

Navigating State-NGO Partnership in India and A Way Forward For Collaborations in Development

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Abstract: *In post-independence India, NGOs functioning was considered of utmost importance by the state, wherein these organisations were onboarded as partners in development programs, provided training to government officials, and supported field-level implementations. The change in NGOs' functioning from a welfare-oriented approach to an advocacy stance was met with tensions in partnership between the stakeholders, which lasted for a while. Later, the state started to recognise its work towards development and extended earlier measures of partnership for ensuring public service delivery. The neoliberalism era had seen a boom of NGOs taking the baton of development, resulting from the state's cutdown on welfare funding and increase in corporate funding to them as part of their social responsibility in doing business. This review article examines the collaborative partnerships formed between the State and NGO from independence and hitherto. Various state policies and measures towards governing/onboarding NGOs are considered to analyse what circumstances led to partnership and instances of tension amongst stakeholders. A need for collaborative partnership between the stakeholders at different public administration units was emphasised for sustainable development.*

Keywords: State-NGO Partnership, Collaborative networks, Participatory Development, NGO typology and Political Economy.

INTRODUCTION

The development discourse of a nation is imperative for understanding how its economic and political structures evolved, aiming towards national development. Besides, the state's policy measures for development, a parallel set of agencies emerged, known as NGOs, acting as a strong support to the state. The United Nations (UN), under Agenda 21 (Chapter 27), recognised NGOs major role during the post-colonial phase (Period where nation building took place in earlier colonies and start off critical analysing the impacts of colonialism) in aiding nation-building and other UN development goals. The term NGO has a distinct position as a self-governing agency away from the state and is non-profit oriented. It was contested a lot from the civil society side, government and academia as to how an NGO should be referred to apart from its broader term, towards adding a prefix to typify the organisation based on its area of functioning. Specifically, the World Bank listed two typologies of NGOs: first, Operational NGOs, whose functions are to develop and implement development programs for different communities. And secondly, the Advocacy NGOs, which strive to take an advocative position on social issues affecting a community (Fernando, 2011).

Apart from defining NGOs based on their functioning, it is also crucial to recognise the state's gaze towards NGOs in matters of governing and how far the confluence has taken place between them for development activities. That is where the political economy paradigm for NGOs comes in, and Thomas (2007) exemplified how to examine an NGO's functioning by analysing the historical, economic, political and cultural factors which influence the formation, growth and downfall of an NGO. Through this lens, it was evident how various governments in the post-colonial period were suspicious and feared the capability of NGOs in having a distinct political force that could challenge them (Fernando, J. L., & Heston, 1997). Nevertheless, such skepticism started to subside in the 1970s/80s when the Western welfare state was impacted by recession and a new approach to development was put forward by onboarding NGOs. The term "Parastatal Apparatus", "Shadow State" was referred to these NGOs as they took part in extending the service delivery functioning of the state. In essence, the state understood the importance of partnering with NGOs to ensure modernisation was attained and to extend their welfare measures, with a warning sign of breaking the partnership in case of having an advocative stance, which resulted from the innate doubt that NGOs might challenge the state's position (Sen, 1999). Followed by the neo-liberal era from

1990s, where the rampant growth of NGOs can be witnessed, especially in the developing/underdeveloped countries, fuelled by the corporations funding them as part of their social responsibility in doing business. Here, the pullback from the state's side in expenditures for welfare activities and the set-backs in the planning mechanism also paved the way for these NGOs presence in the development arena.

Similar to the global rhetoric, India also had a rise in the number of NGOs with organisation visions grounded in Gandhian, post-colonial ideals during the post-independence period, addressing the dire social issues affecting the people. These NGOs played a pivotal role in nation-building by partnering with the state and implementing varied development programs. However, the change in vision of NGOs towards taking an advocative stance challenging state policies and welfare measures led to periods of tension, a resemblance to the global cues. But the polarisation subsided when the state realised the ability of NGOs to connect with grassroots issues and address the existing gap in ensuring public service delivery from their side. Then NGOs were considered as the parastatal apparatus, watchdogs of development, making sure that the public service delivery of the state is made available to all and addressing major social issues impacting people. Additionally, the majority of the literature on NGOs in India has focused on civil society, NGOs' governance, and a few articles on state influence. It has not extended to the political economy perspective, which would have included how various state regimes eventually partnered with NGOs and learned from their experiences. This study aims to integrate those aspects to provide a holistic understanding of the evolution of NGOs, State policy measures towards NGOs, partnerships formed for development and future scope for collaborations.

