 12 societies per thousand persons. In case of Sikkim, Lakshadweep and Nagaland this ratio is about 10 societies per thousand persons in urban areas. The Table below gives the state-wise distribution of registered societies located in rural and urban areas. Top ten states comprising 82% (26 lakh) of all societies have 15.7 lakh societies located in rural areas and 10.4 lakh societies in urban areas. Remaining 5.7 lakh societies are located equally in rural and urban areas.

**Ratio of Societies per Thousand Persons in Rural and Urban Areas**
The 2002 study, carried out by PRIA,\(^2\) India, in collaboration with the Institute for Policy Studies, Johns Hopkins University, USA as a part of the comparative global study, put the number of NPIs the non-profit institutions (broadly synonymous with voluntary organizations or NGOs) in India at 1.2 million, nearly one half of which were unregistered. Their annual revenue in the year 1999-2000 was estimated at Rs. 18,000 crore, and the number of persons working in these organizations was put at 20 million, out of which 2.7 million were estimated as full time equivalent paid employees. The Kelkar Committee\(^3\) on direct taxes computed the contribution of the voluntary sector to the national GDP as 2.5 per cent in 2004. Extrapolate the annual expenditure and the number of volunteers to 4 million NPIs, and one can easily visualize the mammoth size of resources, funds as well as manpower, on which the NPI edifice stands, and its contribution to the GDP today.

There is one more source of data that may give a fair idea of the enormous size of the sector. As per the Ministry of Home Affairs Report, over 35,972 associations were registered under FCRA as on 30\(^{th}\) September, 2008, to receive and utilize foreign contribution. These associations are broadly divided into five categories viz. religious, cultural, economic, educational and social. many of these associations are simultaneously engaged in activities falling under two or more categories. During the year 2006-07, 18,996 associations reported receipt of foreign contributions amounting to Rs. 11,336.97 crore. Among the associations, which have reported receipt of foreign contribution, Sanhome Trust of Kalyan, Mumbai, Maharashtra (Rs. 332.86 crore), received the highest amount of foreign contribution, followed by Sovereign Order of Malta, Delhi (Rs. 300.79 crore), World Vision of India, Tamil Nadu (Rs. 256.06 crore) and North Karnataka Jesuit Educational and Charitable Society Karnataka (Rs. 229.55 crore). During the year, 143 associations received foreign contribution in excess of Rs 10 crore, 170 associations between Rs. 5 and Rs.10 crore, 1340 associations between Rs. 1 crore and Rs.5 crore, and the remaining 9,911 below Rs. 1 crore (thus a total of 1653 institutions receiving more than 1 crore as foreign contribution). Out of 18,996 associations, 7,432 have reported nil receipt of foreign contribution. An analysis of foreign contribution received in various states/union territories indicates that Delhi reported the highest receipt of foreign contribution (Rs. 283.03 crore), followed by Tamil Nadu (Rs. 2,117.71 crore), Andhra Pradesh (Rs. 1,210.82 crore), Maharashtra (Rs. 1,195.45 crore) and Karnataka (Rs. 1,077.13 crore).

It is not surprising that a sector, so visible and so vocal, has attracted, from time to time, the attention of commentators who have raised questions about the credibility and accountability of several of these institutions. Now and then reports have also appeared about the blacklisting of certain voluntary organizations by

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2. Invisible yet widespread: the Non Profit Sector in India
3. Consultation Paper, Task Force on Indirect Taxes, headed by Shri. Vijay L. Kelkar, Chairman of the Task Force constituted by the Ministry of Finance & Company Affairs in October, 2002
official agencies, based on deficiencies noticed in their functioning or reporting practices. These have also dented the image of the sector.

There are indications that the growth of the voluntary sector will continue in the years ahead because of several developments, both national and international, despite the temporary blip in charity funding caused by the recessionary meltdown. Within India, one can expect massive investments in social development and the National Policy on the Voluntary Sector envisages a growing partnership between the government departments and voluntary agencies, at both federal and state levels. The business sector also is expanding its Corporate Social Responsibility (CSR) portfolios to underpin its commitment towards alleviating social problems, and to refurbish its credentials as a socially responsible corporate citizen. This is bound to see a further explosion in the size of the sector.

Again the new evolving debates in the world on issues like climate change, human rights and equitable trade relations, are going to see civil society organizations pitting themselves against State and corporate interests. Therefore one can only expect a further increase in the decibel levels of challenges to the legitimacy and accountability of these institutions, on the argument “physician, heal thyself”.

The rising interest in accountability has been accompanied by increased interest, by the sector, in addressing accountability issues through self-regulation. As a result, a variety of self-regulatory programmes have been created world over. These efforts have involved the promulgation of standards for ethical behaviour, by which member or rated organizations are expected to govern themselves.

Several organizations have piloted certification mechanisms as a means to increase the rigour with which self-regulatory standards are applied. Certification involves an independent external review of an organization’s compliance with a given standard. The research highlighted several programmes from various countries in which government authorities recognize the determination or recommendations, of a not-for-profit organization, in decisions to convey certain benefits. These include Australia AID (not-for-profit makes recommendations regarding accreditation, qualifying organizations for funding), the Philippine Council on NGO Certification and the Pakistan Centre for Philanthropy (which have government grants of authority to certify those organizations entitled to receive certain tax benefits).

In India too the voluntary sector has been alive to these questions concerning its own credibility. When you critique other sectors and institutions, government and corporate, you have to be ready for stones thrown at your own glasshouse. Attempts have been made in the past, therefore, to evolve certain codes of conduct to improve the image of the sector. Several federations of voluntary organizations,
like VANI for example, have tried to formulate guiding principles for their member organizations. The most prominent effort on these lines was the attempt in the mid-80s by several leading lights of the sector to frame a bill to lay down a statutory framework for the operations of the sector. This, however, came to naught because of the intense hostility of many organizations to any such externally imposed code.

Around the year 2000, the Planning Commission, in collaboration with Charities Aid Foundation (CAF), took another initiative for devising a rating format for the voluntary sector. The so-called DIGI format relied on a comprehensive questionnaire covering four areas, namely, documents, income, governance and impact, with specific weights for each of the areas, and sub weights for micro points within each component, adding up to an aggregate score on a comparative scale. Since impact assessment ran into problems, both conceptual as well as methodological, another metric was substituted. But more importantly, despite the very wide canvassing of the questionnaire, the response was very modest. Further, the hostility to inter se rankings put paid to any ambition to institutionalize the system, or update the survey findings in subsequent years.

Predictably, that has not been the end of the story. Private bills have been introduced in the Parliament from time to time, with the aim of introducing some regulation in the working of the sector, partly because of the large-scale funding that the sector receives, both from abroad and at home, where government itself is the largest donor. The latest Administrative Reforms Commission has also made several recommendations directed at greater accountability and transparency of the voluntary sector.

Not only in India, the accountability of not-for-profit organizations (and for that matter, businesses and governments) has been the subject of substantial debate and analysis in many a country. The increased interest in not-for-profit accountability has been attributed to a number of factors, including rapid growth of the sector and its emergence as a major economic actor, the concomitant increase in funding to the sector, increased influence of NGOs in shaping public policy, and the “crisis of legitimacy,” stemming from highly publicized scandals. It is not too far remote in history when the United States Senate’s Committee on Finance held hearings on charity oversight and reform, considering a wide range of reforms to improve the accountability of the sector (including, e.g., funding to the Internal Revenue Service to support accreditation of charities).

Worldwide, over the past 10-15 years, interest in certification mechanisms (and other forms of self-regulation), has emerged as a means to promote accountability in the not-for-profit sector. A number of programmes have been
initiated around the world including the US. This interest has been attributed, in varying degrees, and depending on the country, to:

1. Increase in the size, sophistication, role in public policy, and funding of the not-for-profit sector, and the consequent need for its improved capacity in the areas of governance, management, financial accountability, and communications with the public;

2. A desire to counter the negative effects on sector, both in terms of additional regulatory scrutiny and poor public image, caused by well-publicized scandals involving prominent organizations; and

3. Desire on the part of the sector to avoid further regulation or adverse regulation.

Comparative Overview of Recent NGO Accreditation and Certification Efforts

Certification and accreditation mechanisms do not enjoy particularly widespread use in the NGO self-regulatory efforts of all countries. However, in at least the following countries, NGO self-regulatory groups, sometimes in partnership with the government, have initiated standard setting programmes in which certification or self-certification is used to secure compliance. The following summary may not be exhaustive, it provides an overview of the various types of programmes that countries have in place. These may be clubbed in three groups.

1. Certification programmes which have been initiated or recognized by governments for the purpose of distributing certain benefits,

2. Self-certification programmes, and

3. Programmes that focus on certification of organizations that solicit funds from the public.

1. Certification Programmes with Governmental Recognition

Australia

AusAID Accreditation Scheme: One prominent example of the application of an accreditation system to the international development field, is the Australian Agency for International Development’s accreditation process. Only NGOs that have been accredited by Ausaid are eligible to receive funding through “AusAID NGO Schemes”, which are programmes aimed exclusively at Australian NGOs, as well as certain programmes funded substantially through Australian NGOs.
Chapter II

The accreditation process is designed “to provide AusAID, and the Australian public, with confidence that the Australian Government is funding professional, well-managed, community based organizations that are capable of delivering quality development outcomes.” AusAID considers its accreditation programme to be a “Front End Risk Management Process.”

There are two types of accreditation, base and full. The NGO funding eligibility depends on the level of accreditation, (those with full accreditation are eligible for funding with fewer restrictions, while, for example, an NGO with base accreditation may be eligible under the AusAID NGO Cooperation Programme for a maximum award of about $100,000, as set by an annual planning figure).

The process for obtaining accreditation is essentially a peer review process, in which the Committee for Development Cooperation, (CDC) a joint AusAID/NGO advisory and consultative body, works both with the NGO community and individual NGOs undergoing review. The accreditation process has two parts:

1. Organizational review; and
2. Financial systems analysis.

The Organization Review Process assesses the NGO’s “management capacity, systems, operations, and linkages with the Australian community.” For base accreditation, this part of the review process involves a desk review and a review of the organization’s operations in Australia. Those seeking full accreditation, are, in addition subjected to a review of their overseas operations. The review is undertaken by a joint NGO/AusAID team made up of one NGO member from the CDC, a consultant hired by AusAid, and a financial assessor. The burden of establishing that the accreditation criteria are met is on the NGO.

An NGO begins the accreditation process by submitting an “Agency Profile,” in which it presents all of the documentation supporting its compliance with the accreditation criteria. The profile is subjected to an initial screen for completeness. The process then proceeds to the desk assessment, which results in a preliminary judgement as to whether the NGO meets the accreditation criteria, and identification of any areas the NGO needs to address, all set forth in a report. The NGOs receive an opportunity to respond to the team’s recommendations. If the NGO determines to proceed further (which it may do even in the face of a negative recommendation), it has an organization review, first in Australia, and, for full accreditation, if the NGO demonstrates that it meets all base accreditation criteria, at an overseas site. Following the organization reviews, the review team prepares another report, which is submitted to the NGO for comments. The CDC receives the review reports. It considers them, along with any written response to them submitted by the NGO. If necessary, it may determine to direct further
investigation. The CDC makes a recommendation to the AusAID Delegate, who makes the final decision on whether an NGO will be accredited. Once an NGO is accredited, it enters into an Umbrella Contract with Ausaid. An NGO must be reaccredited every five years in order to retain its funding eligibility. An NGO that is denied accreditation MUST WAIT FOR TWO YEARS before reapplying. An NGO with base accreditation may apply for full accreditation two years from the date of the Delegate’s decision.

As part of the Organizational Review in Australia, NGOs undergo a “Financial Systems Assessment,” which is intended to make sure that “an NGO has ‘necessary and sufficient’ financial and management systems to be accountable for Commonwealth funds.”

The criteria for accreditation established by AusAID, includes many criteria similar to those used by USAID, to register private voluntary organizations. For example, they include requirements that organizations be voluntary, organized as not-for-profit entities, comply with other laws, have a Board of Directors that meets certain criteria, etc. However, the AusAID accreditation criteria go further, requiring, among other things, that NGOs formally adopt and comply with a Code of Conduct for Non Government Development Organizations, have a “demonstrated record of undertaking effective aid projects/programmes consistent with the objectives of the Australian Aid Programme of poverty alleviation and sustainable development,” and have capacity to deliver on its project objectives in a manner that meets its contractual obligations, through appropriate risk management and decision-making processes.

Pakistan

The Pakistan Centre for Philanthropy NPO Certification Programme: This certification programme for not-for-profit organizations drew heavily on the experience of the Philippine Council for NGO Certification (see below)xvii, and involved extensive consultation with all potential stakeholders. Product Certification Programme (PCP) is officially authorized as a certification agency by the Government of Pakistan. Under 2002 amendments to the Income Tax Act, certification can be used as the basis to obtain exemption from tax, providing a powerful incentive to comply with the code.xviii The certification process involves a professional evaluation of the organization against specific criteria in the areas of good governance, transparency and programme effectiveness. It consists of a desk review as well as a field evaluation, following which an extensive report detailing the strengths and weaknesses of the organization is prepared. The report is submitted to the Certification Panel, an independent body with membership from civil society, business, and two sitting representatives of the government. The Certification Panel determines whether to certify the organization, and if the decision is favorable, the organization receives a “certificate of good housekeeping.”xix The Panel met for the first time in April 2004 and certified five organizations.
Philippines

The Philippine Council for NGO Certification (PCNC): The Philippine Council for NGO Certification (PCNC), a not-for-profit organization, established a certification mechanism, under which NGOs are evaluated for compliance, with minimum criteria for programme and financial management, governance and accountability. The Government of Philippines has delegated to the PCNC authority to certify NGOs for tax benefit purposes. The PCNC initiated its mechanism in response to a threat by the government, to take away the tax-benefit status of NGOs, "alleging that it was impossible to distinguish legitimate NGOs from unproductive tax shelters." In response, NGOs developed the PCNC mechanism. The PCNC evaluation criteria includes standards in the following categories: Vision, Mission, Goal, Governance, Administration, Programme Operations (including Monitoring and Evaluation systems), Financial Management and Networking. The certification process involves submission of a written application, followed by a site visit by an evaluation team. The team makes a recommendation to the PCNC Board of Directors, which makes the final decision as to whether an organization will be certified. The PCNC has evaluated 445 NGOs since the inception of the certification programme in 1998 through the beginning of 2004. One significant criticism that has raised concerns is the pace of certification. There are approximately 70,000 NGOs in the Philippines, and only those certified are eligible for certain tax benefits, (although it is unlikely that every NGO would be entitled to, or would apply for, certification.) Thus, to the extent that PCNC is not able to increase the scale of its activities, many NGOs could be denied these tax benefits.

2. Self-certification Programme

Canada

Code of Ethics of the Canadian Council for International Co-operation (CCIC): This Code governs the activities of members of the CCIC, an umbrella organization devoted to enhancing the effectiveness of its members engaged in international cooperation efforts. The Code is accompanied by a very helpful guidance document that explains the rationale behind each provision of the code. The Code’s principles set standards in the areas of governance, organizational integrity, finances, communications to the public, and management practices and human resources.

Compliance with the Code is secured through a self-certification mechanism. Adherence to the Code of Ethics is a requirement for membership in CCIC, and each new member’s compliance with the Code is verified. Member organizations are required to deliver annually to the council, within 90 days of their annual meetings,
copies of their latest annual reports, audited financial statements, any changes in their by-laws, and statements, to the effect that they are still in compliance with the Code (i.e., a self-certification). The CCIC considers the programme to have been “Developed Based on a Philosophy of Peer Accountability,” taking into account that the organization lacked the resources and mandate, to assess independently, member compliance with the code. Members may refer in their promotional materials to their compliance with the Code.

Lesotho

The Code of Conduct of the Lesotho Council of Non-governmental Organizations: The Lesotho Council of Non-governmental Organizations has established a code of conduct that establishes principles in the areas of governance, organizational integrity, finances, communications with the public, and management practice and human resources. “Self-certification that an agency meets the high ethical standards is required for membership” in the Council. An organization that meets the standards may refer to that fact in its promotional materials, and the Council makes available a list of all qualifying organizations. Each member must submit to the Council, on an annual basis, its latest annual report, audited financial statement, a checklist of by-law changes, and a statement by the board chair or chief executive officer of the organization, that it meets the standards of the Council. The Council has a Monitoring and Disciplinary Committee that has the authority to receive and act upon allegations of non-compliance by a member with the standards.

Macedonia

The Code of the Association of Children’s Organizations in the Republic of Macedonia (ACORM): This Code, established by a subsectoral umbrella organization for children’s rights groups, is intended to establish norms for “joint and co-ordinated action for the implementation of the Children’s Rights Convention in the Republic of Macedonia.” The Code establishes standards in the areas of, among others, use of volunteers, employee conduct, NGOs’ role in the democratic community, organizational vision, mission, financial responsibility, confidential information, and conflicts of interest. Adherence to the Code is required for membership in ACORM. Members must submit an annual written report demonstrating that they act in compliance with the standards. The ACORM makes, publicly available, a list of its members and disclaims members that are in breach.
Spain

**Fundacion Lealtad’s Guia de al Transparencia**: The Fundacion Lealtad compiles and publishes, information submitted by NGOs, in the fields of social action and development cooperation, as to whether they comply with its “Principles of Transparency and Good Practice.” The principles fall into nine categories, including good governance, clarity regarding its social mission, planning and implementation of activities, financial transparency, financial control, presentation of annual accounts, and promotion of volunteerism.xv

3. Certification of Organizations Soliciting Funds from the Public

France

**La Charte de deontologie**: This code of professional conduct for foundations and associations in France, establishes a committee of organizations, that oversees compliance with the Charte, a code of ethics primarily aimed at organizations that engage in fundraising. The committee monitors violations of the charter, and permits, or disallows, use of a “label” that organizations in compliance may imprint upon their fundraising literature. The Charte includes standards in the areas of financial transparency, the “quality of the actions and messages” (essentially regarding integrity of fundraising solicitations), and conflict of interest, among others. An organization that signs the Charte is considered to have entered a contractual obligation with respect to its provisions.

Germany

**The DZI Donation Seal**: The Deutsches Zentralinstitute für soziale Fragen e.V. (German Central Institute for Social Questions) (DZI), an organization, that since 1896, has published a directory of organizations, engaged in social work, issues the “Donation Seal” to organizations that meet its standards. It maintains an archive on 2100 organizations, and has awarded the Seal to 187. A charitable organization recognized as tax-exempt may apply for the Donation Seal. The DZI examines documents submitted with an application for evidence of past compliance, with donation seal policies, and does its own research into the organization, checking for clarity, veracity, and completeness. Organizations awarded the Seal must pledge to comply with Seal policies. The Seal must be renewed annually. Standards for award of the Donation Seal include truthful advertising in both word and image, verifiable, economical expenditure of funds in accordance with relevant fiscal laws,
proper accounting, audit of annual accounts submitted to DZI, internal evaluation of the governing body by an independent agency, and the absence of premiums, provisions, awards, or bonuses for donations. The names of organizations awarded the Seal are published in a twice-yearly bulletin.

