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India's NGOs have tough time, with foreign aid cut off

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Nuns walk near the entrance of the head office of Missionaries of Charity in Kolkata on Dec 28, 2021. PHOTO: AFP

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NEW DELHI/KOLKATA - It was on Christmas that the Indian government decided not to renew a licence necessary for Missionaries of Charity, founded by Mother Teresa, to receive foreign funds.

Since then, many more entities have found themselves caught in the government's cross hairs as it cracks the whip on non-governmental organisations (NGOs) receiving foreign funding.

According to the Ministry of Home Affairs (MHA), Foreign Contribution Regulation Act (FCRA) licences of nearly 6,000 organisations lapsed on Dec 31, the vast majority of them having failed to apply to have their five-year permits renewed on time.

Among them were 179 organisations whose requests were turned down due to irregularities in their applications. Those impacted include entities working on issues related to health, education, culture and also religion.

The Economic Times reported on Jan 4 that licences of 79 NGOs had since been restored.

But the flurry of cancellations has raised questions, particularly at a time when the role of NGOs has become more important in supporting the vulnerable hit by the pandemic.

"FCRA's harsh provisions have negatively affected the ability of civil society to help combat the pandemic," said Mr Aakar Patel, who is chairman of Amnesty International India. He noted that rules were now so tight that "an NGO working on education could not receive and distribute oxygen concentrators" and "foreign aid that might have reduced the impact on Indians could not be distributed".

Since being elected to power, Prime Minister Narendra Modi's government has exerted greater control on foreign funding for NGOs, cancelling the FCRA licences of tens of thousands of entities.

This latest round has heightened concerns that the government is using its heavy-handed approach on FCRA clearances to browbeat NGOs critical of its policies.

Oxfam India, one of those that had its licence renewal application turned down, had questioned the government's handling of the pandemic and pushed for greater labour rights in the tea industry.

The news that its application had been turned down was welcomed by Legal Rights Observatory, an Indian organisation that has been critical of Oxfam India and had even complained about it to the government.

"#Victory Finally killer of Assam Tea, India hater @Oxfamindia loses (sic) its #FCRA license for massive #FCRAViolation... Amazing news on very 1st day of 2022," it tweeted on Jan 1, thanking the MHA and its minister Amit Shah.

An Oxfam India spokesman said its papers were in order and that it had received no queries from the government prior to its decision not to renew its licence.

Mr Patel said: "The cancellations will harm Indians and the civil society institutions. Groups, especially those working on (human) rights, have faced targeted action from the organs of the state, including the Central Bureau of Investigation, the Enforcement Directorate".

He added that it would be difficult in the medium term for non-profits to make up for the loss of foreign funds through domestic means. "Most NGOs don't have a corpus or surplus to allow them to transition from one model to another. Once funding is cut off, they usually shut down," he said.

According to the India Philanthropy Report 2021 by consultancy firm Bain & Co, foreign non-profit contributions had already declined by nearly 30 per cent over the past five years, driven by changes in regulations governing such contributions.

The MHA declined to comment on criticism that NGOs critical of the government had been targeted.

But Bharatiya Janata Party MP Rakesh Sinha labelled the criticism a "conspiracy theory".

"FCRA has been misused by NGOs. There are established rules for money coming from outside. The source of the money, the reasons for which they have donated and their auditing. All these three things are required for any country. No country can give a free hand to NGOs taking money from outside," he said.

"If the money is not audited, then money can be misused and used for an ulterior purpose, which creates disharmony in the country.... If any NGO is removed from the FCRA, they can challenge it in court. No NGO has come claiming it has been deprived despite following the law."

He further noted that there are laws that have to be respected, including those passed during the stint of the preceding Congress-led government. "Whether it is Prime Minister Modi or (former prime minister) Manmohan Singh is not the question. The question is whether you are following the law or not."

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Organisations have also found themselves caught in administrative complexities as the process to renew licences has become more stringent over the years.

For instance, in October 2020, the MHA asked all organisations seeking foreign donations to open a "FCRA account" at one specific branch of the State Bank of India in New Delhi for better control. The organisations could receive foreign contributions only in their accounts in this branch.

"This has created difficulties for organisations because local bank officials in smaller towns are not always familiar with FCRA rules. Many organisations have therefore not been able to apply for renewals on time," said Mr Manoj Pahwa, a chartered accountant who supports organisations on FCRA-related matters.

He told The Straits Times that renewals have also been held up because of lack of staff at the MHA and suggested that an application for renewal should be "deemed renewed" in case it is not processed within a specified deadline.

Seva Bharati Guntur, an organisation based in Andhra Pradesh, told ST it had applied to open an account in the specified SBI bank branch in Delhi in September last year but it has been unsuccessful so far because the branch had several queries that were not shared with the organisation by the local SBI branch it was dealing with.

As a result, neither was the organisation able to file its returns for 2021 nor apply to have its licence renewed. "The whole process has been delayed. We need some more time to complete the process," a spokesman said.

Some associations contacted by ST said that they were working on renewing their licence. The Tuberculosis Association of India said that it was applying for a renewal and had got its deadlines mixed up. "Our finances are in order and clean," said an official.

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