

# **A CRITICAL ANALYSIS OF NGOs AND THEIR FUNCTIONING**

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## **ABSTRACT**

This paper attempts to analyse the adverse impacts that the operation of some NGOs has and can have on growth, development and communal harmony in India. It acknowledges the crucial role that civil society groups play in the functioning of democracy but at the same time points out that not all NGOs work for social welfare in reality. Their charitable actions act a façade for the various clandestine and surreptitious activities they engage in at the back. The paper also highlights the loopholes in some of the major laws governing NGOs in India and the multiple ways in which unambiguity in their functioning can be ensured through the collaborative efforts of NGOs and government. It is a critical study of the role and functions of NGOs in a country.

## **INTRODUCTION**

NGOs are an integral part of any modern society and enable the effective and efficient functioning of democracy through the various services that they offer. They are responsible actors that often act as intermediaries between the government and the deprived sections bringing to the government's notice the concerns of those who are often forgotten in the race to the top. However, there is another side to the story too. This paper aims to bring to light this rather known but still ignored side of NGOs mainly the malpractices that they engage in with a major focus on terrorism, corruption and development.

According to data, there are over 3.3 million registered NGOs in India that cumulatively receive funds amounting to billions of dollars annually, but as per non-profit watchdogs nearly half of this money is misused. Many NGOs have sketchy annual reports which do not give a clear idea about their finances and how they were used and such NGOs tend to be highly secretive when it comes to disclosure of financial data. However, this by no means implies that all NGOs should be seen with a suspicious eye and subjected to draconian regulations that restrict even their day-to-day welfare tasks. Therefore, this paper is an attempt to draw a

dividing line between honest and bogus NGOs while highlighting the various schemes resorted to by the latter.

## **METHODOLOGY**

This analysis is based on information gathered from various secondary sources like newspaper articles, online journals and books.

## **ROLE OF NGOs IN TERRORIST ACTIVITIES AND RELIGIOUS CONVERSIONS**

NGOs play a very important in the present society by standing up for the rights of the underprivileged and by becoming the voice of the voiceless. They are not-for-profit entities that do humanitarian work and usually enjoy high levels of public trust. People see these NGOs as accessible entities that they can reach out to whenever they are in some problem and government authorities seem too distant and unapproachable.

However, not all NGOs work for the upliftment of society. Many of them are involved in illegal and illegitimate activities that do more harm than good to the society. Many NGOs are part of the terrorist nexus and act as agents in facilitating the terrorist attacks in various parts of the country especially in the more vulnerable areas like Jammu and Kashmir. These NGOs allegedly have links with various terrorist organisations and channel funds illegally for them. In most cases, they more or less exist on paper, without following any of the procedures required to be fulfilled by NGOs operating in India. No details are available about what these NGOs do, where their fundings come from, where they are spent or who the donors are. No audits are conducted of their accounts. In most cases they are even not registered under the Foreign Contribution Regulation Act (FCRA) that regulates the foreign funds of individuals, companies or organisations. The websites of these NGOs also often mention nothing apart from a brief introduction and few pictures of the NGO staff doing charity. There are no other details provided. The NGOs just seek donations in the name of helping the needy. They participate in financing the terror activities by accepting and forwarding funds through hawala, human couriers or through the operating of shell companies.

These NGOs often appeal to people on religious grounds and play the victim card by portraying their religion to be under threat so as to attract radical individuals especially the youth, who are later brainwashed to support their cause. Apart from providing funds and these new recruits to

terrorist organisations, the NGOs also provide the infrastructure to conduct planning for attacks.

In case of funding, these NGOs act as fronts for transferring finances to terrorist organisations. They collect funds from various sources including from abroad in the name of their charitable cause but then these funds are either sent to the main terrorist body or are distributed among the terrorists stationed in different parts of the country to carry out attacks. Many terrorist organisations around the world have charitable fronts which they use to obtain and move funds like Falah-e-Insaniat Foundation established by Jamaat-ud-Dawa (a militant Islamist organisation based in Pakistan), which was finally banned by the Pakistani Government in 2019.