METHODOLOGY

The study examines the existing collaborative partnerships formed between the state and NGOs in India from independence till now. It strives to bring an understanding of how the state's gaze towards NGOs in matters of collaboration and governance took place, taking the instance of the confluence formed, comprehending the circumstances leading towards partnership and any tensions arising from it. Alongside, the typology of NGOs was studied with its inception and how each type interacted with the state in matters of development/advocacy and the role of NGOs type/functioning in forming the partnership.

A narrative review was done to collect secondary data sources from various peer-reviewed journal articles, published books, as well as government reports/website information. Major keywords, namely "State and NGO", "NGOs in India", "State and Development", "NGOs governance", "State Regimes and welfare measures", "Decentralisation and NGOs", "Political Economy of NGOs" and "Stakeholder Partnerships" were used to gather the above sources from google scholar and other journal search engine platforms such as Scopus/Web of Science. This study gives the connotation "the state" to the central government and in the discussion of respective state governments, is mentioned as "local state government" and

"local government bodies" for administrative units within it. In case of NGOs, the typologies given by the global development institutions and literature base are used to categorise NGOs based on their function and relation with the state.

EMERGENCE OF NGOS, STATE POLICIES AND COLLABORATIONS

Pre-Independence Period

The pre-independence period had NGOs evolving as para-state organisations. Initially, it was evident how NGOs were formed by churches known as Faith-Based Organisations, where the clergy was in charge of providing education, reforms and with an utmost aim for enhancing both social and religious lifestyle of the populace (Sheth & Sethi, 1991, pp. 50–51). Parallely, voluntary actions of the Indian National Congress party alongside the freedom struggle, were another scenario of NGO's emergence from the existing Ashrams of Gandhians involved in self-reliance of a community and rural development programs, which later on became the epitome of modern NGOs in the post-independence period (Sen, 1999; Sheth & Sethi, 1991). It could be noted how the Western-influenced faith-based organisations and political parties, freedom movement-led advocative NGOs, have set the pace for the expansion and assertion of civil society space amidst the colonial administration.

Post-Independence, Typologies of NGOs and State Policies

After independence, the Gandhian NGOs (emanated from Ashrams of Gandhians) worked towards extending their functions to agriculture development, cottage industry, non-farm and other livelihood promotion activities. Meanwhile, Faith-Based Organisations, focused more on service to refugees, education, health and wellbeing for different communities (Sen, 1999). Korten's first-generation NGOs can be perceived from the above activities of NGOs involved in relief, welfare endeavours parallel to the state, without taking any political or advocative positions (as cited in Baviskar, 2001). The state-led Community Development and Panchayati Raj Program from the 1960s had also brought the first collaborative measure by onboarding NGOs as part of expanding its functions and providing technical support to them (Sheth & Sethi, 1991, pp. 52-53). In particular, Maheswari (1987) has mentioned how the Ministry of Health and the Ministry of Community Development empanelled NGOs for their technical expertise to train government staff and field-level implementation workers for successfully implementing their programs (as cited in Sen, 1999). Parallely, Second-generation NGOs also emerged functioning distinct from the state, which focused on local development by ensuring agricultural development, livelihood promotion and improving the health/wellbeing of people (Korten, 1990). The state also worked on disbursing its funds to the NGOs through the Central Social Welfare Board (1956), which worked on the welfare programs in congruence with the state's mission in a way to ensure that certain areas uncovered through their intervention are fulfilled through these organisations. A close net-work/relationship between the state and NGO can be witnessed from this period, where the state had recognised the capability of NGOs and how onboarding them for their programs would be beneficial for development.