India

**Give India**: Give India maintains a web-based donation service, through which donors may contribute online to certain not-for-profit organizations of their choice. In order to receive on-line donations through the “Give Online” site, an organization must meet selection criteria established by Give India. Specifically, an organization must be a registered non-profit organization, that implements social development projects in India, and without political affiliations; at least 50% of its beneficiaries must be economically underprivileged; it must meet standards established by the Credibility Alliance, and must be “willing to provide prompt feedback for the donations” that are made. The process for selection involves submission of an application requiring substantial disclosure, submission of financial and annual reports, as well as certain legal documents; an appraisal of the organization against the Credibility Alliance norms, and a site visit to the organization, in some cases including references checks.

The Credibility Alliance is a consortium of voluntary organizations and networks. Its norms are divided into “minimum norms” and “desirable norms,” both of which must be met by the organizations listed on the website. There are 25 minimum norms, which focus on, among other things, board governance, consistency of activities with the organization’s mission, the existence of appropriate systems for planning, monitoring, and review, internal control, and consultative decision-making, clearly defined rules for personnel, including volunteers, and appropriate financial and annual reporting. The desirable norms require that two thirds of the board members be unrelated by blood or marriage, a board rotation policy is in effect, salary and benefits of the head of the organization and certain staff members are disclosed, and the distribution of staff by salary levels is disclosed in the organization’s annual report.

Apart from the aforementioned CSOs, Centre for Innovation and Dissemination, Yashwantrao Chavan Academy of Development, Centre for Social Justice and Jan Vikas, National Alliance for Women, M-CRIL, Quality Council of India, Association of Voluntary Agencies for Rural Development (AVARD) are a few other noteworthy civil society players who have contributed significantly in the evolution of accreditation norms and procedures in the Indian context.

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4. International Initiatives

It is worth noting an additional development in the field of self-regulation—global initiatives to set standards for NGOs engaged in humanitarian work. While these initiatives have not involved a certification process to date, they illustrate the potential for international NGOs and donors to collaborate on standard setting for the benefit of their constituents. Two examples that should be considered are:

- The Sphere Project was launched in 1997 by a group of humanitarian NGOs and the Red Cross and Red Crescent movement. Sphere is “based on two core beliefs: first, that all possible steps should be taken to alleviate human suffering arising out of calamity and conflict, and second, that those affected by disaster have a right to life with dignity, and therefore a right to assistance.” The project provides a handbook that includes Minimum Standards and indicators that are intended to “inform different aspects of humanitarian action, from initial assessment to coordination and advocacy.” The handbook also includes standards and indicators in four technical areas relevant to humanitarian work. One of the notable attributes of the Sphere project was the collaborative and participatory nature in which the handbook and other Sphere programmes were developed.

- The mission of the Humanitarian Accountability Partnership International (HAP-I), launched in 2003, is to “make humanitarian action accountable to its intended beneficiaries: those people whose lives are at risk due to armed conflict or other calamitous events.” The HAP-I developed seven “Principles of Accountability”—and is seeking to develop through which member compliance with the principles will be accredited. It has nine full members, primarily large international humanitarian organizations, as well as several associate members, including government aid agencies. The formation of the organization was preceded by a pilot phase involving widespread consultation with stakeholders: “A fundamental conclusion to emerge . . . is that accountability will best be strengthened and implemented through the creation of a strong international self-regulatory body that will insist on monitoring and compliance, while providing strategic and technical support to member agencies.”

The study by Catherine Shea and Sandra Sitar for International Center for Not-for-Profit Law also identified five models for certification-type mechanisms, which have the following strengths and weaknesses:

1. **Self-certification** is low cost, easy to administer for both the rated and the rating organization, and is accessible to a wide range of rated organizations. But the effectiveness of this mechanism depends
largely on the seriousness with which individual organizations apply the programme.

2. **Peer Review** is one of the more rigorous evaluation methods examined in this study. The methodology is characterized by independence of the raters, technical assistance in identifying and correcting organizational weaknesses, and substantial responsibility on the part of the rated organizations to produce evidence of compliance with each standard. Due to its rigour, this mechanism is likely to be meaningful to donors, the public, and others relying on the certification, but its high cost and high standards may place it out of reach for many small or new organizations.

3. With **ratings organization evaluation**, a programme functions much like a traditional “charity watchdog” organization – it solicits information from the organization, and rates it according to the standards, and publishes its conclusion as to whether an organization has met the standards, as well as a report detailing its findings, for public consumption. These programmes depend heavily on the credibility of the rating agency.

4. **Accreditation by an accreditation agency** provides perhaps the most significant assurance that an organization meets certain standards of quality in its delivery of services. It is without question one of the most expensive type of mechanisms to implement, both for the rating and the rated organization.

5. **Award** by the substantial prestige accompanying the Malcolm Baldrige Award demonstrates a key strength of awards programmes – their high public visibility draws substantial attention to the programme and to the standards it sets. This mechanism, however, is, like accreditation, one of the most costly to implement.

The overview presented here may be deemed to be sufficient to bring forth, with some certainty, the following:

1. Accreditation of the voluntary sector is a topical issue in most countries – big and small, developing and developed.
2. Accreditation, as a due diligence, may still be ascribed to be in an evolving phase.
3. Accreditation has been variously attempted by various countries, as well as by different stake holders, within a country.
4. The so-called ‘Generally Accepted Accreditation Principles’ are yet to evolve.

The Task Force may, therefore, be considered to have been endowed with mixed blessings. The ground realities, in view of the variations in the accreditation regimes, leave enough flexibility to devise an approach to suit its genius. It nevertheless makes the exercise of picking up the ‘best practices’ and benchmarking its own formulations an enormously daunting task.
End Notes:


The last ten years have seen multiple scandals erupt in the not-for-profit sector, including those involving, the United Way, the Bishops Estate, charities shutdown for alleged terrorist financing activities, the Albanian foundation pyramid schemes, and others.

The code was developed and is administered by the Australian Council for International Development. Certain accredited organizations are also required to adhere to the codes promulgated by the SPHERE project and the International Committees of the Red Cross.

Note that USAID obviously considers a number of these factors in making grant decisions – the difference is that AusAID screens for them up front.


The Income Tax Act contemplates that certification by any one of a number of authorized certifying organizations is sufficient to qualify an organization for exemption from tax; currently, however, the PCP is the only authorized certifying agency.


See www.giveindia.org/give/menus/LeftTopMenu.do?key=Select_NGO.
Approach

The approach to writing this Report is primarily moored in the deliberations of the Expert Group which met to examine the related issues to encourage evolution of an independent, national level, self-regulatory agency for the voluntary sector and to develop accreditation methodologies for voluntary organizations. The idea to constitute a Task Force to give doable shape to the concepts of accreditation developed by the Credibility Alliance and others engaged in this business was mooted in the meeting held under the Chairpersonship of Dr. Sayeda Hameed, Member, Planning Commission on 26th February, 2009 at Yojana Bhavan. (Annex-III).

The salient points of this discussion availed of by the Task Force that paved the way to approach the concept of accreditation in this particular present manner may be summarized as follows:

• The significance of the process lies in putting things on rail so that in future the voluntary sector of India should go a long way forward with credible outcomes.

• The significance of the accreditation lies in, to use the analogy, removing the bad eggs from the voluntary sector, and if possible, to use another analogy that if a cloth gets soiled it should be scrubbed and cleansed instead of casting it away.

• The issues related to self–regulation and the need for the development of accreditation methodologies were voiced both by various voluntary organizations and the Government. The subject, if properly materialized, would stave off a variety of over-lappings regarding verifications of voluntary organizations by various departments/ministries and other donor organizations.

• The Planning Commission would take the role of a facilitator in the creation of self-regulatory body for the benefit of the voluntary sector and the Governmental sector.

• The objectives, functioning and achievements of some voluntary organizations as a credible and transparent platform with a solid reputation, has to be taken note of. Such voluntary organizations may help others, who want to undergo through the accreditation process, to build their credibility and independence.

• Presently the duration of the accreditation process being offered by some voluntary organizations varies from four days to three years, depending on the compliances required. The list of accredited organizations also gets uploaded on the website for public disclosure. Some of these
voluntary organizations that offer accreditation have also considered the norms developed by the Credibility Alliance for evolving their own accreditation processes.

- The process driven assessment is more possible and desirable than impact driven.
- The credibility of the sector is a need, and the benchmark should evolve from within the sector.
- The Credibility Alliance undertook the exercise as a pilot in consultation with other stakeholders including 100 NGOs, and went through the efforts and processes in drafting the standards which went through three versions and have finally taken the shape of three sets of standards namely the minimum norms, the desirable norms and the good practices. The Norms Committee of Credibility Alliance has come up with fresh contributions to the development of Programme Norms, which are yet to be tested.
- The issue of the development of standards for accreditation is useful and recommended both from the supply as well as the demand side, as presently accreditation is not mandatory for any donor or Governmental agencies.
- Voluntary organizations, especially small NGOs, do not find it viable to get accredited by spending Rs.15,000 to Rs. 20,000 for an accreditation process. Therefore, the accreditation should be done for free, or sponsored/subsidized by an outsider/third party.
- There is a need for accreditation on the basis of some basic minimum standards, and may be also some sector specific add-ons, by an authoritative self-regulatory body.
- Accreditation system should also be linked with capacity building. There should be money for this function though not necessarily to be funded by the Government. Instead, other options such as a corpus fund could be considered.
- A pilot project for evolving an accreditation system for voluntary organizations of Maharashtra included various phases such as mapping of voluntary organizations (including size, scale of activities, types and functions), developing a framework for accreditation, piloting and operationalization of accreditation, developing both print and interactive electronic database of 3000 NGOs. In the process some standards were developed based on the norms of the Credibility Alliance. Though accreditation could be a powerful tool, it did not work with NGOs as it was not possible to compare voluntary organizations/NGOs on the basis of numbers alone. Lessons learned could be summarized:
Chapter III

1. The development and use of simple minimum norms.
2. The establishment of benchmarks and subsequent creation of a healthy competition with emphasis on quality rather than competition between voluntary organizations.
3. The need for a large network of trained and certified assessors who should be readily available across the country.
4. The costing of the process – could be made into a business model or cross subsidization model for making the process viable for small voluntary organizations.
5. The existing relation between database and accreditation, but the two should not be confused.
6. The data, which can be self uploaded but has not been verified, can mislead the public.
7. The crux of accreditation is transparency.
8. The need for a basic minimum set of structural norms while programme or impact norms could be add-ons.
9. The apex body for accreditation could be a representation of people of repute with undisputable credentials, such as retired judges, etc.

- The Quality Council of India in view of their expertise in audit and accreditation of various hospitals and inspection agency certification in collaboration with Food Safety Authority and other certifying agencies, could help in developing accreditation criteria for the National Accreditation Council if Planning Commission is a scheme owner under Build & Handover Principle.

- While the need for public accountability is fine it is also important to understand– who is going to control the accreditation?

- For voluntary organizations having a turnover of Rs. 20 lakh it could be sufficient to have a public disclosure. If voluntary organizations/NGOs have a turnover of Rs. 20 lakh to Rs. 1 crore then public hearing, and above Rs. 1 crore then there should be a system with an independent body to assess credibility. The Government and voluntary organizations should be equally accountable to this independent body. C & AG was mentioned as a model for reference.

- While presence of numerous fraudulent voluntary organizations in the country may be admitted, the voice of the people should be respected. There should be a limit on government interference.

- The accreditation of voluntary organizations should be once in two or three years, rather than once in a year.
The self-regulation should go along with independence and democracy.

Micro-Credit Ratings International (M-CRIL), came up with its own norms for rating micro-finance institutions and NGOs by reviewing various other norms including that of the Credibility Alliance.

There has to be a system of grading of NGOs, and funding for accreditation should be met from public funds. It is important that funding decisions are taken on the basis of the credit rating of NGOs, and outcome and impact assessment should be kept out.

To add value to the process, social rating could be done where aspects such as goals, intended values, governance and culture, policies and social responsibilities could be assessed, while an impressionistic view of impact could be inferred.

There are 5000 NGOs registered with Jan Abhiyan Parishad against the assessed need of 15000 NGOs. Along with monitoring, evaluation, training and capacity building, Jan Abhiyan Parishad also advances Rs. 50,000 to a new NGO in its first year, Rs. 1 lakh in the second year and Rs. 2 lakh in the third, in order to foster and help small NGOs to be self-reliant.

The Development Support Centre has examined accreditation processes by going beyond the ‘desired norms’ of Credibility Alliance to impact accreditation over a period of time. It was found that self-accreditation and peer accreditation was not very effective; as there were no incentives of any kind or enforcement for accreditation. The view emerged that if accreditation is to be done, it has to be sector specific, and conducted by an independent body making it mandatory or with incentives. It should be disclosed not only to donor agencies but also to other stakeholders.

In view of the number of voluntary organizations in India, one body for accreditation at national level may not be feasible; instead, having a model of subsidiaries at State/regional levels under the guidelines of National Accreditation Council (NAC) could be considered.

The Voluntary organizations/NGOs work with people and the government, and the contribution of voluntary organizations is diverse and enormous, and therefore needs to be acknowledged. Many professionals who are trained and experienced are entering the voluntary sector. The multiplicity of regulatory mechanisms/ procedures such as registration, income tax clearances, FCRA including IB clearances, all of these requirements tend to curb and limit the freedom of voluntary organizations. Whether the self-regulation and accreditation mechanisms are for facilitating NGOs to get credibility, funding and support or rather to control them even more should be clear upfront.
Chapter III

- The NGOs are the conscience of the society, and they develop and test innovative models for the Government to replicate. They also analyze and pinpoint deficiencies and flaws for improvement. It was specifically pointed out that the participation of organizations based on faith, ideology and minority is scanty, and increase in their participation is essential. It was stated that self-regulation and accreditation should not be policing, but an enabling and a facilitating process.

- The Ministry of Rural Development (MoRD) affirmed that there is definitely a need for a National Level Accreditation System. CAPART setting aside funds to meet the cost of accreditation of voluntary organizations/NGOs may be an option. The public accountability through social audit may be considered as a major component in the process of self-regulation.

- Attention was drawn to the Allocation of Business Rules, where it states that Public Cooperation, including all matters relating to voluntary agencies for rural development, CAPART and the National Fund for Rural Development, other than aspects which fall within the purview of Department of Drinking Water Supply, come under the purview of MoRD.

- The changing trend of Government in increasing interference with voluntary organizations and decreasing interference with corporate sector, which is just opposite to the policy of the colonial Government, was flagged. One of the opinions, that it is neither desirable nor feasible that Government controls and regulates the voluntary sector, was voiced.

- The NGOs have a rich tradition in India and there are some well-known and powerful family based NGOs existing in India, but the concept of accreditation does not seem to acknowledge such NGOs as credible. According to some, accreditation as a matter of fact, is just a drop in the ocean, and there could be a more positive agenda to include the removal of irritants in the system that cripple the development of voluntary organizations/NGOs.

- The NAC should be set up with democratic representation, and its sub-centers should be based in congruence with the area and the type of projects being implemented.

- The Ministry of Social Justice and Empowerment supported the setting up of sector specific bodies having state/regional level branches for accreditation and rating for the healthy existence of voluntary organizations/NGOs.

- The Ministry of Women and Child Development expressed support for some kind of accreditation of voluntary organizations, and also that if
funds are being disbursed by Departments/Ministries, they should be given only to those voluntary organizations/NGOs who are accredited.

It emerged as an inescapable conclusion in the Expert Group Meeting held on 26th February, 2009 under the Chairmanship of Dr. Syeda Hameed, that the accreditation of a voluntary organization is a fairly involved issue. Accordingly a Task Force was constituted to “develop minimum … as a starting point.” The minutes of the Expert Group meeting are available at Annexure-I. Arguably, the norms developed by the Credibility Alliance were needed to be made use of, with or without modifications/ enhancement, and the processes provided therein need to be gone into and laid out in such a way that the Accreditation Regime could be rolled out smoothly.

The first meeting of the Task Force was, accordingly, held on 2nd July, 2009. Since CAPART had in parallel started an exercise for giving shape to accreditation guidelines in view of its own Executive Committee’s decision dated 24th February, 2009, it was decided by DG, CAPART the Convener of the Task Force, that the Members of the Committee constituted by the Executive Committee, CAPART may also be invited to the meetings of the Task Force. To further enhance the basket of inputs, National Bank for Agriculture and Rural Development (NABARD), National Institute of Rural Development (NIRD) and Credit Rating and Information Services of India Ltd. (CRISIL), were also invited to participate in the deliberations.

During the discussion the consensus seemed to emerge:

- Accreditation process should facilitate flow of funding to the voluntary sector.
- Accreditation process should enhance the credibility of the voluntary sector.
- This should not be construed as an additional instrument of policing of voluntary organizations by any other name.
- While consensus might have emerged, more or less, in favour of Accreditation as the desirable and doable, all the voluntary organizations should not be presumed to have the wherewithal to share the burden, including that of extra paper and legwork.
- Accreditation therefore, has to be conceptualized and rolled out as a common but differentiated responsibility. In keeping with the varied sizes and capabilities of voluntary organizations, the accreditation process should provide for varying levels of paper and legwork, commensurate to the size of voluntary organizations.

While dwelling on the methodology, it was agreed that each term of reference will be allocated to a sub-group, comprising 2/3 members of the Task Force, to create a working paper for focused deliberation and evolution of a logically developed and practically actionable regime. The Sub-groups were encouraged
Chapter III

to avail as many opportunities as possible for exchange of views, and associate all who may be willing to contribute, in taking the exercise forward. Once these working papers were made available, they will be hosted on the website of CAPART and made available to other members of the Task Force, and with an appropriate interval these will be discussed in the meeting of the Task Force so that the linkages amongst the working papers and terms of reference could be deliberated upon. The details of the Task Force members who constituted the four sub-groups, and the terms of reference they chose to deliberate intensively, are available in the minutes of the first meeting of the task Force. (see Annexure III).

The Task Force held its Second Meeting on 23rd September, 2009 wherein along with the Task Force members, representatives from the Associated Chambers of Commerce and Industry of India (ASSOCHAM), the Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and Give India were also invited.