A similar use of charitable fronts was made by organisations during Covid-19 to collect funds under the garb of helping people but which were in reality used for terrorist activities. A report by DisInfo Lab, USA exposed several US-based Pakistan NGOs (charity organisations) that raised funds in the name of helping India during the second wave of Corona last year. According to the report these organisations had close ties with militant Islamist terrorist groups. One such organisation is the IMANA- Islamic Medical Association of North America which started a campaign on Instagram #HelpIndiaBreathe on 27<sup>th</sup> April, 2021 and set a target of Rs. 1.8 crores. IMANA doesn't have any office or representative in India. As per the report it received huge amounts of money and kept on revising its target when the earlier one was met. It was very opaque in its operations and hence the exact amount collected is not known but according to DisInfo Lab it could be somewhere between 30 crore to 158 crore rupees. When IMANA's chairman Dr. Ismail Mehr was questioned about the manner of utilization of the funds he said that they had been used to buy medical equipment like masks, oxygen concentrators etc. but no such equipment reached India. He also claimed that they had collaborated with Air India for free shipment to New Delhi, they had also engaged volunteers at the ground level and had also tied up with DRDO and the Indian Ministry of Agriculture. However, these claims could not be verified.

DisInfo Lab found around 66 organisations running such campaigns seeking funds to help India. Some of them were ICNA Relief Canada, Human Concern International (Canada), Helping Hand for Relief and Development (HHRD) and Islamic Relief UK. According to the report ICNA Relief USA and HHRD are US based charities of Jamaat-e-Islami (JeI) of

Pakistan. They also have had connections with Falah-e-Insaniat. IMANA has also allegedly provided funds to Al-Khidmat Foundation which is again a charity wing of JeI funding Hamas. Since no clarity exists about how these collected funds were spent, the report claims that they might be used to finance terrorist attacks and actions.

Similarly in 2019, the National Investigation Agency (NIA) prepared a list of civil society groups based in J&K and Islamabad for allegedly funding terrorist activities in the state. One such organisation was the Relief Organisation for Kashmiri Muslims (ROKM) based in Faisalabad, Pakistan. According to the Canadian Revenue Agency (CRA), it is a charity front of JeI and Hizbul Mujahideen. The CRA also suspended the Islamic Society of North America (ISNA) for funding ROKM. The ROKM claimed to work for the affected families in Azad Kashmir (POK) but in reality it funded terror attacks in J&K.

In 2021, the NIA registered a case against 4 people for terror funding. They were allegedly using Jammu and Kashmir Affectees Relief Trust (JAKART) to fund terrorist activities. They worked under the guidance of Hizbul Mujahideen (HM) chief Syed Salahuddin who used JAKART as a charitable front of HM and diverted the money meant for charity for financing terrorism in the state.

These NGOs also act a link for channeling funds sent by the diaspora abroad to support separatist movements in India. One example can be the insurgency in J&K, when the Jammu and Kashmir Liberation Front (JKLF) received immense support from Kashmiris in POK and Pakistan and also from the Kashmiri diaspora in the U.K. to carry on the movement. The JKLF was banned by the Indian government in 2019.

Similarly, the Khalistani movement in Punjab was funded by the diaspora in Canada, USA and Europe. They provided not just finances but also arms, ammunitions and other resources to the insurgents.

The NIA has also found NGOs operating in countries like Canada, Germany and U.K. as funding terrorist groups in India like the Babbar Khalsa International.

The large amounts of remittances that flow into the country sent by NRIs working abroad are also a matter of serious concern for the government since their regulation is not always very easy and this might be used by terrorist groups to channel funds for terrorist activities into India. Taking legal action in this situation becomes extremely difficult given the lack of information.

In the North-Eastern region of India, many NGOs allegedly have links with insurgent groups. In February, 2022, 824 NGOs were booked for having ties with insurgent organizations. Despite the presence of large number of civil society organizations, there is hardly any non-governmental developmental activity in the region, the region continues to be backward. Apart from the funds that flow in from abroad, the Indian Government also provides huge sums of money to the region. However, leakages from the developmental funds usually go into the hands of the insurgent groups. There are also nexuses between politicians, insurgents and bureaucrats which leads to diversion of developmental funds for illegal and insurgent activities in the region. Many political leaders lend support to the insurgent groups or their NGO fronts thereby fuelling violence in the region. Many human rights groups in the region too are allegedly involved with insurgent groups and terrorist organisations. They claim to protect the people from the excesses of the government but are silent when violence is caused by insurgents.