Budding Tension amongst the Stakeholders

Transition from a pro-NGO position of the government during 1947-1966 (Nehruvian period) to a tension between the stakeholders from 1966-1988 (Indira Gandhi, Janata Party governments) showcased how the confluence can be abrupt when NGOs start to be critical of the government's functioning and its policies (Chaudhry, 2022; Ray & Katzenstein, 2006). The JP Narayan-led protests were accompanied by the youth, middle-class population and various NGOs condemning the populist approach taken by the state in its Five-Year Plans. The already existing Association of Voluntary Agencies for Rural Development (1958), an association of over 650 NGOs working on poverty alleviation, strengthening the panchayati raj structure through people's participation, had joined in for the national-level protest (Ray & Katzenstein, 2006). A shift in the mission of NGOs from extending welfare activities of the state towards mobilising communities for advocacy and social movement showcased how the crisis led to the emergence of third-generation NGOs (Korten 1990), taking a political stance (as cited in Baviskar, 2001). Despite its opposition, the government occasionally emphasized the importance of collaborating with voluntary organizations. For instance, the involvement of NGOs as agents to extend the public service delivery under the 20-point development program (1975) was one of the optimistic outcomes amidst the tension between the stakeholders. It must be heeded as to how the state appraises NGOs (mainly first/second generation), which cater to its rhetoric and take punitive measures against the third generation NGOs that stand opposed to it. And by introducing the Foreign Contributions Regulations Act of 1976 (FCRA), wherein the foreign funding to NGOs (as advocacy-based NGOs relied on foreign funds) was restricted by making sure that government approval must be obtained before remittance.

Rise of Operational NGOs and Recognition from the State

After the above NGO led social movements, a new set of operational NGOs emerged, such as the Pra-dan, Aid Industrial Recovery and IRMA led by middle-class population of the country, focusing on pressing development issues and formulating community development programs (Bhatt 1988 as cited in Sheth & Sethi, 1991, pp.54–56). Moreover, the global economic recession in the 1980s created a space for NGOs to again partner up with the state towards various development initiatives (Clarke, 1998). The pattern modified in India as well. In October 1982, the Chief Ministers of each state met and were urged to onboard NGOs in accordance with the 6th Five-Year Plan (FYP) to support the local state government's operations and serve as a consulting group for them, assisting in the process of overall development. The state, through its 7th FYP, emphasised listing 18 minimum needs programs for rural development, health, education, environment conservation, technological advancement and poverty reduction that need to be taken up by the NGOs. The state's budget allocation to the NGOs reached staggering heights, amounting to 250-300 crore each year and in the 8th Five-Year Plan, it came up to 100-150 crore (Sheth & Sethi, 1991). Further, NGOs were termed as watchdogs ensuring public service delivery by then Prime

Minister Mr Rajiv Gandhi and also highlighted how NGOs' expenditures for development programs had more funds allocated to the beneficiaries than what is spent from the government side (Sahoo, 2013).

The Council for Advancement of People's Action and Rural Technology (CAPART) was established in 1986 through the merger of PADI (People's Action for Development of India) and CART (Council for Advancement of Rural Technology). Its primary mandate was to channel financial assistance to grassroots NGOs and oversee the monitoring and evaluation of their initiatives. In 1988, the Krishnaswamy Committee examined the relationship between state governments and voluntary organisations; however, its recommendations did not translate into sustained institutional collaboration. In March 1994, a two-day convention convened under the leadership of the Planning Commission sought to conceptualise a structured partnership between the state and the voluntary sector. The resolution adopted at this meeting—attended by the Prime Minister, the Vice-Chairperson of the Planning Commission, Union Ministers, state secretaries, and NGO representatives—signalled a renewed commitment to cooperative engagement (Sen, 1999). Subsequently, a Joint Consultative Machinery comprising 22 NGO representatives and 16 government officials was constituted to address issues of coordination, accountability, and transparency in NGO funding. A Voluntary Action Cell was also created to systematise NGO-related data and improve coordination (Ray & Katzenstein, 2006; Sheth & Sethi, 1991). Despite these institutional efforts, public access to comprehensive and reliable NGO data remains limited, underscoring the need for greater transparency and consolidated information systems to meet the expectations of activists, civil society, and researchers. The government initiated a proposal for the National Council and 19 rules for the code of conduct, which was highly resisted from the NGOs side as such a partnership would curtail their autonomy and might turn NGOs into Government Organised NGOs (GONGOs) (Fernandes, 1986; Tandon, 1986:41 as cited in Sen, 1999, p. 342). Hence, the need to define the partnership was questioned by the civil society organisation, where the functional/financial autonomy must be given to them while collaborating with the state.