All the four sub-groups made their presentations. Various issues germane to firming up views on the Terms of Reference were discussed at length. The Second Meeting of the Task Force ended with the decision that a draft report may accordingly be compiled keeping in view the deliberations in the meeting of the Task Force and shall be hosted on the CAPART website. Once the comments on the draft reports are received, they will be further discussed in the third and last meeting of the Task Force, so that the Task Force report could be finalized. If need be after the third meeting, and depending on the comments received and discussions held in the third meeting, more one to one discussions can be held by the Convener to finalize the report.

The Task Force held its Third Meeting on 7th May, 2010 to deliberate on the draft circulated. Over seven months were spent in developing coherence and linkages amongst the working papers, and in giving shape to the draft report so as to cover all the Terms of Reference (ToR). The composition, structure and functions of the National Accreditation Council of India (NACI), minimum norms and methodologies, procedures for accreditation, the IT platform and due diligence required, grading mechanism, resource management, etc. were discussed at great length in the Third Task Force Meeting. The final shape was given after a one to one discussion with the experts from the Quality Council of India, Dr. S. S. Srivastava, Director General (retired), Central Statistical Organization and Shri B. N. Makhija of Credibility Alliance.

The minutes of the Task Force meetings are placed at Annexure-III, IV, and V.

The data quoted in various papers, to the extent possible, was traced to the published sources, and an endeavour has been made to acknowledge all formal and informal contributions, and to accommodate all shades of opinions and work done in the past, as long as it facilitated and supported the accreditation regime conceptualized and proposed to be put forward in this report by the Convener.
Minimum Norms/Standards

Understandably, the latest Central Statistics Organization’s (CSO) survey has drastically revised upwards the estimates of numbers of Not for Profit Institutions (NPIs). The current tentative figures are in the neighbourhood of four million registered entities. Indian voluntary sector is characterized by a wide array of voluntary organizations civil society organizations, involved in both welfare and empowerment, with work areas as diverse as poverty alleviation, civil liberties, education, environment, health, and livelihood. The only unifying thread among these organizations is the legal charter as to whether the voluntary organization is registered as a trust, society, or company.


According to a study conducted by The Charities Aid Foundation (CAF) most of the voluntary organizations receive funds below Rs. 5 lakh per annum (see the table and the bar chart1).

**Trend in Total Receipts in 1996-1998**

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<th>Total receipts</th>
<th>1996</th>
<th>1997</th>
<th>1998</th>
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</thead>
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<td>17 (2.1)</td>
<td>22 (2.7)</td>
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<tr>
<td>10,000 - 50,000</td>
<td>113 (14.1)</td>
<td>90 (11.2)</td>
<td>78 (9.8)</td>
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<td>90 (11.4)</td>
<td>95 (11.8)</td>
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<tr>
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<td>&gt; 50,00,00</td>
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<td>46 (5.8)</td>
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<td>110 (13.7)</td>
<td>107 (13.3)</td>
<td>123 (15.3)</td>
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<tr>
<td>Total</td>
<td>802 (100)</td>
<td>802 (100)</td>
<td>802 (100)</td>
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</tbody>
</table>

(figures in parentheses show percentages)

1. Dimensions of Voluntary Sector in India, CAF’s Validated Database 2000, Printing sponsored by GIWE2Asia, Founded by the Asia Foundation to promote philanthropy to Asia, With assistance from Planning Commission, Government of India and cooperation of Voluntary Action Network, India (VANI).
The Table on the next page gives the distribution of VO's on the basis of annual expenditure. On this basis too, more than 50% of the VO's have an annual expenditure of Rs. 5 lakh or less.
### Trend in Total Expenditure in 1996-1998

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<td><strong>Total receipts</strong></td>
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<tr>
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<td>97 (12.1)</td>
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<td>65 (8.1)</td>
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(figures in parentheses show percentages)

### Trend in Total Expenditure in 1996-1998

![Bar chart showing trend in total expenditure in 1996-1998](chart.png)
As highlighted in the earlier Chapter of this report, Para 5.6.2 of the National Policy on Voluntary Sector envisages that "Accreditation of voluntary organizations will lead to better funding decision and make the funding process more transparent." A practical regime of accreditation has, however, to be in consonance with the Para 4.4 of the same policy that exhorts, "... that the voluntary sector must address these issues through suitable self-regulation ..."

Keeping in view the above mandate of the national policy, and the ground reality where the sector landscape is populated by smaller voluntary organizations, more than 50% spending less than Rs. 5 lakh a year, the minimum norms to be laid down must help them access funds with overall lesser paper work, and must be self-regulatory. Again the minimum norms have to be so conceptualized as to live up to the requirement of providing safeguard/protection against discrimination under the Article 19 (1) (c) of The Constitution of India that enshrines Freedom of Association. The minimum norms must not become an entry barrier. As per the Constitutional provisions, at least theoretically, a voluntary organization may be a legal entity or may choose not to be even that. Minimum norms/standards for the accreditation of a voluntary sector organization that aspires to be counted being within the four walls of the ‘accredited-voluntary–organizations’ house, therefore, cannot be anything beyond what are prescribed for defining the voluntary organization a legal citizen. Even the rudimentary voluntary organizations, however, should be entitled to aspire for being counted and accredited as members of the voluntary sector if they are willing to adhere to, and comply with, the obligations expected of a responsible legal citizen from the arena of voluntary sector. These legal obligations may therefore be construed to comprise the minimum norms/standards.

Even though a citizen of India under the Constitution enjoys certain freedoms and rights, s/he is, nevertheless, liable to comply with various state and local laws and civic obligations of the locality s/he happens to be at a point of time – domiciled or otherwise. Similarly, the Indian Constitution having granted the Right to Association to citizens on voluntary basis, the ensuing voluntary organization will have to comply with the obligations which the local government, by statute and laws, demanded of it because of the nature of activities, area of operation and sources of funds.

The volunteer citizens in a particular state may acquire the legal persona of a voluntary organization by registering under the relevant act - The Societies Registration Act, 1860; The Indian Trusts Act, 1882; Public Trust Act, 1950; The Indian Companies Act (Section 25), 1956, etc., depending upon the law prevalent in the State, and the nature of activities the voluntary organization has undertaken to engage in. To avail of private philanthropy which involves fiscal sacrifice; the organizations are obliged to comply with the provisions of the Income Tax Act. In case of organizations aspiring to fund their activities from receipts in foreign currency they have to register under the Foreign Contribution (Regulation) Act, 1976 and the Foreign Contribution (Regulation) Rules, 1976. Till 2005 the voluntary organizations having registered under the two acts were not additionally obliged to Public Disclosure. The advent of the Right to Information (RTI) Act, 2005 has,
however, made it somewhat obligatory on all organizations substantially funded by the government to a set of mandatory public disclosures, and also enjoins upon them certain suo motu public disclosures, to promote transparency and accountability in the working of every public authority. The Constitution of India has established a democratic Republic; and democracy requires an informed citizenry and transparency of information, which are vital to its functioning, and to contain corruption and to hold governments and their instrumentalities accountable to the governed. The voluntary organizations relying on sources of funds that flow from budgetary provisions cannot remain creditable for long without voluntarily making mandatory disclosures, as per the RTI Act. One may, probably, argue that the government grant to a voluntary organization can not be considered on the same footing and of the same nature as that to an attached office or an autonomous body of the government and therefore a voluntary organization receiving grant from ministries and departments can not be technically considered a ‘Public Authority’ as per the definition in the RTI Act. Probably we can leave the issue to be settled in due course of time and let the legal pundits and RTI enthusiasts fret about it. Be as it may emerge, the mandatory disclosures requirement, however, may have to be included as an integral part of any minimum accreditation norms being devised if the accreditation regime has to serve the need of crowning the sector with credibility at large. Maybe, to begin with, the additional information specifically required to meet the need of mandatory disclosure under the RTI Act may be put in the optional category for basic accreditation, say, A-I category accreditation.

Broadly speaking, the above legal requirements based approach to defining minimum standards/norms can be summarized to throw light on the following aspects of a voluntary organization:

1. **Identity** – one time or recurring compliances expected of the voluntary organization that are necessary to confer upon it the status of a ‘legal citizen’, and retain it as a ‘legal citizen’.
2. **Governance** – how the voluntary organization as a ‘legal citizen’ conducts its activities with regard to concerns of Transparency and Accountability.
3. **Accounts and Finance** – how the voluntary organization as a ‘legal citizen’ mobilizes and consumes funds with regard to activities professedly it has enjoined upon itself.

**Minimum Norms Defined**

Any accreditation regime, which is rolled out in such a way that its impact is not that of exclusion, may reasonably aspire to claim that it is based on minimum norms/standards. At the entry level it should not add to the burden of paper work and leg work beyond what is required for the statutory compliance of:

1. **The Act under which the voluntary organization is registered**
2. **The Income Tax Act/FCRA**
3. **The Right to Information Act**
Chapter IV

Additionally, as a part of the follow up action on National Policy on Voluntary Sector, an Expert Group Meeting on examining the issues related to the evolution of an independent, national level, self-regulatory agency for the voluntary sector, and to develop accreditation methodologies for voluntary organization was held under the Chairpersonship of Dr. Syeda Hameed, Member, Planning Commission on 26th February, 2009 at Yojana Bhavan, Planning Commission. In the meeting it was noted by Ms. Firoza Mehrotra, Special Consultant, Planning Commission, as one of the major points of discussion: “…

… Norms already developed by Credibility Alliance could be taken as a starting point. …”

The Task Force member, Mr. Makhija has specifically brought the issue during the discussion in the meeting of the Task Force. It was common consensus that since the Planning Commission has flagged the minimum norms developed by the Credibility Alliance as a base to work upon with, the Task Force should logically take cognizance of the same accordingly. It was a common consensus that with the explicit usage of minimum norms developed by the Credibility Alliance, along with the obligation of compliances under the above mentioned four Acts, the formulation of minimum norms that emerges can be considered as having achieved the necessary comprehensiveness.

To eschew ambiguity and simultaneously put it succinctly, it is proposed to use the mathematical (Set Theory) notations to describe the provision that is being made in the Report to take benefit from the work done by the Credibility Alliance as well as the legal minimum described above. Accordingly:

Say R is the set of fields required in the NGO partnership portal that will fully meet the information and periodic returns need of the Act under which the voluntary organization is registered,

i.e., $R(r) = \{r_i \in R : r_i \text{ is the } i^{th} \text{ field of the set of fields required in the NGO partnership portal that will fully meet the information and periodic returns need of the Act under which the voluntary organization is registered.}\}$

Say I is the set of fields required in the NGO partnership portal that will fully meet the information and periodic returns need of The Income Tax Act,

i.e., $I(i) = \{i_m \in I : i_m \text{ is the } m^{th} \text{ field of the set of fields required in the NGO partnership portal that will fully meet the information and periodic returns need of The Income Tax Act.}\}$

Say F is the set of fields required in the NGO partnership portal that will fully meet the information and periodic returns need of the FCRA,

i.e., $F(f) = \{f_n \in F : f_n \text{ is the } n^{th} \text{ field of the set of fields required in the NGO partnership portal that will fully meet the information and periodic returns need of the FCRA.}\}$
T is the set of fields required in the NGO partnership portal that will fully meet the mandatory disclosure needed under The Right to Information Act,

\[ i.e., T(t) = \{t \in T : t \text{ is the } o^{th} \text{ field of the set of fields required in the NGO partnership portal that will fully meet the mandatory disclosure need under need of The Right to Information Act.} \} \]

And

C is the set of fields required in the NGO partnership portal to meet the requirement of minimum norms developed by the Credibility Alliance, and referred to by the Planning Commission, in the notification of the Task Force, i.e.,

\[ i.e., C(c) = \{c \in C : c \text{ is the } p^{th} \text{ field of the set of fields required in the NGO partnership portal to meet the information requirement of minimum norms developed by the Credibility Alliance, and referred to by the Planning Commission, in the notification of the Task Force.} \} \]

Then the enhanced NGO partnership portal will have fields comprising set \( V \) such that \( V \) is the union of sets \( R, I, F, T, C \) as defined above. Persisting with the notation of Set Theory we may write-

\[ V = R \cup I \cup F \cup T \cup C \]

\[ i.e., V(x) = \{x \in V : x \in R \text{ or } x \in I \text{ or } x \in F \text{ or } x \in T \text{ or } x \in C \} \]

Obviously the variations in the compliance obligation on the voluntary organizations even at the minimum norms/standards level cannot be eschewed. If a micro voluntary organization is not availing funds from sources abroad, it will be free from compliances with regard to Foreign Contribution (Regulation) Act, 1976 and the Foreign Contribution (Regulation) Rules, 1976. Similarly if the voluntary organization is not availing funds from public exchequer or sources which are making use of the amount donated to voluntary organization for tax concession purposes, it may not even be desirable for it to aspire for being in the accredited voluntary organizations group.

As the things stand today the Societies Act or for that matter any other act under which the voluntary organization is registered, the Income Tax Act, the Foreign Currency Regulation Act (FCRA) and Right to Information Act, 2005 (RTI) are not sharing the common data base. The compliance of these Acts has, however, been historically made by voluntary organizations and therefore, if accreditation process demands their compliance as part of the minimum norms/standards it will not add to any new burden, and therefore at the basic level it reasonably qualifies to measure up to the expectation of being an Accreditation Regime with minimum norms/standards.
It has already been decided that the voluntary sector organizations, to avail budgetary support will have to register themselves with the NGO Partnership Portal being managed by the Planning Commission. Most of the grants making Government of India Departments and Ministries including CAPART have already implemented it. This portal can be suitably enhanced and made compatible to accommodate aforementioned minimum norms required for accreditation. This IT portal can theoretically be enabled to provide for generation of reports and periodic returns as per the need of the above Acts, without any further do on the part of the voluntary organization, and may also via email or some other IT based interconnection, make it available to the authority designated for the purpose. The compliances under the above Acts can thus be presumed to be sufficiently made if the desired information has been uploaded on the portal, and the periodic return’s printout is taken by the voluntary organization and sent after signatures, by email or hard copy by Registered Post to the concerned department. This IT based entry-level accreditation process will not only save the organization from extra effort to ensure compliances of the Acts but also make it a Civil Obedient Member of the accredited group of voluntary organization. Those who have experienced the robustness of IT based social networking platforms like “Facebook” where millions can register, upload unlimited text/photo albums/videos, can decide what (individual item wise or as a rule) to remain in public domain and communicate, even on real time basis, should not find it hard to be on board with the technological feasibility of the above proposition. For a country of 1.2 billion people with voluntary organizations numbering in millions, this is not only the technologically feasible but also practically desirable option. One may not be much aware of the backend data crunching that has been enabled and built into “Facebook”, but keeping in view that it is a financially viable enterprise it must be converting data into information, and selling it without compromising its ‘privacy’ policy declared upfront for the comfort of the millions of users. The enhanced NGO Partnership Portal being visualized as above for the purposes of accreditation of voluntary organizations, presumably will provide enough database to facilitate quality research on issues at the centre stage of problems with the Indian third sector on the pattern of any other demographic study.

The minimum norms/standards in any proposed Accreditation Regime for the voluntary sector, should ideally not require a voluntary organization’s footprints to touch base with more organizations then it used to historically, during its routine working sans accreditation. Para 4.4 of the National Policy on Voluntary Sector specifically envisages that the proposed accreditation regime should provide the voluntary organizations freedom of choice and action and should be participatory.

As explained above, the suitably enhanced NGO Partnership Portal will emerge as a virtual platform for accreditation, and will be accessible from any cyber café for data feeding, as per the convenience of the voluntary organization. The immense freedom of access-choice with regard to location, as well as time, is enough to make the proposal of unassailable convenience. The additional possibility
of even reducing the number of organizations, where the voluntary organizations footprints used to touch base and were adding to the total foot falls, immobilizing those organizations by the sheer weight of data generated from an activity which may not be the organization’s main activity, e.g.; Income Tax Department, as well as inconveniencing themselves are some of the apparent governance concerns that may also get addressed under the proposed IT based Accreditation Regime. Under the present dispensation some of the voluntary organizations may innocently be tempted to ignore the rigour of the compliances, finding comfort in the reality of crowded spaces where non-compliance of civil obligations by a legal person more often than not remain out of the zone of adverse repercussions. In the scheme of things being proposed, however, the easier option hitherto feasible will be more of a daredevilry, as the adventurer voluntary organization in pursuit of concealment of information, or giving information that cannot be supported by document, will make itself criminally liable. Also everything being in public domain, it will be difficult to remain hidden from the assertive Indian common man who is out to exercise his rights with zeal. The 24x7 TV channels will also find it a hunting ground for exposure.

In conclusion one may summarize that at the basic level:

- Accreditation regime has to be rolled out from a virtual platform.
- To kick-start it early, NGO Partnership Portal may suitably be modified/ enhanced to accommodate the data required under the various extent laws applicable to the voluntary organizations.
- The voluntary organizations should be able to add, amend and change the data as often as possible, however, the system will be equipped to generate chronological data profile - all data except the latest if entered in the previous years will become an archival material with public having access to the same.
- The NGO Partnership Portal should take the informed consent from the voluntary organization that any information submitted on the portal shall be in public domain, and shall make the voluntary organization liable to the relevant provisions of Indian Penal Code (IPC) and consequential repercussions may be punitive if the same is found otherwise.

While the above approach for rolling out accreditation at the entry level provides unlimited flexibility and choice to the voluntary organization, and promises to remove all the entry barriers - everything being in public domain makes it liable under Indian Penal Code (IPC), and should work as enough deterrence. Any public-spirited individual will be able to bring the voluntary organization’s, aberrant behavior to account.
The Organizational Structure and Composition of the National Accreditation Council and its State/Regional Offices

During the deliberations of the Task Force on accreditation, two somewhat contradictory looking aspects were highlighted. The first emphasized the constitutional arrangement, as enshrined in Article-19 (c) of the Constitution of India, which provides for protection to the Right to have Associations or Unions. Any regime of accreditation being proposed should not lead to curtailment of these rights by proxy. The eminent members argued that many a time the voluntary organizations have to undertake the role of democratic dissent, and mobilize people on issues, which even though ordained and flowing from the Constitution or international obligations (India being part of the Community of Member Nations of the United Nations) but get short shrift, even sidelined, because of expediency of day to day running a democratic Government. Some of the Members even went to the extent of highlighting the temporary domination of certain views on the polity that may not be considered by the intelligentsia, as well as the silent majority representing the socio-cultural ethos that evolved over a period of time in this country, credited with being the fountainhead of civilization.

The Members also highlighted that if the accreditation regime becomes an instrument of policing the voluntary organization’s activities and fund flows into the sector, it will have deleterious effect on the healthy growth of the sector. Some even apprehended that it might convert voluntary organizations into the contractor type organizations.