India has also argued at the UN Security Council that terrorist groups often rebrand as NGOs working for humanitarian causes to evade UNSC sanctions. It cited the example of the charity wing of Jamaat-ud-Dawa- Falah-e-Insaniat. Hence, it insisted that there is need of proper supervision and regulation of NGOs so as to ensure that they don't end up as fronts for terrorist organisations. Not just at the international level, efficient and effective regulation is needed at the national level too to keep a check on the foreign funding of NGOs and on their activities. Presence of too many NGOs in the country makes it difficult for the government to equally focus on all which increases the problem of holding NGOs accountable due to lack of evidence. NGOs also use multiple ways to channel their funds which further aggravates the problem. Apart from these, scrutiny is also necessary to prevent these NGOs from luring the youth of the country into terrorist activities.

Over the years there has also been a growing trend of terrorist groups channeling funds through NGOs to set up institutes and religious centres in countries to spread radical ideologies among the youth thereby luring them into joining terrorist and insurgent camps. This has been extremely common in poorer areas where inciting and mobilising people on religious grounds is much easier by appealing to their deprivations and showcasing acting in the name of religion as the way out of these difficulties and hardships.

Somewhat related to this is the role that many NGOs have come to play in religious conversions in the country. Religious conversion by choice is completely acceptable but some NGOs have

allegedly been involved in forced conversions through inducements, allurements, misrepresentation, threats, deceit, showcasing of miracle cures or by threatening people that they might become objects of divine displeasure if they did not embrace a particular religion. These NGOs have no respect for the multi-ethnic and multi-religious society of India and seem to be part of a fanatic movement to make all people in the country belong to the same religious group, in a sense establishing a homogeneous society.

These NGOs in reality function as conversion centres, but disguise themselves as educational/charitable institutes so as to evade sanctions or governmental scrutiny. They basically run a propaganda to brainwash and proselytise people of different faiths. When dealing with people from backward or underprivileged sections, they even use frequent references to atrocities meted out to them and their communities as a way to convince them for conversion. Inviting foreign preachers to talk to people and convince them is also not unheard of. Like in case of spreading of radical ideologies, here as well, major focus is on poorer, less educated and tribal areas (like in Jharkhand and Telangana) where people, due to ignorance, are easier to persuade and mobilise.

Over the years many NGOs have even lost their FCRA license due to their involvement in such clandestine activities as section 12(4) of the act empowers authorities to suspend the license of organisations/NGOs indulged in forced conversions. Moreover, in 2019 the government introduced changes in the Foreign Contribution (Regulation) Rules, 2011 that made it mandatory for not just the applicant like the director but for all members of an NGO “to certify that they have not been prosecuted or convicted for conversion from one faith to another and for creating communal tension and disharmony” (Statesman: 2019, September 17). They also have to “now, under oath, through an affidavit, certify that they have never been involved in diverting foreign funds or propagating sedition or advocating violent means” (ibid.). This has been done to tighten the rules regarding obtaining and utilisation of funds by NGOs.

It’s understandable that the government wishes to prevent NGOs from misusing the faith and trust that people have in them but few bad apples don’t make the entire basket bad. These new rules have made it extremely difficult for genuine NGOs to obtain foreign funds thereby hampering their humanitarian activities and also impacting the needy people who are benefitted by these NGOs. The government has also resorted to using these rules to attack and suspend the license of NGOs run by minority communities and of those that criticise the government for its various human rights violations. Over the years, even reputed international NGOs like

Amnesty International, Green Peace and Action Aid have been forced to close down their operations in the country. Preventing forced conversions is correct but the government should not misuse its authority and the rules and regulations to crack down on its criticsers and opponents. Positive criticism is necessary in any democracy for the government to work efficiently.

