

## STUDY ON CORPORATE GOVERNANCE AND NGO's

*Shinde Sandeep Tukaram*

*Department of Marketing Cmj University, Shillong, Meghalaya*

### ABSTRACT

*The main focus is to concentrate on how NGOs have played a significant role where governments either shied away or provided inadequate support to the needy. This study will show how the intervention of NGOs has not only helped to lessen the gap to motivating governments to intervene and give support in the most deprived areas of India; due to the advocacies of NGO initiatives and yet, see how NOGs are bound by legal constraints that could have a profound effect on their whole operations. Through the aid of numerous resources, the research will be carried out in accordance with the sequence of research enlisted below and will give some historic background with intent to provide a written examination of and identify the legal problems arising from a number of NGO managements in India. After completing the examination of these NGO managements, the analysis made of the examination will give a full decisive and detailed account of the findings. It will take a deeper insight into why these problems continue to occur and discuss in-depth what and how these problems could be resolved in India.*

### INTRODUCTION

The initial starting point for this study of NGOs is the historic investigation carried out by two representatives of 'Bandhua Mukti Morcha' (**Bonded Labour Liberation**) a NGO company that works to emancipate people held in servitude. The two reps accompanied by two reporters, observed a number of individual labourers mining in the pits at night, who were being held in servitude to their master for debts. Enslaving, under a practice called 'Bonded', as descendants of defaulting ancestral borrows to a life of servitude that was commonly practiced, so that the masters could profit, by way of, free labour and recoup whatever was owed them at the expense of individuals' lives and liberties. These debauched practices endorsed indefinite terms of recovering debt and the emancipation of those individuals held captive became increasingly rare. Nevertheless, these observers who had no association with the government, determined to prove that bonding was rife in India's capital, the two representatives paid a visit to the police station to make a complaint to expose the lawless practice, which in fact, then and now is forbidden according to India's laws. After the publishing and releasing of the press articles, they were used to lobby the government to impose stiffer laws against such practices.

Throughout India today NGOs push to affect legal sanctions through the courts against chemical-plants that contaminate local reservoirs and to enforce rules obligatory to prevent effluence in water. With the myriad of GNOs in operation throughout India, although some may differ in nature of operation, they all tend to hold a mutual interest for the community.

For example, contending for the rights of civilians to be afforded the right to have a say over the government's proposals to pass laws that could profoundly alter their lives. Nevertheless, looking back to 1947 when charitable organisations were prevalent and those who contributed were highly honoured and the memory of people like; Mother Teresa who helped to establish charities that facilitated for the needs of the poor and needy, seriously ill and disadvantaged children; Mahatma Gandhi who made a profound difference in lives of many Indians still resonates in the hearts and minds of Indians today. India's 'great liberator' who fought and won independence for India against injustice of tyrannical rule of the British Raj, began to revolutionize India by affecting plans that concentrated on healthcare, education, nurseries for infants etc.

## GOVERNANCE

Governance is defined as an act of governing an exercise of authority, direction and control manner or system. The World Bank defines governance as: *"the exercise of political authority and the use of institutional resources to manage society's problems and affairs."* *Worldwide Governance indicates the project of World Bank that defines: implementation of governmental authorities towards the establishment on their customs and beliefs. Governance elucidated by Bell and Stephen, regulate the control of activities to customize the economy towards the division of resources for the structuring of institutions, authorities and alliances".*

Among many English-speaking lecturers, there are myriad that inaccurately confuse the term governance with government. However, governance is defined as exercising of authority that determines control mechanisms performed by governments. They can be geo-political government, corporate government, socio-political government or other different kinds of government whereas on the other hand governance is regarded as a physical exercise of management power and policy but, governments act as an instrument to execute these operations. Governance, whether in corporations or government, is mainly about the delivery of services. All regulations set are to ensure "good governance" it imposes many different things in many different contexts. Good governance is an intermediate term used towards developing literature providing appropriate description on how public institutions will conduct public affairs and manage the resources in order to guarantee the awareness of human rights to provide better services to the society.