The above strong edict and caveat notwithstanding; it was, however, everybody’s concern that the growth of the voluntary sector has acquired such dimensions that if nothing is done to improve the credibility of the sector, a few organizations of dubious nature may hurt the sector as a whole, and take away the pride the voluntary sector has in its work, that is, being close to the public as well as the public interest. It was a consensus view that all will generally welcome the accreditation regime, if the accreditation process helps the donor in distinguishing from the large mass of the voluntary sector organizations, the ones that will creditably deliver the outcomes for which the donor has committed funds. This should as a natural corollary, save the voluntary sector from long queues, and as a consequence from lot of legwork and paper work in mobilizing funds. The main protagonist in a voluntary organization will thus be able to devote more time to the
work in the field and serve the public interest better. Whatever they save in terms of effort and financial resources presently being expended in mobilizing grants, will largely become available to fulfill the organizational goals.

The issues relating to shape, organizational structure and composition of the proposed National Accreditation Council (NAC) were, thus, deliberated upon in the Meetings of the Task Force in a highly emotionally charged language, pulling each sector representative amongst the members of the Task Force in opposite directions – every one twisting and turning with ideas and options, with the fond hope to strike a balance ultimately. The non-negotiable imperative of the autonomy and independence of the proposed NAC loomed large on the discussions. References were alluded to the shape and functioning of the Bar Council and its relations with the lawyer members. It was elaborated that every new and aspiring legal practitioner has to become a Member of the Bar Council before he starts practice in a court of law. Thus the legal practitioner though gets encumbered by the dos and don’ts expected of a Bar Council member, yet the member’s right of contesting the case of his client, which more often are against the State and its various instruments, at times even against another member of the Bar Council, is neither compromised nor prejudiced as a consequence of his becoming the Member of the Bar Council.

The other institutional arrangement, that is, with regard to press and journalism fraternity, was also deliberated at length. Here too the autonomy of the members is not adversely affected despite its dependence to a very substantial extent on the revenue stream that has its origin in the budgetary allocations – expenditure on advertisement and publicity made by various government departments and its attached offices and autonomous bodies. There was a lot of comfort and feeling of assurance among the members with the suggestion that the Accreditation Council should be modeled on the pattern of the Bar Council of India or the Press Council of India. Once it is rolled out in one of these formats, it may reasonably be hoped that the autonomy of the voluntary sector is less likely to get compromised.

On the closer scrutiny of the structures of the two institutions, namely-

- The Bar Council of India, and
- The Press Council of India

It may be easier for others too to agree that the Accreditation Council for the Voluntary Sector, because of the very nature of things, may be visualized as much more closer to the Press Council situation. Like the Press Council it is the voluntary organizations that will be availing of the accreditation, unlike the case of Bar Council, whether it is the individual advocate which takes the membership.
Again while services provided by the press can be treated as the public good, the services provided by members of the bar mostly fall in the category of private good. The individual advocate is also hardly dependent on the budgetary support for the consumption of its services, while in case of newspapers a substantial portion of their revenue comes from publicity and advertisement budget of the various Government departments and its instruments. The revenue stream of the Press is also bolstered up by the publicity and advertisement business offloaded by the private business. With the growing commitment towards corporate social responsibility it may not be all together inconceivable to assume that the voluntary sector will also be attracting lot of funds from the business/corporate houses soon, who may over a period of time find it worthwhile for their goodwill business-wise too, to additionally acquire the halo of being a ‘triple bottom line’ conscious corporate citizen.

The Press Council has one chairperson and 28 members, while in the Bar Council of India altogether there are 80 members with the Attorney General of India and the Solicitor of India being ex-officio members. The chairperson and vice-chairperson are, however, elected for two years from the members of the Bar Council of India. In case of Press Council of India, the chairperson is nominated by a committee consisting of the Chairperson of the Council of the State (Rajya Sabha), the Speaker of the House of the People (Lok Sabha) and a person elected by the Members of the Council.

Keeping in view the inputs received from the various quarters, it is proposed to recommend the Constitution of the National Accreditation Council of India as follows:

1. Since enactment process is lengthy and may take time, consensus was to initially register a society to roll out the accreditation regime. In due course of time it may acquire the statutory basis.

2. The Chairperson of the National Accreditation Council of India shall be appointed on the basis of recommendations made by the Search Committee consisting of Chairperson of the Council of States (Rajya Sabha), Speaker of the House of the People (Lok Sabha), the Chairperson of the Press Council of India, Leader of Opposition and Chairperson of the National Human Right Commission of India.

3. The Search Committee shall call for Expression of Interest from persons of eminence, desirous of serving as Chairperson of the National Accreditation Council of India by an open, but limited, time facility, on the national NGO Partnership Portal. All entries shall remain in public domain and may even provide for a facility for registering voluntary
organizations opinion about the individuals who choose to come forward to serve the NACI as Chairperson. The Search Committee shall, however, not be constrained by the Expressions of Interest thus received and may choose to recommend as per their combined wisdom someone whose consent may be subsequently obtained.

4. The Member of the Planning Commission in charge of the voluntary sector may be made ex-officio Vice-Chairperson.

5. So that the Accreditation Council could be immediately rolled out, and also have enough organizational support to kick start, it is being suggested that DG, CAPART may be made ex-officio Member Secretary of the Council and the offices of CAPART may be used for discharge of various functions and responsibilities of National Accreditation Council. This arrangement will be revisited after two Chairmen have completed their tenure. Two terms are being suggested so that not only the working is stabilized but also the succession is successfully affected.

6. The National Accreditation Council of India shall not have more than 50 members excluding the Chairperson but including every one else, the ex officio Vice Chairperson and members. It is proposed that half of the elected members will be women.

7. In addition to the Chairperson and Vice Chairperson as mentioned above, it is being proposed that for every 5 crore of population one voluntary organization may be elected to become a member of the National Accreditation Council. It may also be provided that half of the members will be from the voluntary organizations that have more than Rs. 1 crore budget and half from the rest.

8. The election process may be adopted on the pattern of the Bar Council elections. Since it has been formally institutionalized that all the voluntary organizations, which aspire to attract funds from the budgetary support, will have to register themselves with the NGO Partnership Portal this data base may be used for the election process, and the rules and mechanisms may be adopted straightaway from the Bar Council elections.

9. In addition to the elected members as outlined above, the Chairperson of the Council shall nominate 10 members representing the various sectors that provide budgetary support to the voluntary sector. Four of these from the Secretaries to Government of India and six will be Secretary of the States. This may be done in such a way that the
representations of States, as well as from the Government of India put together covers the gamut of activities being supported from the budgetary provisions under various grants to the extent feasible in the order of volume of the grant flowing from those sectors/departments.

10. Additionally, following will find ex officio representation-

1. The National Human Right Commission
2. The National Commission for Minorities
3. The National Commission for Scheduled Castes
4. The National Commission for Scheduled Tribes
5. The National Commission for the Backward Classes
6. The National Commission for Women
7. The National Commission for Persons with Disabilities
8. The National Commission for Safai Karmcharis
9. The National Commission for Protection of Child Rights
10. The Press Council of India
11. The Central Information Commission

The Council for Advancement of People’s Action and Rural Technology (CAPART) has nine regional offices. These regional offices may work as regional offices of the Accreditation Council. The Regional Councils may also be developed on the pattern of the National Accreditation Council with the difference that the:

- The National Accreditation Council of India will nominate the Chairperson of the Regional Council.
- The Chairperson of the National Accreditation Council of India will nominate the Vice Chairperson.
- The Regional Representative of CAPART will be the Member Secretary.
- To avoid multiple elections it is being proposed that all those who contested for the membership of the National Accreditation Council, and scored more than 10% valid votes cast, but lost the election for the National Accreditation Council Membership will be made members of the Regional Council subject to a maximum of 15.
- On the pattern of the Apex Body, that is, the National Accreditation Council of India, not more than 10 members will be nominated by the National Accreditation Council as the ex-officio members to represent the participating States.
The Functions of the National Accreditation Council of India

The Functions of the Council

1. To promote and coordinate accreditation of the voluntary organizations across the country. The Council may itself undertake such acts, as it may deem necessary for, or incidental to promotion of accreditation or facilitate the same with the help of a third party stakeholder, along with other accountability initiatives for building and enhancing public confidence in the voluntary organizations.

2. To strive for consensus and evolve accreditation norms/standards for voluntary organizations, volunteers and rating agencies, so as to promote good governance, accountability and transparency in the third sector, maintain database of the best practices and dissemination thereof.

3. To facilitate emergence of accreditation agencies across India including sector specific national/state level accreditation institutions for voluntary organizations working in different sectors like health, disability, education, child rights, etc.

4. The Council shall be responsible for the maintenance of the NGO Partnership Portal.

5. To generate consciousness in the country about the important role of charity and encourage the donors to prefer supporting accredited voluntary organizations in the larger interest of enhancing accountability and transparency; conducting seminars and other forms of promotion among stakeholders including voluntary organizations.

6. The Council shall persevere to preserve the autonomy of the voluntary sector.

7. To facilitate capacity building so as to enhance facilities that may ensure sufficient supply of human resource to agencies involved in the accreditation.

8. To nurture and encourage a sense of responsibility and public service among all those engaged in the voluntary sector.

9. To keep itself apprised and work against any development likely to inhibit the growth of the voluntary sector.

10. To keep a general watch on cases of assistance received by a voluntary organization or rating agency in India from any source including such cases as are referred to it by the Central Government or brought to its notice by an individual, association of persons or any other organization.
Provided that nothing mentioned above shall preclude the Central Government from dealing with any case of assistance received by a voluntary organization in India from any foreign sources in any other manner it deems fit.

11. To undertake studies on matters relating to voluntary sector as may interest the Council or any matter referred to it by the Central Government.

12. To concern itself with development such as concentration or other aspects of ownership of voluntary organizations and rating agencies which may affect the independence of the voluntary sector and work as entry barrier for the new organizations.

13. To ensure periodic review of the NGO Partnership Portal to enhance its user friendliness and content with special regard to 'The Right to Information Act' and the competencies and capabilities of different sizes of voluntary organizations and sector specific norms.

14. To engage proactively with the University Grants Commission (UGC), All India Council for Technical Education (AICTE) and such other bodies to promote higher learning with special regard to meeting the human resources need of the voluntary sector.

15. The Council will engage itself with the stakeholders to build-up consensus and public opinion to promote and support law reform in the interest of the healthy growth of the voluntary sector.

16. To generate and establish funds, including but not limited to, Depreciation Fund, Reserve Fund, Insurance Fund or any other fund in the interest of NACI and for the benefit of those working in the voluntary sector to evolve socio safety net measures and related policy development and consensus building.

17. To do such other acts as may be incidental or conducive for discharge of above functions.

The Statutory Committees of the National Accreditation Council of India

To discharge its functions the Council shall have the following Committees:

1. The Executive Committee
2. The Finance & Accounts Committee
3. The Ethics & Welfare Committee
The Executive Committee

The Executive Committee of the Council shall be responsible for all policy decisions and also those necessary for the smooth running and execution of the decisions of the Council for which the authority has not been delegated to the Secretary and the Chief Executive Officer of the Council. This Committee will be responsible for laying down, facilitating/creation of rules and procedures for the internal governance of the Council. The Committee may decide to make suggestions to State Governments/Central Government in the interest of healthy growth of the voluntary sector. This Committee will also be responsible for firming up views on all issues of legal importance referred to the Council by the Central / State Government(s).

It shall have in addition to the Chairman of the Council and the ex-officio Secretary of the Council not less than five and not more than 11 members from the National Accreditation Council’s members. Two to five members will be from the nominated members and three to six from the members elected to represent the voluntary sector as decided by the Council.

The Committee will be responsible for the timely conduct of elections so that the Council as well as its regional offices remain adequately representative of voluntary sector. The Committee will also be vested with authority to recommend procedure for elections.

The Committee shall take an annual review of the human resource needs of the voluntary sector to facilitate the Council’s engagement with the Planning Commission, UGC, AICTE, etc.

The Finance & Accounts Committee

The Finance & Accounts Committee shall be responsible for ensuring the upkeep of accounts of the Council as per the Generally Accepted Accounting Practices and as demanded by C & AG and other oversight instrumentalities assigned with the role at that point of time. It shall advise the CEO with regard to management of the receipts and funds of the Council. The officer-in-charge of the Finance and Accounts & Audit Wing of the Council shall be the Convener and the Secretary and the CEO of the Council shall be the Chairman of the Committee. In addition two nominated members of the Council and two members of the Council elected from those elected to represent the voluntary organizations shall be nominated by the Chairman of NACI.

The Council shall, however, have the authority to form one or more committees or sub committees and assign a well defined work/task to any of these new committees/sub committees keeping in view the nexus with the extant responsibilities of various committees referred to as above.
Chapter VI

The Ethics & Welfare Committee

The voluntary organizations which are blacklisted and have exhausted the first appeal/grievance redressal arrangement within the blacklisting departments may make second and the final appeal to the Council which will take decisions as per procedure laid down for the purpose. The decision that shall be binding on all parties, of course, subject to the writ jurisdiction of High Courts and the Supreme Court. In this respect the Council shall work as a quasi-judicial body.

This Committee will sanction/disburse one time assistance to the next of kin of a volunteer working in a voluntary organization who passes away or is permanently disabled because of accident or any other natural calamity. The facility will be charged on the revenue receipts of the National Accreditation Council. It and shall however be limited to one third of the total revenue receipts of the Council in the particular year.

In addition to the above, the Committee will also decide, keeping in view the resources of the Council, to what extent the cost of grading/rating need to be subsidized in case of a voluntary organization or a well-defined set of voluntary organizations with special regard to their financial health.

The Committee shall be headed by the Chairperson/Vice Chairperson of the NACI and convened by the Secretary and CEO of the NACI. In addition, two nominated members and three members from those elected to represent the voluntary organizations shall be nominated by the Chairman of NACI.
Chapter VII

The Procedure for Accreditation

In the Government of India, the Ministry of Home Affairs, through the Foreign Contribution Regulation Act (FCRA) wing of the Foreigners’ Division, brings out an Annual Report regarding the receipt and utilization of foreign contributions by associations based on the Annual FC-3 returns, furnished by the associations under section 6(1) of FC (R) Act, 1976 read with Rule 4 (1) (a) of FC (R) Rules, 1976, for carrying out different activities and programmes as per their respective charters. The report also contains state/UT-wise, purpose-wise and donor/country-wise analysis of receipt and utilization of foreign contribution. Since the data in the Annual Report is based on the annual accounts submitted by associations, which are audited and verified by the chartered accountants, the figures included in the report are a compilation and analysis of data furnished by various associations, and does not represent any primary data generated by the Ministry of Home Affairs. The data, nevertheless, is of immense value and helps in making an educated assessment.

The figures in the 2006-2007 Report are based on the Annual Accounts submitted by 18,996 out of 33,937 associations for the year 2006-2007, which were registered under FCRA till 31.3.2007, and 522 associations, which were granted prior permission during the year. One of the reasons for the lower number of voluntary organizations reporting under FCRA, may be lack of awareness about the mandatory submission of accounts by registered NGOs, even if they receive no foreign grant in the period. Furthermore there are big NGOs who pass on portions of the foreign grant received by them to smaller NGOs. Therefore, the Report may not reflect the complete picture of foreign contributions received in the country during the year, but provides information about the foreign contributions received by associations, which have reported the receipt and utilization of foreign contributions. Though, the number of associations reporting receipt and utilization of foreign contributions is increasing; however, a large number of registered associations do not submit their statutory annual returns mandated by the law. The Annual Report of the Ministry of Home Affairs, 2006-07 informs that for the year 2006-07, 18996, associations reported receipt of foreign contributions, (including those which received NIL amount) amounting to Rs. 11336.97 crore. It also says that it is an improvement of 56% from 2005-06.

The 2002 study, carried out by Participatory Research in India (PRIA), India in collaboration with the Institute for Policy Studies, Johns Hopkins University, USA as a part of the comparative global study, put the number of Non Profit Institutions (NPIs – broadly synonymous with voluntary organizations or NGOs) in India at 1.2 million, nearly one half of which were unregistered. Their annual revenue in the year
1999-2000 was estimated at Rs. 18,000 crore and the number of persons working in these organizations was put at 20 million out of which 2.7 million were estimated as full time equivalent paid employees. The Kelkar Committee on direct taxes computed the contribution of the voluntary sector to the national Gross Domestic Product (GDP) as 2.5 per cent in 2004. The Central Statistical Organization (CSO) in April, 2008 launched a survey on NPIs to collect data on output, employment and other financial parameters. From results available from the 1st phase, there are about 33 lakh NPIs registered in India. It is logical to believe that in today’s socio political environment, in which everyone of consequence is pitching for inclusive growth, both the number of the voluntary organizations and the public money involved in the activities carried out by the third sector must have gone up exponentially.

The above scenario with regard to the expanse of the voluntary sector has been paraphrased, and the numbers recapitulated again in this chapter to bring to the fore requirements from the procedure to be adopted for accreditation purposes. It must meet the following challenges to have any hope of succeeding:

- Since a substantial number of entities working in the voluntary sector are unregistered, the procedure for accreditation should be simple enough to encourage increasingly more organizations to join.

- Keeping in view the large number of organizations, that seems to be growing at a frantic speed, the procedure should not become an entry barrier. Accordingly, the entry interface has to be based on an instrumentality which, from the point of view of accessibility, is as ubiquitous and geographically dispersed as are the voluntary organizations.

- Since the population of voluntary organizations is huge in number, the mechanism created for data entry, filing of records and retrieval of information should be robust enough to handle the traffic and meet the challenges of data management reliably on a sustainable basis and without compromising the accessibility.

- Most of the attempts towards building something akin to a regime of accreditation of voluntary organizations in the past, have remained stillborn because the ‘business as usual’ mode of working in a governmental set up, creates over-crowding, bureaucratese and a fertile ground for malpractices that come with any over-crowded system, where our somewhat natural instinct to jump the queue overrides all ingrained or feigned traits to civility in public life.

- Since the financial resources involved, both domestic and foreign currency based, are of substantial magnitude in numbers, the data management should also be responsive to the needs of all the stakeholders, namely:
In view of the above, it is being proposed that the practical regime for accreditation of voluntary organizations should be IT based. No wonder, the Department of Corporate Affairs has successfully created a platform for ‘Organizations for Profit’/ ‘Business Ventures’ for registration as well as regulatory and oversight requirement that is IT based. ‘The Scheme for Filing of Statutory Documents and other Transactions by Companies in Electronic Mode, (Second Amendment), 2009 to file an e-form or to avail any paid service on its MCA portal, one is required to register oneself as a user in the relevant user category. Another example – more in tune with the requirements of rural youths was the recently launched (May, 2010) Monster.com and ITC Choupal joint initiative, “rozgarduniya.com”, that provides an online recruitment platform to rural job-seekers from 40,000 villages across nine states in India.

