

ROLE OF PEOPLE'S ORGANIZATIONS, NGOS, AND COMMERCIAL BANKS

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ABSTRACT

Commercial banks, NGOs, and Peoples organizations play a vital role in the economy of developing countries. These organizations provide microfinancing opportunities to small and medium-sized business and allow the business to prosper and grow. On the other hand, the people's organizations provide an opportunity to the individuals to acquire their rights from the government such as farmers, who possess the rights of selling their crops at higher prices to the buyers. Financing is an essential requirement for the business because it allows the change to the business to grow and prosper if the business opportunities are available. However, in developing countries business opportunities are available because the economy is in the developing stage and the initiation of business with new business ideas can assist the business to become successful within the developing economy. Hence, in the success of the business, commercial banks, NGOs, and People's organizations are of vital importance because this organization plays an important role in developing countries where the government policies with regard to microfinancing are not appropriate for the business environment prevailing in the economy.

Keywords: Non-governmental organization (NGO), People's Organizations, Commercial banks, microfinance, developing economy.

INTRODUCTION

Commercial banks are the backbone of the economy due to the fact that the banking sector plays an important role in the development of the economy. Commercial banks provide a number of different services to organizations by assisting them to run their business activities by assisting them through providing financing for conducting and expanding business activities (Noh, 2017). Microfinancing by commercial banks has increased due to the initiation of small businesses all around the world. The non-governmental organizations (NGO) are also playing an imminent role in providing microfinancing to the different businesses (Liu et al, 2019). These type of NGOs are known as microfinance NGOs. These type of NGOs came into existence with the aim of enhancing the economic activities along with an opportunity of providing a better and secure future to the individuals who are looking for employment opportunities (Jones, 2016). The people's organizations are existing with the interest for the betterment of the citizen through promoting public interest such as women's credit association. Therefore, the link between People's organizations, NGOs, and commercial banks in developing countries is identified and analyzed in this study.

LITERATURE REVIEW

According to Bendell (2017), People's organizations, non-governmental organizations (NGO), and commercial banks are established with the purpose of different goals and objectives. The functioning of all these types of organizations is different in terms of

conducting business activities (Acharaya, 2017). The people's organizations and NGO's are not established with the purpose of conducting business activities; whereas, the commercial banks are established with the aim of achieving their business goals and objectives. The purpose of the people's organizations is to serve the citizen by creating an association with regard to the rights of the citizens. The people's organizations is an association which represents a group of people like farmers and slum dwellers. Dupas (2017) stated that the NGOs on the other hand, are developed with the purpose of the providing assistance to the lower class section of the societies who are struggling to maintain daily walk of lives. Furthermore, the NGOs are established to cater the social work for a cause i.e. creating awareness among societies and communities and cater the problem of development and infrastructure from the funds which are received in the form of donations and government grants (Albasu, 2017). The commercial banks are established with the sole purpose of conducting business activities and the aim of the commercial banks is to enhance their profitability through conducting business activities. The commercial banks play an important role in the economy; however, it is different from People's organizations and NGOs who are working for a social cause and the rights of the citizen.

As per Linh (2019), one of the common function or activity conducted by all these three types of organizations is that they provide an opportunity to the individuals and communities in the developing countries to prosper and grow in terms of conducting business activities. The people's organizations provide an opportunity to farmer's to work and earn a high wage for their hard work and utilize the reasonable opportunities of conducting farming activities through the government funds which is their right in the society (Bouman, 2019). The commercial banks and NGO's are both involved in providing microfinancing opportunity to individuals and small businesses through providing loans. The commercial banks usually charge interest on loans; whereas, NGOs provides microfinancing without any interest and focus on the betterment of the society along with work for a social cause (Pedrini et al, 2016). The considerable link that can be found among these three types of organizations is that it provides an opportunity to small businesses and communities to develop and grow by conducting economic activities which are beneficial for them as well as for the economy of a developing country.

METHODOLOGY

The research methodology which is selected to conduct this research is the qualitative research methodology. The qualitative research allowed us to conduct the research through the observing and analyzing the study of other researchers and scholars who have conducted research with regard to people's organizations, NGOs, and commercial banks (Roy, 2017). The qualitative research provides to analyze the past studies and conduct a comparison with the current studies and allows the researcher to come up with opinions and reasoning with regard to the research. However, the qualitative research allowed us to dig deeper with regard to determining financial triangle between people's organizations, NGOs, and commercial banks in developing countries, and come up with the opinion of the link between them.

RESULTS

Developing countries usually face financial constraints in providing microfinancing activities to small businesses. Moreover, there are brighter chances available for the small business to grow and prosper in the developing country. The link among these organization which appears to form a financial triangle among them is that all of these organization are involved

in providing the opportunity to the individuals and small businesses in the form of microfinancing. Furthermore, providing rights to the individual and communities to obtain the grants and funds is also performed by the people's organizations through the creation of associations for the people.

DISCUSSION

Financing is the core requirement for any type of business in order to prosper and grow. However, small businesses require financing at the initial stage in order to strengthen their foundation to survive in the competitive environment (D'Espallier et al, 2017). Therefore, people's organizations, NGOs, and commercial banks are available in providing services to the individuals and communities who are involved in conducting small businesses. Financing opportunities are provided by all these three types of organizations but the purpose of these organizations is not the same (Singh, 2018). The finance triangle occurs among these institutions in a way that people's organization assist the workers to get their rights from the government, NGOs allow the community and business to grow through providing interest-free loans, and when these organizations are in a stable position, the commercial banks are there to provide the financing and assist them to conduct business activities efficiently and effectively (Macekura, 2016). Hence, all these organizations are providing opportunities to businesses by assisting in acquiring financing for the purpose of business activities.

CONCLUSION

The NGOs, people's organizations, and commercial banks play an important role in providing opportunities to the small businesses and organization by providing them opportunity from the start to the stage when the small businesses and organizations become stable. Financing assists the businesses to augment their business activities and become competitive within the industry. Hence, these organization creates a platform for the businesses i.e. people's organization provides the right to conduct businesses activities, the NGO provides funding at the start in order to assist the organization to strengthen its foundation, and the banking provides financing when the business has become stable so that the operations of the business can be conducted smoothly without any hindrance.

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