IAS GS World PCS
Committed To Excellence
Exclusive Editorial Simplified
06 March 2023

POWER AGAINST KNOWLEDGE:
On Centre for Policy Research FCRA Licence Suspension

The Hindu
Paper - II
(Indian Polity)

The decision of the Government of India to suspend the Foreign Contribution (Regulation) Act (FCRA) licence of the country's premier think tank, the Centre for Policy Research (CPR) is bad in optics and substance. The reasons that are being cited by the authorities include lapses in the income-tax paperwork of CPR's staff, lack of due process in the accounting process, and diversion of funds to publication of books, which the authorities allege is not part of the CPR's objectives.

Misusing the Law or Bringing out the Truth

An eagerness to drag the prestigious institution into a quagmire of legal processes is writ large over this entire exercise. The CPR has been working on improving governance and enhancing state capacity among other things, in collaboration with governments, and the public and private sectors. There are many advocacy and campaign groups that have been facing the wrath of the government in the recent past, but the action against the CPR lowers the bar of tolerance for the political establishment to an abysmal level. This betrays an inexplicable hostility towards knowledge creation of all kinds.

Foreign Contribution (Regulation) Act (FCRA)

The FCRA was activated during the Emergency in 1976 amid apprehensions that foreign powers were interfering in India's nuclear affairs by channeling funds through independent organisations.

FCRA

- FCRA requires every person or NGO receiving foreign donations to be registered under the Act, open a bank account to monitor foreign funds and use those funds only for the purpose for which they have been received, as it is prescribed in the Act.
- The Act prohibits receipt of foreign funds by the journal, magazine or newspaper and media broadcasting authority, judges and public servants, members of legislature and political parties or their officials and organization of political nature for documents.

FCRA

The FCRA is a regulatory mechanism to ensure that foreign vested interests are not unduly influencing the domestic politics of India, but sweeping application of the law in a manner that clearly disables the non-governmental sector suggests a thoughtless approach Bordering on vindictiveness.

Impact on Promotion of Higher Education and Research in India

India's New Education Policy envisages academic exchanges and cooperation between Indian and global institutions to raise the standard of higher education and research in the country. India also wants to emerge as a centre of technological excellence and manufacturing. Recently, two Australian universities announced their plans to have campuses in India. However, India's global ambitions are clashing with the insecure and reactionary state actions such as the restrictions on the CPR.

Use the Rules Carefully

Collaboration with the world requires the flow of information, personnel and funds in both directions. Restrictions on all these for national security reasons are part of the rule everywhere, and are acceptable. But these are to be exercised sparingly.

Conclusion

To assume that Indian thinking should be insulated from foreign ones, while seeking international technology and capital inflow at the same time is a paradox. At any rate, for a country growing as fast as India, a massive expansion in capacity for research is the need of the hour. Along with public funding, private and philanthropic funding are essential for India to continuously expand its knowledge horizons in all fields. The government should not merely tolerate, but facilitate the emergence of several more institutions such as the CPR.

Amendment:

- The Foreign Contribution (Regulation) Act (FCRA) has been amended in 2010 under which foreign funds of individuals in India are regulated under the FCRA Act and implemented by the Ministry of Home Affairs (MHA). The Act ensures that the recipient of foreign contribution adheres to the purpose for which the contribution has been received. Under the Act, organizations are required to register themselves every five years.
- In 2020, the Indian government proposed amendments to the FCRA, which imposed new restrictions on non-governmental organizations (NGOs), individuals and other organizations receiving or using funds contributed from abroad.
- Under the Foreign Contribution (Regulation) Amendment Rules, 2022, relatives living abroad will now be able to remit Rs 10 lakh without any hindrance, which was earlier Rs 1 lakh. Now more than 20 percent of the foreign contribution is not allowed to be spent on administrative purposes.Foreign contribution amount 10 lakh, then the recipient can inform the government within 90 days, earlier there was a provision to give information within 30 days only. For this, rule 6 has been changed.

Expected Question

Que. With reference to Foreign Contribution (Regulation) Act (FCRA), consider the following statements-

1. Foreign funds and donations received by non-governmental organizations (NGOs), individuals and other organizations are regulated by the FCRA.
2. Relatives living abroad can send up to Rs 10 lakh without any hindrance.
3. If the amount of foreign contribution exceeds Rs 10 lakh, then the recipient can inform the government within 90 days.

Which of the statements given above is/are correct?

(a) Only 1

(b) Only 2

(c) Only 3

(d) 1, 2 and 3

Answer : D

Mains Expected Question & Format

Que.: Critically examine the Foreign Contribution (Regulation) Act (FCRA), which was brought to regulate donations and money received from abroad.

Answer Format :

- Write about FCRA.
- State its positive and negative sides.
- Keeping in view the present scenario, give a balanced conclusion.

Note: - The question of the main examination given for practice is designed keeping in mind the upcoming UPSC mains examination. Therefore, to get an answer to this question, you can take the help of this source as well as other sources related to this topic.