In this regard the evolution of Unique Identification Authority of India (UIAI) deserves a special mention. In pursuance of the Empowered Group of Ministers’ fourth meeting, dated 4th November, 2008, the IT enabled UIAI is constituted as an attached office under the aegis of the Planning Commission, to develop and implement the necessary institutional, technical and legal infrastructure to issue unique identity numbers to Indian residents, and frame policies regarding the same.

Since voluntary organizations are registered mostly under various state laws, to quick-start the accreditation process, it is now being suggested that the proposed IT based accreditation mechanism will also replace the State Statute based registration process. Quite a few of these micro voluntary organizations may not even choose to avail of the accreditation, as they might for all practical purposes, be the rudimentary organizations depending solely on disaggregated and thinly dispersed private philanthropy sans fiscal sacrifice, or may be grassroot level entities of comparatively bigger voluntary organizations.

To make the accreditation procedure user friendly, both in terms of paper work and legwork, it is being suggested that the accreditation regime should provide for a procedure that facilitates more and more voluntary organizations to join the common objective of enhancing and transparency in the voluntary sector. This, however, keeping in view the varying and diverse size of the voluntary organizations, should not uniformly encumber all the voluntary organizations.
with extra paper and legwork. A practical regime for accreditation of voluntary organizations, therefore, should provide for common, but differentiated approach to accreditation – as the size and competencies of a voluntary organization increases. It should be possible for the voluntary organization to aspire for building upon its own extant accreditation status and graduate to the next stage.

Since NGO Partnership Portal has already been launched, and it is expected that voluntary organizations will register themselves on this portal for applying for government grants, it is being proposed that this portal itself be made the base to launch the accreditation process, after being adequately enhanced to serve as the IT based practical regime for accreditation of voluntary sector in India. This IT based practical regime for accreditation of a voluntary organization (legal citizens) is very much in alignment with the policies of the Government of India, that envisages the necessity of all citizens with their demographic and biometric data for enrollment under UID, in due course of time.

The user friendliness of the famous “Facebook”, the public networking platform, including the number of users that runs in millions, and the platform providing for real time interaction, individually assigned privacy criteria and possibility to upload a large volume of photos and videos should provide the comfort if at all required that it is technologically a proven option. In any case there seems to be a consensus among the stakeholders that information available on this portal should be 100% in public domain. It can be safely presumed that any information provided by a voluntary organization on this portal, if found amounting to concealment of information, misrepresentation, etc., the law of the land and the provisions of the IPC 1887 would get triggered by the public-spirited individuals of our robust democracy. It is, therefore, being proposed that the first stage of accreditation regime should be the registration of the voluntary organization on the enhanced NGO Partnership Portal. If found necessary, on the basis of legal advice that some disclaimer need be provided before the information submitted on the Portal is uploaded, the NGO Partnership Portal may suitably be enabled. In any case, an informed consent that data submitted on the portal shall be in the public domain has to be the integral part of any interaction of the voluntary organization with the portal. It is also being presumed that the NGO Partnership Portal will have provision for creating a chronological record of information. Information may later be substituted, deleted, amended, but the prior entries will remain in the archives so as to make it possible to retrieve them and also to track information being made available, historically. The platform will record the new entries and amendments and make substitutions only as subsequent events – the voluntary organization having the choice to keep everything in public domain or only the latest position. The grantee organizations, however, will have access to everything. This registration on the NGO Partnership Portal should suffice for entry-level accreditation.
According to The National Association of Software and Services Companies (NASSCOM) Strategic Review 2009 report “the growth of the IT-BPO sector has been synonymous with India’s rise to prominence on the global map. The industry gainfully employs over 2.23 million people, leading to increased tax collections, enhanced consumer spending and more inclusive growth. Additionally, the industry has made substantial contributions to GDP, generating foreign exchange, and leading to the establishment of a host of supporting industries. Every IT job has led to the creation of 3.6 additional jobs in related sectors.” Similarly, Business Process Re-engineering (BPR) Forecast, Pyramid Research has estimated the Indian online population to be 111 million by Financial Year (FY) 2010 with India having the 3rd largest internet user base in the world, after USA and China, and ahead of Japan. India will have the 5th largest broadband market in the world by FY 2010. It is also forecasted that cyber-cafés will fuel Internet growth in India. This IT infrastructure in the private sector may be treated as more than sufficient to cater to the “data inputting” needs of the large end geographically disbursed voluntary organizations. Since internet accessibility is not constrained by the time of day or night, working days or holidays, no better ‘entry barrier free’ accessibility could possibly be visualized.

As highlighted in the deliberations by various members of the Task Force, that a practical regime for accreditation should not work as an entry barrier, it is being fully realized with the mechanism proposed above, a voluntary organization can choose its own time, place and speed, number of installments, in which it would like to complete the accreditation process. Since this interface is being commercially managed, the chances of its evolving into an entry barrier are very remote, as market forces will provide for competition amongst the cyber cafés in a habituation, as well as address the issue relating to their geographical dispersal. Since this unique portal will be accessible from a large number of cyber cafés spread along the length and breadth of the country, the system generated unique ID of the registering voluntary organization will also realize the goal of every voluntary organization having a unique identification number. Again, the user voluntary organization will not only have its own password and the facility to change as per its choice, it will have the comfort of round the clock accessibility, and self assigned privacy. Once a voluntary organization has successfully uploaded all the mandatory information it may be considered to have availed of the accreditation process, and may itself take a printout in a prescribed format for a basic A-I category accreditation certificate. The registering interface may provide for both the mandatory fields as well as optional fields.

The above entry barrier free IT-interface based platform, totally dependent on what the voluntary organization feeds into the system, may be the ideal choice.
At least to begin with, according to some Task Force members it, however, needs be buttressed by the ground reality of the sector. The members felt that the deterrence of everything being in public domain, and therefore liable to IPC provisions and consequential hazards of criminal liability, may not be enough as a preventive measure against fraud and misrepresentation. Though it was noted that the accreditation per se does not confer an entitlement for grant on the voluntary organization or absolves the grantee from due diligence, the members, nevertheless, were of the view that NACI willy-nilly shall be perceived as being part of the larger Public Authority conundrum at least responsible for oversight, if not regulation of the third sector. In case of a fraud, the Council will find itself in an indefensible position, irrespective of all the disclaimers, as having not taken reasonable steps to save the public from the greed of unscrupulous persons amongst the voluntary organizations. It was accordingly agreed to provide for, and make NACI responsible, for drawing annually, a random sample of statistically relevant size, with adequate regard for geographical dispersal and voluntary organizations density in various states, and get them verified by chartered accountants empaneled by Reserve Bank of India (RBI). Of course the cost will be met by the NACI. This was, accordingly, considered good as a cost effective preventive measure, and sufficient for A-I category accreditation.

The above procedure, however, will have to be further refined for voluntary organizations which aim to attract the larger doses of funds. For voluntary organizations with annual expenditure, say, more than Rs. 5 lakh per year (the figure is indicated for illustrative purposes and can be adjusted to meet the ground reality at various intervals of time) in one or more than one installments, from one or more than one donors, the accreditation process will need a little more sophistication and due diligence. As per the data provided by Credibility Alliance and quoted in Chapter IV, 25.3% of the voluntary organization attract grants which fall within the range of Rs. 50,000 to 1.00 lakh, and 31.5% of the voluntary organizations attract grants which fall within the range of 1 lakh to Rs. 5 lakh. It is, therefore, being assumed, that if the cut off is kept around Rs. 5 lakh of annual expenditure for the first level of accreditation, a very large percentage of voluntary organizations will be able to get Basic (say, A-I) accreditation certificate, without interacting with any government department, and just by availing of the facilities which are available in the open competitive commercial market of cyber cafés, where the voluntary organization can choose its own timings and the service provider. Again, since this data will have to be comprehensively provided only once and will require updating once a year, it may not be found to be too burdensome.

In this formulation, size of the grant in a year has been used as the categorization scheme for the first level of accreditation. Some members were of the
view that the annual expenditure of the voluntary organizations should be taken as the parameter for deciding cut offs, defining categories of voluntary organizations for different level of accreditation.

For voluntary organizations operating with grant funds beyond Rs. 5 lakh and, say, up to Rs. 10 lakh (this category along with the previous category will take care of nearly 75% of the voluntary organizations) a somewhat higher level of rigour for accreditation process is being suggested. The voluntary organizations availing of this procedure may be designated as voluntary organizations accredited to a higher, namely, A-II accreditation category. This will be an incremental improvement over the process that has been suggested for A-I accreditation. In this case, a Chartered Accountant will certify annually that the data provided by the voluntary organization on the NGO Partnership Portal has been verified to the satisfaction of the Chartered Accountant, on the basis of the documentary evidence. This also should not create much extra burden on the voluntary organizations, as in any case the voluntary organization has to avail of the services of a chartered accountant to get its annual accounts certified. As per past practice, the NGO will again not be required to interact with any new government department or extra institution. However, since the chartered accountant will be doing extra work, it may be presumed to be “more financially burdensome”.

Since the number of chartered accountants in the country is very large, and all are being made equally eligible to provide the services of verification necessary for A-II level accreditation to a voluntary organizations, the National Accreditation Council has to find ways and means to assure itself, that the chartered accountant who has verified the content with regard to a particular voluntary organizations, on the NGO Partnership Portal, does exist, and continues to enjoy the confidence of his professional body, namely, the Institute of Chartered Accountants of India (ICAI), a statutory body established under the Chartered Accountants Act, 1949 (Act No. XXXVIII of 1949) for the regulation of the profession of chartered accountants in India. The huge number of chartered accountants working in the country itself may provide camouflage to situations, where a so called chartered accountant, or a non-existent chartered accountant, may like to bluff the mechanism, and feeling secure in the anonymity of large numbers of chartered accountants, may compromise with the due-intelligence that is required of him. To discourage this tendency, it is proposed that the panel of chartered accountants being maintained by RBI, will be entrusted with the responsibility of certifying that the chartered accountant who has verified the details of a particular voluntary organization does exist. For this the RBI-empanelled CA will be compensated by a validation cost, say, Rs.100/- per chartered accountant by the NACI. This panel of chartered accountant may further be required to cross check, for correctness, a random sample of statistically
relevant size, as decided by the National Accreditation Council of India. This cost will also be borne by the National Accreditation Council of India. Since the number of chartered accountants on the panel of RBI may be more than 600, it may be used as a basket to shortlist a much reduced and manageable number, so that the payments and accounts management at the National Accreditation Council may remain manageable, say, the shortlist may not go beyond 200 to 250 chartered accountants. The size of the group of the CAs, and the process for short-listing them from the large list maintained by RBI, randomly or otherwise, shall be decided transparently by the National Accreditation Council. The zonal offices of the NACI can also discharge some of this responsibility, if these offices are delegated the authority by the Executive Committee of the NACI.

From the above dispensation one can reasonably feel assured, and take comfort, that the accreditation process for a majority of voluntary organizations will be completed without the voluntary organizations being made to interact with any new government department. While in the first case, it will be totally voluntary organizations participation based effort, in the second case also, without much extra legwork and paper work, a higher level of reliability has been added. Again since most of the voluntary organizations will fall in the above two categories. The over-crowding and related malpractices will stand eliminated to a great extent.

The third category of voluntary organizations, that have to deal with funds beyond Rs. 10 lakh in a year, may add a different dimension of grading of voluntary organizations. These organizations may be called accredited into A-III category. This will be described in detail in the next chapter.

For the donors, it shall be very important that the chances of their confusing one category voluntary organizations with another category accreditation, are the least. It is, therefore, proposed that on the NGO Partnership Portal, the A-I category of voluntary organizations will appear in yellow colour and A-II category organizations will appear in blue colour, with a provision that all amendments, alterations and additions by a voluntary organization in any of the areas of information/field will begin to appear in red colour. But once the chartered accountant, in his annual verification, verifies them, these additions, alterations, changes will also be appearing in the blue colour. For the third category, the details of the voluntary organizations will appear in black along with their grades. The procedure and proposed mechanism for grading will be described in detail in the next chapter.
Chapter VIII

The Possibility and Mechanism of Grading of Voluntary Organizations / Non Government Organizations

In addition to the mechanism proposed in the previous chapters for A-I & A-II category accreditation of voluntary organizations, in this chapter the mechanism for the grading of the voluntary organizations that may lead to A-III category accreditation shall be dealt with. The grading may be made necessary for voluntary organizations that have an annual expenditure of Rs. 10 lakh and above. As per data published in the ‘Dimensions of Voluntary Sector in India’, Charities Aid Foundation’s (CAF’s) Validated Database 2000, Printing sponsored by GIVE2Asia, founded by the Asia Foundation to promote philanthropy to Asia, with assistance from the Planning Commission, Government of India and cooperation of Voluntary Action Network, India (VANI), around 20% plus of the organizations surveyed, avail grants acceding Rs. 10 lakh annually. One may recall the Ministry of Home Affairs’ Foreign Contribution Regulation Act (FCRA) Report. Around 18996 associations reported receipt of foreign contribution amounting to Rs. 11336.97 crore during the year 2006-07. It may, therefore, be estimated that the organizations to be covered by A-III category of accreditation is also going to be huge. The grading of voluntary organizations has to be done by a third party professional grading organization. In case of business organizations too it is done by a third party, say, ICRA (formerly known as Investment Information and Credit Rating Agency of India Limited), Credit Rating and Information Services of India Ltd. (CRISIL), etc, not by the funding organization or peer industry.

In case of a ‘not for profit organization’/voluntary organization/NGO the constituents of the grading exercise may be, as also suggested by the Credibility Alliance, clubbed into due diligence in following areas:

1. Governance and identity
2. Finance and accounts, and
3. Core competencies

These three areas, for the purposes of the grading drill, can be converted into a 3x9 toolkit matrix that will make the exercise easy to carry out and free from subjectivity. In addition to the somewhat mechanical exercise based on the proposed 3x9 toolkit matrix, a ‘pen picture’, with regard to the above three areas, that is, governance and identity, that relating to finance, and the third relating to core competency, will also be mandated to complete the grading exercise. Thus, the grading mechanism will comprise two portions, one that will have 3x9 toolkit matrix based grades – a quantitative parameter, as well as a set of three essays to complement the quantitative grades to capture the qualitative aspects.
The 3x9 grading toolkit matrix will obviously have three columns, one each for the following:

1. Governance and identity
2. Finance and accounts, and
3. Core competencies

Each area will have a predefined set of nine ‘dos and don’ts, on the basis of which the voluntary organization will earn marks in that area. Thus, each column will have nine cells. Each cell will be assigned ‘zero’ or ‘one’ value in the proposed binary assessment and scoring process. In case of all the three areas outlined above, the binary scoring process is being outlined below.

**Governance and Identity**

The values to the nine cells of ‘Governance and Identity’ column of the toolkit matrix can be assigned in a ‘Yes’ / ‘No’ binary scoring process. Out of the nine cell entries the three cell entries will be devoted to define identity aspects, another three cell entries will be used to give a measure of governance related due diligence and the remaining three cell entries for capturing the transparency aspect.

**Governance and Identity Column of the 3x9 Grading Toolkit Matrix**

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Yes = 1</th>
<th>No = 0</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Basic Registration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Registration with two or more government bodies (IT, FCRA etc.).</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td>3.</td>
<td>At least two-third board members are unrelated by blood or marriage.</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td>4.</td>
<td>Number of meetings of the Governing Body as per law/ articles of Association</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td></td>
<td>but not less than two per year.</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td>5.</td>
<td>Proper management of agenda papers and minute book.</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td>6.</td>
<td>Not more than 50% members have remunerated roles.</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td>7.</td>
<td>Verifiable physical address. The website data carries the date of entry and</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td></td>
<td>the name of the person who entered it.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Identity aspects

Governance due diligence

Transparency and accountability concerns
<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>The website data carries the data entry and the name of the person who entered it.</td>
<td>Yes=1</td>
<td>No=0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transparency and accountability concerns</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>The website makes adequate disclosures (including registration document, memorandum of association, GB meeting details, sources of funds &amp; heads of expenditure.)</td>
<td>Yes=1</td>
<td>No=0</td>
</tr>
</tbody>
</table>

On the basis of the above toolkit, a third party professional grading agency will look into the records and website of the voluntary organization and on an objective basis will be able to say ‘yes’ or ‘no’, and accordingly award one or zero mark to each cell- the maximum marks scored by a voluntary organization in the arena of governance and identity thus will be nine. In addition to this score, the third party professional grading agency shall write a pen picture, in not more than 300 words, describing various aspects of governance and identity, which are not fully captured in the above yes/no binary scoring process.

**Finance and Accounts**

Similarly, the financial health and accounting integrity of the voluntary organization can be captured into the nine-cell binary scoring process envisaged below:

**Finance and Accounts Column of the 3x9 Grading Toolkit Matrix**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Bank / post office account.</td>
<td>Yes=1</td>
<td>No=0</td>
</tr>
<tr>
<td>2.</td>
<td>All payments above Rs 1,000 made by cheque.</td>
<td>Yes=1</td>
<td>No=0</td>
</tr>
<tr>
<td>3.</td>
<td>All cheques above a fixed amount issued with more than one signatures (corroborated by board decision &amp; its communication to the bank in writing).</td>
<td>Yes=1</td>
<td>No=0</td>
</tr>
<tr>
<td>4.</td>
<td>Corpus.</td>
<td>Yes=1</td>
<td>No=0</td>
</tr>
<tr>
<td>5.</td>
<td>Private philanthropy more than 20%.</td>
<td>Yes=1</td>
<td>No=0</td>
</tr>
</tbody>
</table>

money handling

financial health
Chapter VIII

Again on the basis of the above toolkit, a third party professional grading agency will look into the books of accounts and website of the voluntary organization, and on an objective basis will be able to say ‘yes’ or ‘no’, and accordingly award one or zero mark to each cell – the marks scored by a particular voluntary organization in the arena of finance and accounts thus will be nine or less. In addition to this score the third party professional grading agency shall write a pen picture in not more than 300 words, describing various aspects of finance and accounts, which are not fully captured in the above Yes/No binary scoring process.

### Core Competencies

The values to the nine cells of ‘Core Competencies’ column of the toolkit matrix may also be assigned in a ‘Yes’/’No’ binary scoring process. The three cell entries will be to define human resource aspects, three for physical infrastructure and networking, and the remaining three for outcome based core competency.