## MANAGEMENT

The term management as described by The Supreme Court of India may be the act or acts of managing or governing. It is a universal phenomenon. All organisations involved among management because it helps and directs towards a definite purpose. Management is defined as *an art of getting things done through and with the help of people* in formally organised groups, creating an environment in which people can perform and can co-operate towards the attainment of the goal.<sup>1</sup> Moreover, It is also, regarded as *an art of knowing what to do,*

<sup>1</sup> Harold Koontz and Cyril O'Donnell, *Principles of Management: An Analysis of Managerial Functions* (1955)

*when to do and see that it is done in the best and the cheapest way.* Management as stated is a process of working with or through people to accomplish organizations goals.

### Features of Management

- a) Management is a process as it is a systematic way of doing things.
- b) It utilize resources efficiently
- c) It gets things done through and others.
- d) It achieves a stated goal.

Therefore management can be defined as a process by which the managers or the directors of the organization utilize resources to achieve its overall goals at minimum cost. The term management refers to the directors who are responsible and accountable for directing the work force and seeing to is that the organization meets its goals and objectives.

## INTRODUCTION TO NGOS AND THE RELEVANCE OF NGOS TO SOCIAL DEVELOPMENT

Now days, Non-Governmental organizations (NGOs) are very much visible when it comes to development in various parts of world. However, NGO entails different types of groups and agencies. For instance, World Bank, in its definition, states that an NGO is a private agency which engages the activities to alleviate sufferings, to advance interests of under-privileged, safeguard the environment it also, offers basic social needs and services which get involved easily in the development of community. In general, NGO can be used to describe all non-profit agencies to work separately from the government.

**In United Nation the emergence of Non-Government Organization(NGO) came into operation in 1945, when UN differentiate its charter amongst the participation rights, rights for intergovernmental agencies and those for international private organisation.** All kind of private organizations can be registered as an NGO in UN, and the only thing they have to prove is that they are independent from governmental Control.

### ANALYSIS OF NGOS IN INDIA

In India, NGOs are administered by people who are fully interested in purpose of their organizations. They are competent, compassionate, and passionate and dedicated to the causes. Moreover, in terms of outcomes, these non-governmental organizations have some key variances when compared to the organizations or corporate bodies their main purpose is to have efficiency and effectiveness in commercial activities. The major variances include lack of outcome orientation, lack of standardized financial and accounting practices and lack of accountability.

In this area Corporate Governance precisely will guide the way. In India Corporate Governance has helped NGOs to strengthen their reliability through transparency.

## CONCLUSION

The charitable intervention by NGOs has been a milestone and present help to changing the landscape of India's development in; welfare, education, healthcare and immediate aid in the event of catastrophic disasters or major cases such as: the tsunami of 2004, the Gujarat earthquake 2001 exposing of the exploitation of human beings for illicitly enslaving people for hereditary (**Bonding**) debts; the group of activists who contented for the eradication of the oppression of women and children and living widow cremations. In the current climate of NGO operations, NGOs have been given a lot of recognition and importance in today's affairs. The NGOs deal with various aspects and projects in different communities around the world. Although, NGOs vary in nature one from the other, as explained previously by The World Bank, an NGO is a private agency that is engaged in activities meant to alleviate suffering and advance the interests of the under-privileged, safeguard the environment, offer basic social needs and services and practically get involved in community development. Due to the fact that NGOs offer social development and other related services to many groups, and receive subsidize, the need for corporate governance within these NGOs has greatly increased. For better corporate management there are several best practices that are encouraged to be followed by all NGOs when formulating their corporate governance. As noted by Gergen Kenneth these are termed as code of corporate governance.

Nonetheless, corporate governance difference according to regional practices or a country's laws. For example the European Union (EU) has achieved a great deal in terms of addressing disclosure, board structures and responsibilities and since the adoption of its Action Plan for Modernizing European Company Law, and Enhancing Corporate Governance in the EU (2003).

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