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HELPING HANDS- NGOs using foreign funds must be monitored, not hounded

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The media were agog when a “secret” report of the Intelligence Bureau was leaked a few days after the swearing-in of the Narendra Modi-led government. It, particularly, pointed to Greenpeace, to the agitation against the Kudankulam nuclear power plant (picture) and coal-based thermal power projects as having been funded by foreign agencies to hold back India’s development. The report, obviously, suits the suspicions about foreign funding in both the Congress, which initiated the report, and the Bharatiya Janata Party, which received it.

Within India, there is not much funding for the activities of non-governmental organizations. It has grown since 1991, as companies have wanted information for a competitive economy. There is also the desire of some to “do good”. The activities of NGOs could range from social science and scientific research to conscience-raising movements for women, *adivasis* and other communities, support for the disabled, for clean environment, protection of wild life, promotion of nutrition programmes, health and immunization programmes, education and so on, and for propagating religion. The Foreign Contribution Regulation Act requires all foreign funding to NGOs to be reported to the government, showing details of donors and the purposes for which the funds were used.

Propagating conversion from one religion to another is not encouraged under Indian laws and some states have stringent legislation to discourage it. Article 25 of the Indian Constitution guarantees every citizen the right to profess, practice and propagate his faith in a way that does not disrupt public order and does not affect public health and morality adversely. Several Indian states have passed freedom of religion bills, primarily to prevent conversion: Arunachal in 1978, Gujarat in 2003, Madhya Pradesh in 2006, Chhattisgarh in 2006, Himachal Pradesh in 2007. This has not stopped religious conversions, especially to Christianity. Various benefits to the poor, such as good education and health services, tempt them to convert, apart from others who might feel an affinity for the religion. Foreign funding for conversion and propagation of religions — mainly Christianity and Islam — are believed to be rampant. The latter is said to be funded by *hawala* and does not feature in

government statistics.

Between 1993 and 2012, the number of registered associations (NGOs) rose from 15,039 to over 41,844, but through all these years only 54 per cent to 64 per cent filed details of foreign remittances received. In 2011-12, 16,756 had not filed returns. Those that did had receipts climbing from Rs 1,865 crore to Rs 11,548 crore. The principal donors in 2011-12 were from the United States of America, Germany, the United Kingdom, Italy, Spain and the Netherlands. There are reports that there are at least 40 charitable organizations in Saudi Arabia whose primary job is to raise money for funding terror in India. The government does not appear to use the information it gets (or does not get) effectively. There appears to be little monitoring and inspection of the activities of NGOs.

Foreign funding of NGOs is a complex subject. Many recipients carry out very useful activities that help the country. There are some with ulterior motives. For example, it was said that the agitation against the Kudankulam nuclear power plant was funded by American sources that wanted to discredit Russian nuclear power technology. In the 1960s, the Congress for Cultural Freedom was reported to be funded by the Central Intelligence Agency. It produced a magazine called *Encounter*, edited by the famous British poet, Stephen Spender. The Congress for Cultural Freedom arranged many conferences. The magazine was beautifully produced and I remember it as having been very informative and educative.

Mrs Indira Gandhi became paranoid about the influence of secret CIA funding of NGOs and visiting research scholars in India. She introduced rules that made it very difficult for American scholars to visit India for research and India was on the backburner of American research projects for over two decades. Was it in India's interest that many American scholars could not come to India for research?

Many outstanding educational and research institutions were started and survived mainly with foreign funding. The National Council of Applied Economic Research, for example, was established in 1956 on the initiative of T.T. Krishnamachari (a successful businessman who served Nehru in the cabinet as minister for commerce and finance). The NCAER received substantial Ford Foundation grants that helped set it up. I became director-general in 1990. Funding sources for social science research in India were very limited. Government departments would fund some research, depending on the fancy of a joint secretary in a ministry. It was more as charity to enable the institutions to survive. Neither the private nor the public sector in industry was much interested in research. India was a closed economy and the trick for industry was to get industrial licenses, which then guaranteed them a market and practically no competition. Estimating market sizes, income distribution, asset holdings, consumer habits and preferences, consumption in rural households and so on called for meticulously chosen large samples (to represent India), which could extract such information. It was expensive and unlikely to create profit for businesses. Yet such research was necessary for understanding how India was structured and how it was changing. The primary funding sources were the foreign foundations — Ford, Canadian agencies like CEDA and International Development Research Centre, USAID and others. The NCAER was, by no stretch of the imagination, an agency that gave away secret information about India or agitated against Indian government policies.

I recall that in the early years of liberalization, I got the USAID to fund a project for monitoring Indian reforms and their effects on different sectors. One of my board colleagues thought that American funding for studying reform was inappropriate and we gave it up. The paranoia about foreign influence through funding was very much visible. Yet it was an important study and should have been done from the beginning of the liberalization in 1991.

The issue is how to prevent foreign funding from subverting Indian policies. The FCRA is a useful legislation for the purpose. But information from it is not adequately monitored and used. Many NGOs seem to escape any action despite not giving complete or any information. The purposes for which the money is used are not always properly disclosed. Foreign money that funds NGOs who use it to protest against government policies need close scrutiny. For example, it is accepted policy in India that in the absence of other fuels, India must depend on coal. India must do everything possible to encourage other non-polluting power sources, but coal will remain the dominant source. Should foreign funded agitations against coal-based plants be permitted? This question also arises in case of nuclear power. There is great hostility to it in Europe, where Germany, for example, has been dismantling its nuclear power plants. India is a small player in nuclear power and needs it to satisfy development needs. Externally-funded agitations, however well-intentioned, must not be permitted.

At the same time, NGOs must not be hounded, and even those which receive foreign funds to run research, health services, education, training and so on, must be allowed a free hand. With corporate social responsibility featuring in the Companies Act, we can expect domestic funds, apart from funds from the government, to increase. The need for foreign funds could thus reduce.

Foreign funding will have to be more closely monitored so that its use can be channelled to desired areas. At the

same time, there needs to be transparency in government actions with regard to them.

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