Like the previous columns, two columns on the basis of the above toolkit, a third party professional grading agency will look into the records of the voluntary organization, and on an objective basis, will be able to say ‘yes’ or ‘no’, and accordingly award one or zero mark to each cell – the marks scored by a particular voluntary organization in the arena of core competency thus will be nine or less. In addition to this score the third party professional grading agency shall write a pen picture, in not more than 300 words, describing various aspects of core competency, which are not fully captured in the above yes/no binary scoring process.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Yes=1</th>
<th>No=0</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. More than two sources of funding.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Latest three years annual accounts posted on the website.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Annual accounts audited and report filed to Income Tax Commissioner every year for last three years within the stipulated time.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Board has a policy on procurement and disposal of assets and on investments to gain competitive advantage for the organization and also to ensure transparency.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Core Competency Column of the 3x9 Grading Toolkit Matrix

<table>
<thead>
<tr>
<th></th>
<th>An appropriate personnel policy in place and accordingly letters of appointments issued and roles and responsibilities defined.</th>
<th>Yes=1</th>
<th>No=0</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Once in a year availment of training/at least one third of technical/professional employees attend workshop.</td>
<td>Yes=1</td>
<td>No=0</td>
</tr>
<tr>
<td>3.</td>
<td>Technical manpower (does not include finance and accounts staff) – average stay more than 2 years.</td>
<td>Yes=1</td>
<td>No=0</td>
</tr>
<tr>
<td>4.</td>
<td>Ph D/post graduate / B Tech/MBA/ MBBS or equivalent professional degree on the payroll of VO and its nexus with activities.</td>
<td>Yes=1</td>
<td>No=0</td>
</tr>
<tr>
<td>5.</td>
<td>MoU or member of professional networks/academic/scientific institutions.</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td>6.</td>
<td>3 main objectives/activities defined and aligned to the vision and mission of the organization.</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td>7.</td>
<td>International/national recognition if any.</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td>8.</td>
<td>Research papers/case studies published in the last three years.</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
<tr>
<td>9.</td>
<td>Innovation of patent/ process/ product developed or produced.</td>
<td>Yes = 1</td>
<td>No = 0</td>
</tr>
</tbody>
</table>
Chapter VIII

Having gone through the above process the voluntary organization can be graded in category A-III, and accordingly NACI may issue a certificate of accreditation under category A-III, with a score card of say 786, the first digit 7 showing its governance and identity related strength, 8 digit showing robustness of its finances and credibility of accounts, and the last digit 6 showing its core competence and technical depth.

The score, and the accompanying pen picture, should suffice to give an idea that is fairly insightful with regard to the voluntary organization.

The binary score based 3x9 toolkit matrix suggested above, might in due course of time, be further improved upon by the National Accreditation Council, in consultation with the third party rating agencies and other stakeholders, and on the basis of the international and national experience, with regard to the accreditation of the voluntary organizations.

To begin with, the above binary score based toolkit matrix, will not only make it easy to roll out the accreditation process, but also save it from the criticism of its being non transparent and subjective. The NACI may, however, take a view with regard to rolling out in the next phase, or in the first phase itself for the voluntary organizations with, say, Rs. 50 lakhs and above annual expenditure, instead of binary score based indices, a more sophisticated scoring system. The same toolkit matrix, for example, can be further refined. Each binary Yes/No scoring can be converted into a 10-points scale assessment. Since nothing is perfect no voluntary organization will score 10 out of 10 marks in any parameter, and the score of 10 indices on the 10-points scale may be added up, and converted into a double digit grade in the three categories in the form, say, G89, F79, C69. Thus, giving the donor the good idea that in the governance aspect out of 100 the voluntary organization got, say, 89 marks, in finances out of 100 it got 79 marks, and in the area of core competence out of 100 it got 69 marks. This grading mechanism is based on score plus pen picture, and should suffice to communicate to the donor a fair assessment of the strengths and weaknesses of the voluntary organization.
A Viable Financial Model for Accrediting Voluntary Organizations / Non Government Organizations

The issue of financial viability has been deliberated in detail within the Task Force as well as in various meetings of the Planning Commission. The consensus is that in view of the ‘hand to mouth’ financial health of most of the voluntary organizations, any process that puts financial burden on the voluntary organization that chooses to be accredited, may not be popular and may not even pick up. Because of the over stretched financial resources of most of the voluntary organizations, the additional financial burden of accreditation may instead work probably as the greatest disincentive for a voluntary organization to go for accreditation. It was, therefore, suggested that the cost of accreditation should, if not fully subsidized, be shared by the government to promote a healthy growth of the sector. The extant model of financial assistance by the government to Small & Medium Enterprises (SMEs) opting for accreditation/rating, was quoted in support of the argument.

Since a majority of voluntary organizations are very small, with an annual expenditure of less than Rs. 5 lakh, most of them will be availing of A-I or A-II category of accreditation under the proposed accreditation regime. The amount of expenditure they are likely to incur for availing A-I or A-II category of accreditation under the proposed IT based participatory interface, will be too little in comparison to the cost and effort required for availing of subsidy. Even the most user friendly and simplest procedure may be too cumbersome. Economically too, the basic record keeping and transaction cost may be prohibitive enough, both for the voluntary organization as well as the government agency/Accreditation Council, which may be entrusted with the responsibility of dispensing the subsidies to make it a practically non-feasible option.

The imperative for healthy growth of the voluntary sector is generally understood to be that the documentation and record keeping needs, for statutory compliances and consequential filing of papers with various instrumentalities of state, should be reduced to the bare minimum, so that the attention span and the available man power with the voluntary organizations are largely available for delivery of the services the voluntary organization has undertaken upon itself to provide. It is being suggested that for voluntary organizations accredited in category A-I and A-II instead of provisioning of customary 10% over head, consensus be developed amongst grant making bodies around provisioning of overhead to the extent of 11%. This will not only take care of the financial burden off the
voluntary sector at the micro and mini level, but also will not encumber either the voluntary organizations or the Accreditation Council with un-remunerative paper work. The donor may also not find it very difficult to agree to slightly higher level of administration overheads, as it is generally understood that at the retail level overheads are bound to be more.

It is also being proposed, that in the month of April every year, all donors giving grant funds to voluntary organizations that are more than Rs. 1 lakh per year, shall be enjoined upon to contribute 1% of the total grants made in a year to the Third Sector Development & Volunteers Welfare (3D&VoW) Fund, which will be managed by the National Accreditation Council of India. These receipts will be suitably invested on the pattern of Employee’s Provident Fund contribution by the business enterprises. Out of the annual revenue of the Council, it should be mandated in the Council’s byelaws that:

* Not more than one-third will be spent on meeting the establishment cost of the Accreditation Council, as well as the development and promotional activities, including subsidizing the cost of A-III category accreditation and grading. The NACI, keeping in view the resources available at its disposal, may from time to time make policies to subsidize the cost of A-III category accreditation and grading. It is being proposed that in case of NGOs with an annual expenditure up to Rs. 1 crore, the promotional assistance will not be more than 75% of the charges paid by the NGO to the third party professional grading agency and for bigger NGOs, say, annual expenditure of Rs. 5 crore or above it will not be more than 50%. In case of A-III category accredited voluntary organizations subsidy may be decided by the National Accreditation Council, on a case-to-case basis, taking into account the annual budget of the voluntary organization, its establishment and foreign travel expenses and such other parameters as it may deem proper to consider from time to time.

* Not more than one-third may be used for welfare measures for the personnel working in the voluntary sector, in case of their untimely death and accidents, etc. in the form of gratuitous relief to the next of kin, or the volunteers in distress because of accidents or their families, as social safety net.

* Not less than one-third of all receipts from the grant making bodies shall be ploughed into the corpus of the Fund. The corpus will be invested as per the professional fund manager’s advice. The yield from these investments will add into the receipts from the grant making bodies to make the annual revenue of the Council. The revenue growth is thus
automatically built into the process. This will also help in maintaining the financial discipline in the National Accreditation Council and ensure long-term sustainability of its activities.

The proposed model is attractive for the following reasons:

1. Not being directly funded from the budgetary support by the government, autonomy of the Council will be fully assured.

2. If it is assumed that around Rs. 18,000 crore flow into the voluntary sector from the budgetary sources of various union ministries, (leaving for the time being Rs. 10000 to Rs. 12000 crore foreign funding aside), around Rs. 175 crore (Rs. 300 crore if foreign funding is included), will be available by way of 1% contribution to the National Accreditation Council, and should suffice to roll out the Council and its activities without any direct burden on the budget.

3. The gratuitous relief being proposed for volunteers in distress shall be one more reason for the voluntary organization to join the accreditation process wholeheartedly.

4. Since the roll out of the National Accreditation Council and its regional offices is proposed using the manpower of CAPART, it will not be a big burden immediately on the resources of the National Accreditation Council. In any case, it will provide enough breathing space for the revenue stream conceptualized above to take shape and be available.

During the deliberations held in the Third Meeting of the Task Force on 7th May, 2010, it further emerged that funds for NACI may also be available from bilateral/multilateral agencies, who may be more than willing partners to contribute in this endeavour. Mr. Gagan Sethi, Jan Vikas and Centre for Social Justice opined that it will be an important confidence building and marketing strategy, if some reputed insurance company is roped in by the NACI, for the administration of the proposed social safety net scheme for the third sector.
Chapter X

Epilogue
The Few Related and Important Issues

During the deliberations of the Task Force, as well as from the inputs received from various stakeholders, three issues emerged prominently.

Creation of a Legal Framework

Trust and trustees appear in the concurrent list of the Constitution. It was, therefore, a generally agreed view that creating a central law, which will obviate the necessity of registration under the extant state laws, may lead to avoidable roadblocks. It may also not serve much purpose to make it necessary for the societies and trusts to be registered under a central law, if most of them are using local philanthropy and resources to carry out limited socio-cultural-activities. The general consensus was for leaving these trusts/societies, etc. under their respective state laws. It was, however, found desirable that in case an Act, on the pattern of the Press Council Act of 1978 is enacted, it will ensure the independence of the Accreditation Council. It will also assure the voluntary sector that accreditation is only a facilitation mechanism to improve their access to funds, and also to provide a platform to them, where their contribution in managing their affairs in general, and with regard to improving the quality and credibility of the sector, specially, will get a boost. It was, therefore, suggested that a National Accreditation Council Act, on the pattern of the Press Council Act 1978, be enacted soon.

The legislation is likely to be a time consuming process, it is therefore suggested that, as brought out in the preceding chapters of this report, the Constitution of the National Accreditation Council and its regional offices, and provision to contribute 1% of the total grants made to the voluntary sector by the grantee organizations, to be contributed to the Third Sector Development and Volunteers Welfare Fund, and its roll out from extant infrastructure of CAPART may be administratively ordered forthwith.

Rating of Projects

Since some of the projects being funded by foreign contributors, as well as some departments of Government of India, are big in terms of both the quantum of funds and outcomes envisaged, it is proposed that these interventions, per se, be individually rated on the lines of a large size economic/industrial project. This will be in addition to the ‘grading’ of the voluntary organization and also the appraisal by the grant making body. It is therefore suggested that all single infusion of funds,
through voluntary organizations, which are Rs. 1 crore plus, may be evaluated by a professional rating agency on the pattern of industrial projects being rated, in addition to the appraisal by the funding agencies. While the industrial projects rating is to assure the stakeholders that the capital invested is going to be paid back in a given period of time under certain assumptions, these projects which are being implemented through voluntary organizations should also be rated, with regard to their socio-economic benefits, which are measurable, and are based on a proper base-line survey. It should also speak about the sustainability of outcomes proposed to be achieved, so that the funding agency is convinced of the tangible benefit which will accrue to the target group, after the project is implemented and their sustainability is assured, even after the implementing voluntary organization exits.

**Gratuitous Relief to Volunteers**

It is generally believed that the voluntary sector, because of the commitment of its volunteers, and the main protagonist, provide a better last mile connectivity with regard to delivery of goods and services. This becomes of critical importance in areas which are described unreached, and have poor absorption of various government interventions being rolled out. These areas more often than not entail a certain type of risk. Apparently there is no structured approach towards risk mitigation for those working in these areas. It is, therefore, being envisaged that the Third Sector Development & Volunteers Welfare (3D & VoW) Fund will not only address the issues arising out of poor resource base and financial health of the voluntary organizations, but also ameliorate the hazards of working in challenging areas – naxalists/riots/terrorism prone areas, to name a few, for the volunteers who are at great risk with regard to their health and at times even lives.

Since most of the voluntary organizations will be working in far flung areas, it will be desirable to dispense this support in a decentralized way. The most important role of regional offices of the National Accreditation Council, in addition to what has been described above, that is, disbursement of subsidy to the A-III category accredited voluntary organizations; facilitation and handholding support to voluntary organizations aspiring for A-I & A-II category accreditation, will be the dispensing of gratuitous relief to the volunteers.

The above three recommendations have been made as epilogue because these may appear, *prima facie*, beyond the ‘terms of reference’ notified with the constitution of the Task Force. However, the Convenor in particular, and most of the members of the Task Force, were of the view that these recommendations will make the Task Force report comprehensive as well as make the roll out, smooth and fast selling.
Minutes of the Expert Group Meeting on ‘Examining the Issues Related to Encourage the Evolution of an Independent, National Level, Self-Regulatory Agency for the Voluntary Sector and to Develop Accreditation Methodologies for Voluntary Organizations

1. As a part of follow up action on the National Policy on the Voluntary Sector, an Expert Group meeting on examining the issues related to encourage the evolution of an independent, national level self-regulatory agency for the voluntary sector and to develop accreditation methodologies for voluntary organizations (VOs) was held under the Chairpersonship of Dr. Syeda Hameed, Member, Planning Commission on 26th February, 2009 at Yojana Bhavan, Planning Commission. List of the participants is enclosed (Annex-1).

2. The Meeting began with a warm welcome extended by the Chairperson to all the participants. During the welcome address, Chairperson emphasized the significance of the meeting as it is an important process to put things on rail towards the direction of progress so that in future the voluntary sector of India should go a long way forward with credible outcomes.

3. Dr. Lalit Kumar, Secretary, NFCH, who was Joint Adviser (Voluntary Action Cell), Planning Commission till a few days ago also explained the significance and objectives of the meeting by reiterating excerpts from various official documents and concluded with an analogy on removing the bad eggs from the voluntary sector, that if a cloth gets soiled it should be scrubbed and cleansed instead of casting it away. He briefed the participants about the background, and the initiatives of VOs, Departments/Ministries, international scenario and the complexities involved in the subject and encouraged all the participants to deliberate seriously on the issue for a better future for the voluntary sector in India.

4. Ms. Firoza Mehrotra, Special Consultant, Planning Commission, while elaborating the background of the meeting, stated that the issue related to self-regulation and development of accreditation methodologies were voiced both by various VOs and Government. The subject, if properly materialized, would stave off a variety of duplications regarding verifications of VOs by Departments/Ministries and other donor organizations. In the whole process, she opined, Planning Commission would take the role of a facilitator in the creation of self regulatory body for the benefit of the voluntary sector and Government. It would be in line with the mandate given in the Five Year Plan, National Policy on the voluntary sector and the reports of Administrative Reforms Committee. She invited the participants to present their views.
5. Mr. Venkat Krishan, GIVE Foundation, during his presentation, explained the objectives, function and achievements of GIVE Foundation as a credible and transparent platform with a reputation of receiving donations from 25,000 donors per month. It helps VOs, who underwent the accreditation process of the Foundation, to build their credibility and independence. The duration of the accreditation process varies from four days to three years depending on the compliances required. The list of accredited organizations also gets uploaded on the website for public disclosure. He mentioned that GIVE Foundation has also considered the norms developed by the Credibility Alliance for evolving its own accreditation process. He was of the view that process driven assessment is more possible and desirable than impact driven. He concluded his presentation by stating that credibility is a need and the benchmark should evolve from within the sector.

6. Mr. B. N. Makhija, Credibility Alliance, congratulated the officials of Planning Commission specifically the Chairperson for bringing forth the National Policy on the Voluntary Sector as a reality. He explained the efforts and process involved in drafting the standards which went through three versions and have finally taken the shape of three sets of standards namely Minimum Norms, Desirable Norms and Good Practices. This exercise was done as a pilot in consultation with other stakeholders including of 100 NGOs. He also mentioned about the fresh contribution of the Norms Committee of Credibility Alliance, to the development of programme norms, which are yet to be tested. According to him the issue regarding the development of standards for accreditation is useful and recommended both from the supply as well as the demand side, as presently accreditation is not mandatory for any donor or Government agencies. Voluntary organizations, especially small NGO’s do not find it viable to get accredited by spending Rs. 15,000 to Rs. 20,000 for an accreditation process. Therefore, he suggested that the accreditation should be done for free or sponsored by an outsider. Mr. Makhija made a request to the Planning Commission to consider the norms of Credibility Alliance as a model which is participatory, inclusive and tried in the field, although it may need refinement and some support from the government, eg. in the form of subsidy, etc. He concluded by stating that there is need for accreditation on the basis of some basic minimum standards and may be also some sector specific add-ons, by an authoritative self regulatory body. Accreditation system should also be linked with capacity building. There should be money for this function though not necessarily to be funded by government. Instead, other options such as a corpus fund could be considered.

7. Dr. Sumedh Gurjar, Centre for Innovation & Dissemination, Yashwantrao Chavan Academy of Development (YASHADA), shared the experience
of undertaking a pilot project for evolving an accreditation system for voluntary organizations, commissioned by the State Planning Department of Maharashtra. It was executed under various phases such as mapping of VOs (including size, scale of activities, types and functions), developing a framework for accreditation, piloting and operationalisation of accreditation developing both print and interactive electronic database of 3000 NGOs. In the process some standards were developed based on the norms of Credibility Alliance. He concluded that, although accreditation could be a powerful tool, it did not work with NGOs as it is not possible to compare VOs/NGOs on the basis of numbers alone. From his experience of accreditation process, Mr. Gurjar highlighted the following issues that need attention:

Development and use of simple minimum norms.

1. Establishment of benchmarks and subsequent creation of healthy competition with emphasis on quality rather than competition between VOs.

2. Need for a large network of trained and certified assessors who should be readily available across the country.

3. Costing of the process—could be made into a business model or cross subsidization model for making the process viable for small VOs.

4. There must be a relation between database and accreditation but the two should not be confused.

5. Data which can be self uploaded but has not been verified can mislead the public.

6. The crux of accreditation is transparency.

7. The need for a basic minimum set of structural norms while programme or impact norms could be add-ons.

8. Apex body for accreditation could be a representation of people of repute with undisputable credentials such as retired judges, etc.

He concluded by presenting a copy of a report to the Expert Group prepared by YASHADA on the pilot project for evolving an accreditation system for voluntary organizations, commissioned to YASHADA by the State Planning Department of Maharashtra.