New Economic Policy era and Change in Partnership Trajectory

The onset of neoliberalism in the 1990s witnessed a rise in the number of NGOs functioning, where India was in the forefront of it, as Norton (1995) notes the state as “the NGO capital of the world”, having around 30,000 NGOs functioning (as cited in Ray & Katzenstein, 2006). And the main reason behind it was the state's cutback in welfare activities and the transfer of the development baton to the private sector, which is dependent on market performance, state/foreign funding (Uphoff, 1993, as cited in Clarke, 1998). Additionally, the Planning Commission was designated as the government's and NGO's matter of confluence in the 10th FYP. The partnership moved beyond the state government level to local state government levels under the three-tier Panchayati Raj structure (73rd Amendment) and Municipal bodies (74th Amendment) with the aim to ensure decentralised development. But the

problem highlighted by Venkatesu (2016) was on how the state relied on these parallel bodies to implement its development programs in a way avoiding to onboard local government bodies as a fear of loosing their autonomy and need for control over the program, thus weakening the decentralised structure. Such a partnership would weaken the panchayati raj structure, aiming for democratic decentralisation and NGOs collaborating with the local state governments must be aimed towards a position parallel to the panchayats acting as a technical agency in complement to their functioning. Also, the earlier administrative crackdown of NGOs through FCRA had witnessed newer restrictive measures such as perpetual FCRA registration renewal, a limit on spending autonomy for administrative expenses to 20 per cent (earlier was 50 per cent), mandatory bank account in State Bank of India branch located in Delhi, the national capital for all NGOs and an elevation in the duration of registration suspension from 180 days to 360 days with the 2020 Amendment to the Act, which continues to impact the functioning of advocacy and certain operational NGO (Chaudhry, 2022).

Limitations of NGOs and Can Partnership Aid it

At the global level, it has been argued that the mere expansion of NGO-led programmes does not automatically ensure sustainable development or meaningful public participation. Instead, durable outcomes are more likely when reforms are undertaken within formal state structures responsible for welfare delivery (Clark, 1992). Such reforms can be strengthened through constructive collaboration between NGOs and government departments, enabling improvements within existing institutional frameworks. Siwach (2013) similarly highlights the vulnerability of beneficiaries when NGO projects are abruptly discontinued, underscoring the importance of embedding voluntary initiatives within stable public systems. Integrating NGOs with established governance mechanisms—particularly the Panchayati Raj Institutions and Urban Local Bodies illustrates a collaborative model in which both actors contribute complementary capacities and resources toward shared developmental objectives (Matthew, 1999, as cited in Baviskar, 2001). Successive Five-Year Plans under the Planning Commission (now NITI Aayog) sought to involve NGOs in development planning and management. However, the sustained relevance and replicability of these partnerships remain uncertain. The NGO Darpan portal, maintained by NITI Aayog, serves as a national database, providing details such as organisational focus areas, registration numbers, and a mandatory unique Darpan ID required for government funding. Nevertheless, its coverage extends to only around four lakh organisations, leaving a substantial number of NGOs outside the formal registry. However, the policy repository of NITI Aayog showcases development sector state-wise policies, best practices, Acts, toolkit, regulations, etc., from the 1950s, setting the initial pace for the idea of collaborative networks amongst stakeholders and a way forward to learn from it to develop a replicable model. A collaborative partnership between the stakeholders can be envisaged from these learnings and the literature base to build a model for sustainable development by engaging them at different levels, which can be replicated across the country.

CONCLUSION

Although earlier government reports through state-level commissions, committees on collaborative partnership between the state and NGO were conducted, no assimilation or ideal practices to be undertaken were mentioned or replicated. The stakeholder engagement learnings from this study show a huge way in terms of mapping the ways to collaborate for development, strengthening the matters of NGO governance through data management and showcasing/learning from the successful partnership models for replication. Through NITI Aayog's policy reports and research studies, the two stakeholders will be able to establish a collaborative network for partnership. It is important to note that the linking of NGOs with state/public administrative units must be done in a way that supports rather than replaces the decentralised structure. Through the process, it would also ensure that the NGO's project discontinuation does not affect the community, as the public administrative units and the responsible line department under the local state government carry forward the task of ensuring their needs are met.

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