## **NGOs AND DEVELOPMENT**

NGOs stand up for variety of causes such as human rights, environmental rights, animal rights, climate change, students' interests, women rights and empowerment. They play a crucial role in the development process by bringing to the government's notice the various concerns of the citizens and by providing a variety of services and humanitarian aid to the impoverished and the needy. They also encourage the active participation of civil society in various events and act as a check on the implementation of policies and programmes. They are essential for providing effective feedback to the government on its performance and for criticising it when it acts against the interests of the citizens. In this way they it is an important tool of bringing about a change in the government's functioning and also in its approach towards development.

NGOs are seen as more efficient and cost-effective service providers and agents of change who bring about sustainable and participatory development and also empower people in the process so as enable them to speak for themselves. They also facilitate the democratization process, promote pluralism and open up channels of communication and participation and hence, can be described as an alternative medium of change.

However, every coin has two sides. No doubt that NGOs facilitate citizen-oriented development but there are certain negative aspects associated with participation of NGOs in the development process too.

NGOs usually have fewer financial resources than government to invest in developmental projects and it has been observed that NGOs spend large amounts of money on advertising to attract the sympathy of donors by exaggerating the true situation whether it is the level of poverty, deprivation, food scarcity or devastation in case of disasters/ crises.

It has been observed that many NGOs are involved in promoting their own political and religious agendas and are usually not free from the corruption which is considered so characteristic of the corporate world. During elections, especially during local elections, they might facilitate the selection of their favoured candidate so as to derive benefits and political

favour from him or her. Moreover, it has been observed that the lasting effects of the work of NGOs are minimal since in most cases NGOs do not solve the root cause of problems and are only involved in finding superficial and short-term solutions to the issues at hand. For example, NGOs and organisations have been providing services and aid in the Sahel region of Sahara Desert in Africa since 1972, but the region is still plagued by famines, poverty and emergencies.

It has also been observed that when NGOs are made a part of development in any sector like health or education, the presence of too many actors (government, officials, NGOs) at times can fragment the local system and undermine local control and management thereby hampering the developmental process. The lack of collaboration and trust between Government and NGOs leads to the NGOs operating in complete isolation from governmental activities, decisions and local traditions and customs. The result is the failure to find effective and lasting solutions to the problems of development. Just finding solutions is not sufficient, the local institutions and people need to be trained to internalize and adapt to the solutions so that they can sustain the achieved development in the longer run. However, NGOs largely fail on this front and hence, when they relocate from a particular region, the developmental outcomes achieved also fade after some time leaving the region in the same state of destitution in which it was before the NGO arrived.

Moreover, diverting funds from the state to NGOs prevents the state from carrying out its social service agendas that can prove detrimental to the development of the region and to the welfare of the people. This was aptly showed by a research conducted in East Ghana by Dean Karlan and Christopher Udry, both Professors at Northwestern University, USA. They selected 200 villages where an NGO had started a programme to assist villagers in setting up institutions like clinics, toilets, rural banks etc. The NGO not just provided finances but actively involved the community in the projects so as to ensure their sustainability. The researchers conducted two rounds of surveys over a gap of five years to see the impact of the programme on the development of the region and the socio-economic well-being of the people. Initially the villagers were very enthusiastic, they participated more in the NGO meetings than in the local government meetings, they also transferred the finances that they used to fund services like roads etc. to the NGO. The researchers anticipated that this might lead the government to discontinue some of its services that became redundant due to the coming of the NGO i.e. there might be a crowding out of government services which could have adverse consequences for the welfare of the villagers. This is exactly what the results showed. Despite the initial enthusiasm of the villagers, the overall well-being of the villagers declined by 0.10 standard



deviations after the coming of the NGO. There was financial crowding out. The government funding decreased by 6.8% in the sectors where the NGO had taken over but the NGO programs were not very effective, which according to the researchers might have been due to many reasons (Gilbert: Kellogg Insight).