9. Mr. Girdhar J. Gyani, Quality Council of India, briefed the participants about the organization’s set up and its expertise on audit and accreditation of various hospitals and inspection agency certification in collaboration with Food Safety Authority and other certifying agencies. He concluded by making an offer that Quality Council of India could develop accreditation criteria for National Accreditation Council while Planning Commission be a scheme owner under Build & Handover Principle.
10. Mr. Gagan Sethi, Center for Social Justice & Jan Vikas emphasized the need of public accountability with a question-who is going to control the accreditation? He suggested that if VOs have a turnover of Rs. 20 lakh, it could be sufficient to have public disclosure. If VOs/NGOs have a turnover of Rs. 20 lakh to Rs. 1 crore - Public Hearing and above 1 crore, there should be a system with independent body to assess its credibility. Government and VOs should be equally accountable to this independent body. He mentioned CAG as a model for reference. He was of the view that there should be a limit determined for government to interfere with the public voice lest; the former could dissolve the latter. He openly admitted to the presence of numerous fraudulent VOs in the country, but also emphasized that the voice of the people should be respected. He opined that the accreditation of VOs should be once in two or three years, rather than once in a year. He suggested that self regulation should go along with independence and decent democracy.

11. Dr. Alok Misra, Micro-Credit Ratings International (M-CRIL), explained how M-CRIL came up with its own norms by reviewing various others, including that of Credibility Alliance while rating micro-finance institutions and NGOs in India for the last 10 years. He mentioned that so far M-CRIL has done 300 ratings in India. He was of the opinion that there has to be a system of grading of NGOs and funding for accreditation should be met from public funds. He suggested that funding decisions should be taken on the basis of the credit rating of NGOs and outcome and impact assessment should be kept out. To add value to the process, social rating could be done where aspects such as goals, intended values, governance and culture, policies and social responsibilities could be assessed, while impressionistic view of impact could be inferred.

12. Mr. Dhirendra Chaturvedi, M.P Jan Abhiyan Parishad, briefly described the organizational set up of M.P Jan Abhiyan Parishad, having General Body chaired by the Chief Minister and 12 Cabinet Ministers and NGOs. He stated that the organization was evolved over a period of two and a half years and currently functions across 55,000 villages and 4,000 slums as all the problems in India narrow down to village and slums across the country. He highlighted that there are 5,000 NGOs registered with Jan Abhiyan Parishad while the actual requirement to address the need is 15,000 NGOs. Along with monitoring, evaluation, training and capacity building Jan Abhiyan Parishad also advances Rs. 50,000 to a new NGO in its first year, Rs. 1 lakh in the second year and Rs. 2 lakh in the third in order to foster and help small NGOs to be self-reliant.
Annexure-I

13. Mr. Sachin Oza, Development Support Centre, introduced his organization, their areas of intervention and explained that the organization has examined accreditation process by going beyond the ‘Desired norms’ of Credibility Alliance to impact accreditation over a period of time and found that self accreditation and peer accreditation was not very effective; as there were no incentives or any kind or enforcement for accreditation. He was of the view that even if accreditation is to be done, it has to be sector specific, and conducted by an independent body making it mandatory or with incentives. It should be disclosed not only to donor agencies but also to other stakeholders. Referring to the multiplicity of VOs in India, he concluded by stating that one body for accreditation at national level may not be feasible: instead, having a model of subsidiaries at state/regional levels under the guidelines of a National Accreditation Council could be considered.

14. Ms. Ruth Manorama, National Alliance for Women, informed that VOs/NGOs work with people and government and the contribution of VOs are diverse and enormous and therefore, needs to be acknowledged. She mentioned that as commitment is contagious: many professionals who are trained and experienced are entering the voluntary sector. She mentioned about the multiplicity of category mechanisms/procedures such as Registration, Income Tax clearances, FCRA including IB clearances. All of these requirement tend to curb and limit the freedom of VOs. Ms. Manorama requested to clarify whether the self regulatory and accreditation mechanisms are for facilitating NGOs to get credibility, funding and support or rather to control them even more. She mentioned that NGOs are the conscience of society and they develop and test innovative models for government to replicate. They also analyse and pin point deficiencies and flaws for improvement. It was specifically pointed out that the participation of organizations based on faith, ideology and minority is scanty and increase in their participation is essential. She concluded by stating that self-regulation and accreditation should not be policing but an enabling and a facilitating process.

15. Dr. D. S. Gangwar, Joint Secretary, Ministry of Rural Development, affirmed that there is definitely a need for a National Level Accreditation System with minimum and sector specific norms. He mentioned the possibility of CAPART setting aside some funds to meet the cost of accreditation of VOs/NGOs. He noted that public accountability through social audit should be considered as a major component in the process of self regulation. He explained the in-built accreditation mechanism of Council of Advancement of People’s Action and Rural Technology (CAPART) with an average expense of Rs. 20-25 crore per year for monitoring. Dr. Gangwar drew attention to the Allocation of Business Rules, where it states...
that public cooperation, including all matters relating to voluntary agencies for rural development, CAPART and National Fund for Rural Development, other than aspects which fall within the purview of Development of Drinking Water Supply, come under the preview of MoRD. He informed that CAPART could invite partners to outsource the task of making changes in the guidelines of CAPART and the cost for the process could be borne by CAPART.

16. Mr. P. M. Tripathi, AVARD expressed his disappointment at the lack of Gandhian NGOs and the gender-imbalance among participants and exhorted the organizers to make it as representative as possible. He then explained the changing trend of government in increasing interference with VOs and decreasing interference with corporate sector: which is just opposite to the policy of the colonial government. He was of the opinion that it is neither desirable nor feasible that government controls and regulates the voluntary sector. He said that NGOs have a rich tradition in India and there are some well known and powerful family based NGOs existing in India but the concept of accreditation does not seem to acknowledge such NGOs as credible. According to him, accreditation as a matter of fact, is just a drop in the ocean; and there could be a more positive agenda, to include the removal of irritants in the system that cripple the development of VOs/NGOs.

17. Ms. Shalini Prasad, Joint Secretary, Ministry of Health & Family Welfare, agreed that National Accreditation Council should be set up with democratic representation and its sub-centres should be based in congruence with the area and the type of projects being implemented.

18. Mr. Ashish Kumar, Dy. Director General, Ministry of Social Justice and Empowerment, mentioned that the Ministry of Social Justice and Empowerment supports around 2000 NGOs. He supported the setting up of sector specific bodies having state/regional level branches for accreditation and rating for the healthy existence of VOs/NGOs.

19. Ms. S. Jeyalakshmi, Statistical Adviser, Ministry of Women and Child Development, expressed her support for some kind of accreditation of VOs and she is of the opinion that if funds are being disbursed by Department/Ministries, they should be given only to those VOs/NGOs who are accredited.

20. Ms. Firoza Mehrotra, Special Consultant, Planning Commission, summed up the major points of discussion as follows:

- The contribution of the voluntary sector as professional partners in development is commendable.
- The need for an independent self regulatory accreditation system has arisen both from the voluntary sector as well as the government.
Many aspects of accreditation were discussed and it was felt that there is need for a Task Force to develop minimum norms as add-ons. Norms already developed by Credibility Alliance could be taken as a starting point.

The need to accredit and have a committed and professional pool of 'A creditors'.

There could be one national body—the National Accreditation Council with state/regional offices comprising people of repute and standing.

The process of accreditation should be linked to capacity building.

She then asked the participants to volunteer to constitute a Task Force with the following terms of reference.

**Terms of Reference**

I. To frame minimum norms/standards as well as programme/sector specific add-ons (for select selectors).

II. To conceptualize the organizational structure and composition of the National Accreditation Council and its state/regional offices.

III. To define the functions of National Accreditation Council.

IV. To define the procedure for accreditation.

V. To identify the possibility and mechanism of grading of VOs/NGOs.

The participants who volunteered to be on the Task Forces are:

1. Dr. Sumedh Gurjar, Centre for Innovation & Dissemination, Yashwantrao Chavan Academy of Development.
2. Mr. Girdhar J. Gyani, Quality Council of India.
3. Mr. B. N. Makhija, Credibility Alliance.
5. Ms. Ruth Manorama, National Alliance for Women.
6. Dr. Alok Misra, Micro-Credit Ratings International (M-CRIL) and
7. Dr. D. S. Gangwar, Joint Secretary, MoRD suggested that either the DG or DDG of Council for Advancement of People’s Action and Rural Technology (CAPART) could be a member of the Task Force.

The Chairperson thanked all the participants for their valuable contributions and requested that we take this matter to its logical end and come out with some concrete suggestions which will benefit the voluntary sector across the country, the government and the society at large. The meeting ended with a vote of thanks to the chair.
List of Participants

1. Dr. Syeda Hameed
   in Chair
   Member
   Planning Commission

2. Dr. Lalit Kumar
   [Former Joint Adviser (Voluntary Action Cell)]
   Planning Commission
   Secretary
   National Foundation for Communal Harmony (NFCH)
   Ministry of Home Affairs
   Lok Nayak Bhawan
   New Delhi

3. Dr. D. S. Gangwar
   Joint Secretary
   Ministry of Rural Development
   Krishi Bhawan
   New Delhi

4. Mr. Ashish Kumar
   Dy. Director General
   Ministry of Social Justice & Empowerment
   Shastri Bhawan
   New Delhi

5. Ms. S. Jeyalakshmi
   Statistical Adviser
   Ministry of Women & Child Development
   Shastri Bhawan
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6. Ms. Shalini Prasad
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<td>Ms. Sudha P Rao</td>
<td>Adviser (VAC)</td>
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<td>Mr. A. K. Chanana</td>
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<td>Ms. Madhu</td>
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<td>Mr. Santosh Kumar</td>
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<td>Ms. Priyanka</td>
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Setting up of a Task Force to Examine the Issues Related to the Evolution of an Independent, National level, Self-regulatory Agency for the Voluntary Sector and to Develop Accreditation Methodologies for Voluntary Organizations

As a follow up action on the National Policy on the Voluntary Sector, an Expert Group meeting on the above subject was held on 26th February 2009, under the Chairpersonship of Dr. Syeda Hameed, Member, Planning Commission. During the meeting, it was decided that a Task Force to look more deeply into the issue be set up.

The composition of the Task Force would be as follows:

DG / DDG of Council for Advancement of People’s Action and Rural Technology (CAPART) - Convener
Dr. Sumedh Gurjar - Member
Centre for Innovation & Dissemination Yashwantrao Chavan Academy of Development
Mr. Girdhar J. Gyani - Member
Mr. Gagan Sethi - Member
Center for Social Justice & Jan Vikas
Ms. Ruth Manorama
National Alliance for Women - Member
Dr. Alok Misra - Member
Micro-Credit Ratings International (M-CRIL)
Mr. B. N. Makhija - Member
Credibility Alliance

Following are the Terms of Reference of the Task Force:

I. To frame minimum norms / standards as well as programme / sector specific add-ons (for select sectors).

II. To conceptualize the organizational structure and composition of the National Accreditation Council and its state / regional offices.

III. To define the functions of National Accreditation Council.

IV. To define the procedure for accreditation.

V. To identify the possibility and mechanism of grading of VOs / NGOs.

VI. To suggest viable financial models for accrediting VOs / NGOs.

The Task Force would submit its report within nine months from the date of its constitution. Planning Commission would provide the logistic support including TA / DA to the outstation members for attending meetings of the Task Force.
Minutes of the First Meeting of the Task Force on Accreditation appointed by the Planning Commission vide Notification No.P-11011/1(2)/2007-VAC dated 13th May, 2009

1. The First Meeting of the Task Force on Accreditation of voluntary organizations was held on Thursday, the 2nd July 2009 in the conference room of CAPART. The list of participants is at Annex A.

2. The meeting began with the Director General, CAPART, the Convener of the Task Force welcoming all the members of the Task Force as well as special invitees, particularly, representatives of CRISIL who had been invited to make a presentation. He mentioned that prior to the issue of extant notification by the Planning Commission setting up this task force, the Executive Committee of CAPART had set up a Task Force to work out norms and modalities for accreditation of voluntary organizations. In order to facilitate wider consultation, as well as avoid duplication of efforts, members of CAPART appointed Task Force have also been invited for the meeting.

3. The Convener suggested that the committee, to begin with, may like to agree to a methodology “to look more deeply into the issues” before making recommendations. The Convener recapitulated the distance already covered in this regard. An Expert Group of the Planning Commission had in its meeting held on 26th February, 2009 had in a way taken stock of the work done in this area. Presumably, it has pondered over the length and breadth of the work done in this area by various stake holders including some well known Civil Society Organizations. Apparently the Planning Commission went to great lengths to emphasize the need for a deeper and comprehensive analysis of the issues involved. It has used the past deliberations to not only enumerate and specify the issues calling for greater understanding as ‘terms of reference’ but also provided the Task Force nine months of time. The Convener hoped that with everybody’s cooperation it should be possible to create a report that will provide the Planning Commission enough comfort and satisfaction that the issues have been examined comprehensively and also a set of action points that will facilitate rolling out a practical regime for accreditation of VOs.

4. The exercise of accreditation has to encompass processes as rudimentary and simple as registration, say, by advocates with the Bar Council to the highly complex process adopted by credit rating agencies. Only then it could be presumed to be doing justice with the microcosm of VO that populates our country.
5. The DG, CAPART and the Convener of the Task Force flagged some developments that have changed the funds and interventions being routed through VOs. There has been significant increase in international funding to VOs since 2004 when the Government of India stopped accessing bilateral aid. The corporates also decided to apportion one percent of their net profit to Corporate Social Responsibility. Add to this enhanced budgetary provisions to be routed through VOs and the private philanthropy in this growing economy where millionaires are also multiplying, to comprehend the full volume of the funds flowing into the voluntary sector.

6. Shri Gagan Sethi taking the discussion forward in a similar vein stated that there is an ongoing national debate on the subject of formulating standards of good governance and accountability and answerability in the voluntary sector. At present the entire sector is borne out of two or three Acts, that are quite old and have not kept pace with the changes everywhere else with regard to concerns for governance and transparency. There is a need to modernise the process of registration of voluntary organizations.

7. Shri Sethi felt that the moment someone claims tax exemption for a donation, the concerned voluntary organization becomes accountable to the public. He stressed the need to find a common ground among voluntary organizations after wider consultation amongst VOs as well as civil society stakeholders. This could be achieved by inviting suggestions from people at large and initiating a debate in the media.

8. Ms. Ruth Manorama cautioned that accreditation should emerge as an enabling provision and not a policing mechanism. As voluntary organizations act as bridge between the government and people and represent voice of the people, that may or may not be getting reflected through the normal channel of political articulation and dissent. Accreditation, she hoped will provide the VOs the hallmark of legitimacy they at times so badly need.

9. Convener supplemented the view expressed by the member that accreditation should empower voluntary organizations and improve their accessibility of funds. If the exercise failed to achieve this objective, the entire process will be rendered meaningless. He further observed that this might be the thumb rule as well as the barometer for assessing a recommendation before it is included in our report.

10. Shri B. N. Makhija felt that for an in-depth analysis that is focused, the six terms of reference could be assigned to sub groups where one of the task force member takes the lead responsibility for creating ‘basic document’ which will be circulated to all and even to the civil society stake holders for comments etc. in the light of which it will be finalised and included as a chapter in the report.
11. Shri Pushpendra Kumar Singh stated that the proposal has evoked mixed views from voluntary organizations. Grass root organizations face a host of problems and feel harassed while registering a voluntary organization - a fairly time consuming process. They would not be looking forward to additional hassles if accreditation was to become another such hurdle to be crossed. This apart, a large number of voluntary organizations are at loggerheads with the local administration for all kinds of issues and any interference by local administration in the process of accreditation may not always be welcome. Shri Singh also felt that process of rating will help large organizations particularly those associated with the corporate sector as they would be in a position to present their documents and highlight their achievements more systematically, than village based grass root organizations with limited resources.

12. Shri Sawetan Sagar suggested that a Task Force should draw up the key questions that need answers and set up sub-groups to go into the details.

13. Shri Gagan Sethi stated that any evaluation has two aspects – a set of norms that can be clearly measured and the other comprising of basically softer areas like governance and goodwill that are somewhat more difficult to reduce to numbers.

14. Shri H. R. Dave felt that the Task Force should examine the possibility of evolving a self-regulatory mechanism for accreditation and should seek tools that would facilitate rather than entrust the task to outside agencies. The process of accreditation should be used for building partnerships between voluntary organizations on one hand and donor agencies and loan agencies on the other. A country as large as India with more than a million voluntary organizations cannot depend on external evaluations. It has to evolve mechanisms for self-regulation.

15. Shri Somasekhar Vemuri dwelt on the need to have a national body like the proposed National Accreditation Council. Such a body could specify and lay down the norms of governance for the voluntary sector but should leave the actual process to other agencies. Accreditation involves and confirms to adherence to a minimum set of norms A far more intensive evaluation would need be there to judge whether the organization has at its disposal the capacity to utilize funds effectively.

16. Shri H. R. Dave felt that once sub-groups start discussing the issues, other issues will automatically emerge. For example, was there a need to have a common set of guidelines and standards or where different sector needed different set of measuring scales.
17. DG also flagged the concern of some people who felt that the process of accreditation will mean increasing documentation and expense and therefore was tilted against smaller VOs. On the other hand, there are equally strong views which emphasize the need to examine whether a voluntary organization that is so poor in documentation and accessing a public office for legal rights, would be in a position to lift people out of poverty or even voicing their concerns.

18. Making a presentation Shri K. N. Rattan stated that accreditation and rating will surely uplift the standards and therefore there was a need to make it compulsory. In any endeavour for achieving quality, the question is not one of measurement but whether one was continually improving. These processes will thus improve the effectiveness on a continuous basis.

19. Dr. Sumedh Gurjar stated that all the NGOs that receive government grants are covered under the Right to Information Act and provisions of mandated as well as proactive/voluntary disclosure apply to them as much as they do to any public authority.

20. In his presentation, Shri B. N. Makhija stated that the Credibility Alliance had come up with a set of norms that could be termed as minimum – a standard that could not be diluted any further. He felt that there were significant differences between organizations registered under the Trust Act and those registered under the Societies Registration Act and thus norms for the two had to be worked out separately.

Similarly, there was need to classify organizations on the basis of their core competence before rating them. Organizations could largely be classified on the basis of their work – services like health and education, capacity building, advocacy groups and micro-finance organizations. Separate sets of tools would be needed for each such category.

21. Director General flagged that when the accreditation mechanism is visualised, it should also provide for some kind of built in social safety net for the voluntary organization sector. This would work as an incentive for NGOs to get accredited. Once social safety net issues get included it might be germane to look into the geographical dispersal of Council’s offices.

22. Mr. Gagan Sethi felt that the proposed National Accreditation Council should have modest aims to begin with rather than try and achieve everything in one go.

23. The question of providing funds to the National Accreditation Council was discussed at length and several suggestions like fee based system, self financing arrangements, public funding etc were discussed. The DG and
Convener flagged that VOs spent up to 10% in resource mobilisation. Even if the numbers being talked about are taken with abundant caution - a small surcharge on the pattern of TDS levied from donors will take care of both the cost of administering the council as well as the social safety net obligations.

24. To examine each terms of reference in detail, the Task Force decided to set up four sub-groups. It was decided that each sub-group will give its recommendations by the first week of August 2009. These recommendations will be circulated among all the members of the Task Force. Subsequently, the Task Force will meet again towards the end of August 2009.

25. The following Sub Groups were constituted

**Sub Group I** – To frame minimum norms/standards as well as programme/sector specific add-ons (for select sectors)

i. Shri B. N. Makhija
ii. Shri K. N. Rattan

**Sub Group II** – (i) To conceptualize the organizational structure and composition of the National Accreditation Council and its state/regional offices (ii) To define the functions of National Accreditation Council

i. Shri Gagan Sethi
ii. Ms. Ruth Manorama
iii. Shri Pushpendra Kumar
iv. Dr. Nandita Chatterjee

**Sub Group III** – (i) To define the procedure for accreditation (ii) To identify the possibility and mechanism of grading of VOs/NGOs

i. Dr. Sumedh Gurjar
ii. Representative of CRISIL
iii. Shri Alok Misra/Shri Swetan Sagar, M-CRIL

**Sub Group IV** – To suggest viable financial models for accrediting VOs/NGOs

i. Shri Alok Misra/Shri Swetan Sagar, M-CRIL
ii. Shri H.R. Dave, NABARD
iii. Representative of CRISIL
iv. A representative from Give India

26. The Task Force decided to request the Planning Commission to facilitate holding meetings of the various Sub Groups.
27. The DG and the Convener of the Task Force apprised the members that the contact details along with e-mail IDs of all the participants had been circulated. It may be a good idea to keep everybody in the communication loop so that those who want to contribute/respond may do it at the earliest opportunity. It was suggested that a web-based discussion forum be created to facilitate exchange of ideas amongst the members of the Task Force. It may even be desirable to create a Blog so that others interested in the subject may contribute. CAPART IT division should take over this responsibility.

28. The Meeting ended with a vote of thanks to CAPART for hosting the first meeting.

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Minutes of the Meeting of the Task Force Constituted by the Planning Commission held on 23rd September, 2009

The Second Meeting of the Task Force on Accreditation of Voluntary Organizations was held in the Conference Room of CAPART.

1. At the outset the Director General, CAPART and the Convener of the Task Force welcomed all the participants and shared with them the progress subsequent to the first meeting of the Task Force on 2nd July, 2009. To benefit from the inputs from a large set of stakeholders the representatives of Industry & Business Associations namely, ASSOCHAM, CII, FICCI which are seized with the issues including that of Corporate Social Responsibility were also invited. The Convener appreciated that the representative of Give India, could also make it convenient to attend.

2. DG outlined the schedule for the meeting and hoped that at the end of the day long deliberations enough material and views will be available to compile the first draft of the report. To begin with Shri B.N. Makhija offered to make presentation on behalf of Sub Group I.

3. In his introductory remarks Shri Makhija mentioned that although he had prepared a paper on minimum norms/standards some time ago and circulated it amongst the members of the Sub-Group he was yet to receive comments on the same. Shri Makhija further mentioned that his presentation was based on the work done by the Credibility Alliance, an organization already involved in evaluating voluntary organizations.

4. Shri Makhija stated that the main task before any agency involved in accreditation of voluntary organizations is to provide reliable information on the competence and performance of NGOs, which would help grant making organizations make informed decisions. The credibility of an organization providing accreditation services would also be incumbent on its ability to establish itself as credible and trustworthy institutions. An organization of this kind had to be independent, impartial, credible and acceptable. More over it should be transparent in its working. He therefore suggested that the Accreditation Council should have representations of various stakeholders including the government, regulatory bodies, NGOs and grant making organizations. In addition it may be worthwhile to associate people from the academics, judiciary, corporate sector, credit rating agencies, the Institute of Chartered Accountants of India and Quality Council of India to provide expert advice and inputs.

5. Shri Makhija also stated that as established in the background of the work done by the Credibility Alliance, an exercise of this kind could not be based
on third party inspection or evaluation and had to be necessarily an exercise where the voluntary organization is an active participant. This was all the more essential as accreditation or evaluation had to factor-in the stated aims and objectives of the organization concerned. The organization had to be judged by the standards it has proclaimed to live by. Thus the entire exercise had to be NGO centric.

6. Shri Makhija stated that voluntary organizations varied a great deal in terms of size, feasibility, aims and objectives, resources etc and thus it was difficult to conceive of a single set of yardsticks for measuring all.

7. In view of the large number of voluntary organizations that exist in the country and who may like to seek accreditation, it may be prudent to begin with a minimum set of norms and gradually raise the bar. The initial task could be to find a basic due diligence (identity, governance, and disclosure), identity (registration, domicile, activities etc), the governance having disclosures and performance evaluation. He further felt that it would be difficult to rate organizations on a basis that involves a far more extensive exercise.

8. In order to guard its independence Shri Makhija felt that the accreditation council should not be a government agency. It could perhaps be established under the auspices of the Planning Commission.

The presentation made by Sub Group I is at Annex B.

9. Smt. Rupa Dutta, reacting to Shri Makhija’s presentation stated that the Planning Commission has already taken some steps towards making the entire system of grant more transparent and has set up a portal from where NGOs can access information about various schemes of the Govt. and also apply online. They could track the status of their applications. The portal would on one hand facilitate working of voluntary organizations and on the other hand provide information about them and also over a period of time, give an idea about the size of the voluntary sector in the country.

10. Shri Aijo Jacob, Consultant, Planning Commission, stated that Voluntary Action Cell itself is a small group in the Planning Commission with just about two full time employees and was not in a position to take up a task of this magnitude.

11. DG envisioned that one of the important drivers to attract VOs to get accredited by the proposed council would be to introduce a social safety net for workers of the voluntary organizations as add on. This could be used for making grants to volunteers in distress such as old age, illness etc. or to those working in areas where risk management demands social safety net. Such a move would create demand among people in the voluntary sector to come
in for accreditation. DG, CAPART also suggested that CAPART may initially provide the institutional support to house and launch the accreditation council.

12. Dr. Chatterjee, Dy. Director General, CAPART made a presentation on behalf of Sub Group II on (i) how to conceptualize the organizational structure and composition of the National Accreditation Council and its state/regional offices (ii) to define the functions of the National Accreditation Council.

13. In her introductory remarks, it was clarified that due to inability of the members, it was not possible for the sub groups to hold formal meetings and therefore, a concept paper was circulated on the above terms of reference requesting the members for their comments. Comments on the papers were received only from Shri Gagan Sethi of the Sub Group and his views had been made part of the presentation.

14. Dr. Chatterjee suggested that the National Accreditation Council should take full advantage of recent advancements and expansion in computerization and web technology and come up with a system where it should be possible for an NGO to receive accreditation online, after fulfilling certain criteria. She felt that with most of the government agencies going online, it should be possible to design a network centric approach to verify the information provided almost instantly.

15. The presentation made by Sub Group II is at Annex C.

16. While discussing the concept, Shri Vivek Mathur suggested that several other ministries that provide large funds to NGOs had been left out of the suggested governing council of the proposed National Accredited Council – the important ones include the Ministry of Women and Child Welfare, Ministry of Empowerment and Social Justice, Health etc.

17. Shri B. N. Makhija reiterated that the proposed NACI should not be a government agency and should be an independent body, possibly an NGO. In this context, it was commented upon that NACI could succeed and be acceptable only if it had adequate government support and sanction. It was reported that NGO accreditation bodies in Philippines and Pakistan had not been very successful. NACI for the NGO, by the NGO and of the NGOs may sound attractive but may not live up to the task it is envisaged to perform creditably.

18. Some members suggested that accreditation without physical verification and on-site visits would be meaningless. To this Dr. Chatterjee suggested that keeping in view the numbers involved, it would be prudent for the Council to take up only a manageable task. It would, in consultation with its Executive
Board, be free to raise the bar. In its presently suggested form, NACI would achieve two major tasks – verification of all documents and transparency on part of the NGOs. These two steps in themselves would inspire a lot of confidence in thus accredited NGOs and save them of tremendous amount of documentation and paper work, thereby hasten the process of resource mobilization.

19. In the opinion of Shri S. Vemuri, accreditation process had to be evolved keeping the size of the organization in view and one set of norms would not be adequate for NGOs not only of varying size but also working in diverse fields.

20. Presenting the Base Paper for Sub Group III that was to deal with (i) the procedure for accreditation (ii) the possibility and mechanism of grading VOs/NGOs, Dr. Sumedh Gurjar advocated of a system of accreditation that would be simple, clear and practical. He felt that in view of the diversity of the sector and logistical constraints the process was vulnerable to human errors and biases.

21. In his view, accreditation should be a three step process, involving registration, check on minimum norms, and grading/rating in the area of specialization. Since the numbers involved were large, he suggested various methodologies depending on the nature of the subject NGO in terms of size and area of specialization – including self-accreditation, accreditation through peer review and accreditation by an agency appointed for the purpose.

22. The presentation made by Dr. Gurjar is at Annex D. Dr. Gurjar also circulated a set of formats that had been evolved by YASHADA for the purposes of accreditation.

23. While appreciating the efforts made by sub-group III, the DG felt that physical verification of such a large number of voluntary organizations may not be an easy task by the NACI or any one agency itself.

24. In response Dr. Gurjar spoke about having a panel of highly qualified assessors mentioned by him in his paper. Shri Makhija pointed out that peer group review was an accepted practice in some countries, particularly in case of accounts of smaller agencies and this mechanism could be extended to accreditation.

DG, CAPART supplemented the view by reiterating what Ms. Ruth Manorma defined as the hallmark of a practical regime for accreditation in the previous meeting. It should be simple, enhance NGOs’ capacity to access funds and not become a policing mechanism by any other name. If one goes by this thumb rule it will have to provide different evaluation/compliance requirement with
a common goal to enhance capacities of NGOs with regard to access of funds. At the rudimentary level it should be as simple as registration on NGO portal. Mere registration should be sufficient for a grant making body to choose NGOs for small and emergent grant of say upto two lakhs. In any case the information provided by an NGO is in public domain and the grant making body will be comparing facts with the originals before release of funds and can always file FIR under the appropriate provision of IPC if found misleading or misrepresentation. In the same vein DG elaborated that the simplicity of the proposed system has to be gauged from the parameter whether NGO aspiring to get accredited has to leave foot prints and touch base with a larger number of institutions. By this measure if a CA who is going to audit accounts may also be authorised to certify entries on the NGO portal and upload the certification, this may be considered sufficient for grants upto says 25 lakhs. RBI has already created a list of empanelled CA’s on its website. These CAs may be authorised to certify the credential of the CA who has done the certification for accreditation of an NGO.

For higher level grants grading of NGOs as elaborated by Mr. Makhija and CRISIL and other colleague may be fine tuned for grants of say upto five crore. The grading mechanism could be constructed based on a 3XN matrix. The three being governance, finance and sectoral core competence, on each there can be a Yes/No band calculation/evaluation parameters and a ‘pen picture’. For project funding of five crore plus rating of projects may be envisaged and this will be in addition to the grading of NGOs.

25. Making a presentation on behalf of the Sub Group IV, Shri S. Vemuri stated that accreditation should be voluntary rather than mandatory, as is the case with the corporate sector. Voluntary agencies would opt for accreditation and grading if they saw value in it. The presentation of Sub Group IV is at Annexure-E.

26. Regarding the cost of accreditation process, he suggested that there had to be a fine balance between the capacity of NGOs to pay and the costs involved. However, subsidy towards the cost was critical to the success of the exercise. In this context he gave the example of SSIs, where costs of rating were subsidized by the government.

27. DG, CAPART agreed that cost of accreditation may not be fully passed on to the NGOs. As rightly pointed out there is an element of conflict of interest that comes into play if the cost is to be borne by the NGO. At the same time subsidy from the budget is also not a solution as it has its own share of inefficiencies. One can create a much more practical solution, that is, making it mandatory for grant making bodies to additionally contribute one percent of the grant to
NACI corpus. This corpus will be able to fund the cost of accreditation over and above that borne by the NGO.

28. Shri Ajay Mehta, Executive Director, National Foundation of India who joined post lunch commented that there may be a lot of ‘buy in’ to the idea if the grant makers find “value for money” in this subvention. DG, CAPART further elaborated that this corpus may also serve the social safety net for persons working in the voluntary sector. Once this is agreed in principal the actuarial studies will unveil the dimensions of the social safety net. Shri Ajay Mehta stated that accreditation will be a great confidence building measure. While the grant making organizations will continue to make their own independent enquiries and judging capabilities/capacity of NGOs, accreditation will help the expediting process, as basic credential of the concerned voluntary agency would stand verified. This in term would help reduce cost and thus make more money available for grant making.

29. Mr. Makhija was of the view that the more dimensions we add the more complicated the system becomes and equally difficult its roll out. Dr. Nandita Chatterjee assured the house that the report shall try to do justice to terms of reference with as little complication as possible.

30. Summing up the discussion, the Director General thanked all members of the sub-groups for providing useful inputs and insights. He also informed the Committee that Shri Gagan Sethi, Shri Alok Misra and Shri Pushpendra Kumar Singh had informed that they were unable to attend the meeting on account of their pre-occupation but had sent their views and comments. All these, along with the recommendations of the four sub-groups would be placed on the website of CAPART for wider circulation and eliciting views not only of the members of the task force but also of the voluntary sector.

31. It was decided that an attempt will be made to prepare a draft report after having taken into account all the concept papers and comments made there upon. This draft report will be circulated to all the members of the Task Force by 31st October, 2009 and will be followed up with consultation in November, 2009.
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Minutes of the Meeting of the Task Force on Accreditation
Held on Friday, the 7th May, 2010 in the Conference Room of CAPART

1. The Director General welcomed all the participants and thanked them for making it convenient to attend the meeting and for sending their comments. All the comments received on the first draft of the report were circulated among the participants.

2. Shri B. N. Makhija pointed out that initially there were to be two task forces – one set up by CAPART and the other one by the Planning Commission. The one set up by CAPART was expected to limit itself to suggesting ways and means of providing accreditation to the voluntary organizations that approach CAPART for assistance – meaning thereby that the organizations that were involved in rural development activities.

   However, subsequently, the Planning Commission also notified a Task Force for a similar purpose, though the mandate of the one set up by the Planning Commission was much wider.

3. The Director General concurred with Shri Makhija and stated that since the two Task Forces had several common members and were essentially involved in similar task, the Council decided to co-opt Members of the first task force in the one set up by the Planning Commission. In addition, some other experts and interested institutions were also co-opted in the Task Force.

4. Shri Makhija felt that the proposed National Accreditation Council has to be established in a manner that it would take the matter further by outsourcing the job, on the lines of ISO rather than have a huge infrastructure and bureaucracy for taking up the assignment. He suggested that Accreditation could not be purely a mechanical exercise and has to take into account the spirit of voluntarism.

5. Shri Gagan Sethi suggested that NAC should not become part of CAPART on a permanent basis. However, to kick start the process, CAPART could act as a facilitator and provide infrastructure for a period of say, first three years.

6. Regarding selection of the Chairman of the proposed NAC, Shri Sethi suggested that the Selection Committee should have five members including the Vice Chairman, Rajya Sabha, Leader of Opposition in Lok Sabha, Chairman of the National Human Rights Commission, Chairman of the Scheduled Castes and Scheduled Tribes Commission, and the Minorities Commission.

7. Ms. Ruth Manorama suggested a maximum of two, three-year terms, for the Chairman, NAC. She also felt that 50% of the Council should comprise women, besides various other interest groups.
8. Shri Sethi also felt that no politician should be made the Chairman of the NAC. Regarding the constitution of the Council, he felt that it could be a 20 member Council with certain ex-officio members. Ex-officio members would comprise representatives of various grant making bodies/ministries of the government. However, in order to ensure that NAC is not a tool in the hands of the government, the ex-officio members should not have voting rights.

9. Shri Sethi suggested that the General Body of the Council should be constituted in such a manner that for every five crore population there is one member of the Council. The Executive Committee of the NAC should have 11 members.

10. Shri Makhija stated that the norms for accreditation do not come out expressly in the draft report. The process of accreditation has to begin with norms.

11. Keeping in view the large number of NGOs that are there in the country, the primary accreditation had to be web-based, on the lines of NGO portal already in place. The information considered essential for accreditation could be added to the information already available on the portal. For smaller NGOs (with limited budget/turnover) this should be regarded as adequate.

12. In case of large NGOs the accreditation should be based on more intensive scrutiny and face to face interaction as well as visits to the area of operation.

13. It was also suggested by him that in case of certain kinds of NGOs, for example, those who have FCRA registration, Green Channel methods should be followed.

14. He suggested that the entire job of accreditation should be done by qualified accreditators, and the Council’s job should be only to certify the accreditators.

15. Shri Gagan Sethi suggested that the NAC should set certain minimum norms and the voluntary organizations should be fully compliant to these norms and should also agree to comply with the provisions of the Right to Information Act.

16. Ms. Ruth Manorama felt that voluntary organizations are asked to submit too many documents at too many places. Accreditation should not mean more documents in different formats that are to be filled up annually. The accreditation process, on the other hand has to be an enabling process.

17. It was explained that as per the process envisaged, no documents would be required in form of hard copies. The NGO concerned would be only required to upload documents/information on the website of NAC. They would also be free to change it at their will.
18. Shri Sethi suggested that in addition to its primary job of accreditation, NAC should have research orientation and should disseminate information about best practices. He also saw an important role for NAC in matters of advocacy.

19. Shri Sethi felt that in place of proposed seven committees, NAC should have just three committees – namely, the Executive Committee, the Finance Committee and the Ethics Committee.

20. Shri Makhija and Shri Sethi felt that the proposed 3x9 matrices need a relook and promised to send notes on the subject.

21. Shri Sumedh Gurjar suggested that NAC should primarily create a set of norms for certifiers.

22. The status of Chairman in the hierarchy also came up for discussion. It was felt that the Chairman, NAC should have status of a Union Minister of State.

23. Shri Gagan Sethi suggested that while CAPART and the Planning Commission should incubate the process, ultimately the organization should become autonomous and independent.

24. Shri B. N. Makhija suggested that since the role of NAC is going to be to certify the accreditators, there would be no need for regional councils. Shri Gurjar however felt that regional outfits would be essential.

25. There was general consensus that accreditation should not be mandatory but rather optional.
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Convened by
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September, 2010

THE TASK FORCE CONSTITUTED BY THE PLANNING COMMISSION,
(Vide its Notification No.P-11011/1(2)/2007-VAC dated 13th May, 2009)