In another study conducted by two professors of Northwestern University, Erika Deserranno and Nancy Qian in Uganda, the results were somewhat similar. The government in Uganda introduced a programme where local villagers offered health services, check-ups, health education by going from door to door in the villages on an unpaid basis. One year later an NGO introduced a similar programme in the villages but the difference was that here the workers were paid (they kept a portion of the money they earned by selling various products like soap, oil to the household they visited). The research was conducted on these villages to see the impact of the coming of the NGO. The researchers noted that only half of the villages where the NGO programme was introduced already had a government worker. The results showed that in the villages which did not have a government health worker, health services improved and infant mortality rate declined. But in villages that already had a health worker, in 39% cases the NGO hired that worker which had dire consequences. Infant mortality rate increased and the likelihood of the villagers receiving aid from a health worker declined by 22.9%. A previous study had found that government workers devoted 10 hours a week to delivery of health services whereas the NGO workers devoted 14 hours to the job but out of them 7 hours were spent on sales work and seven on delivery of health services, which was probably the reason for the decline in health status (Gilbert: Kellogg Insight).

The NGOs especially INGOs depend largely on their donors for their work and hence, they might try to fulfil the demands of their donors and implement their agendas thereby promoting external interests. This means that they might end up favouring their donors over the marginalised and impoverished communities they claim to work for. This might also create a dependence on the donors for everything and in case of INGOs since the donors are mainly from the Global North, on the countries of the North. This can promote western style capitalist solutions to the development problems of India which might not be sustainable in the long run. Moreover, NGOs might just focus on one specific objective or project thereby undermining the achievement of other goals. All this can ultimately perpetuate the poverty and the underdevelopment in the region with no effective solutions in hand. Thus, the focus on external interests and the resultant short-sightedness of the NGOs hampers achievement of efficient development outcomes.

In 2014, a leaked report by the Intelligence Bureau (IB) allegedly claimed that some NGOs in India being funded by foreign donors especially in the US, UK, Germany and Netherlands were involved in deliberately stalling development projects in the country. These included protests and agitations against nuclear power plants, uranium mines, coal fired power plants (CFPPs), Genetically Modified Organisms (GMO), mega industrial projects (POSCO and Vedanta), hydel projects and extractive industries like oil, limestone in the North-East. According to the report these disruptions caused a reduction of about 2-3% in GDP growth. [IB Report]

The report claims that these countries fund Indian NGOs to obtain field reports and records which they then use to publicise internationally about the alleged violations of rights in India so as to pressurise the government and thereby keep the country in a state of under-development. They organise protests and campaigns against various developmental projects to hamper growth and progress. For example, the report alleges that mega projects like POSCO and Vedanta were stalled due to the activism of European NGOs like Amnesty International, ActionAid and Survival International. For the stalling of the Koodankulam Nuclear Power Project, it accuses various western funded NGOs and the Ohio University which as per the report funded SP Udayakumar, who led the movement against the power plant. The report also accuses Greenpeace of obtaining Rs. 45 crores from abroad to stage protests against coal mining and power plant under a 'coal network umbrella'. It claims that Greenpeace had been targeting mining coal mining companies mainly Aditya Birla Group, Essar, Hindalco, Coal India Limited. It also alleges that these NGOs had plans to organise future protests against palm oil imports, disposal of E-Waste, Delhi-Mumbai industrial Corridor, Gujrat model of development etc. [IB Report]

The report, however, was severely criticised by NGOs in the country and by activists who claimed it to be an attempt by the government to silence the civil society that criticised and spoke against the various human rights abuses by the government. The report anyway did not state any concrete sources for the statistics and for the allegations it made on the various NGOs.

## **LAWS GOVERNING NGOs IN INDIA AND THEIR LOOPHOLES**

Non-profit organisations in India are governed by certain acts of the India Government. An NGO in India can be registered as a Society under the Societies Registration Act (1860), as a trust under the Indian Trusts Act (1882) or as a Section 8 company under the Companies Act, 2013.

Different states in India have their own Trust Acts to govern the trusts. Those states which do not have a separate act follow the provisions of the Indian Trusts Act, 1882. For registration, an application form has to be filled giving details like name of the trust, name of trustees etc. It has to be signed by the applicant before the regional officer or the notary and has to be submitted along with a minimal registration fee and a trust deed which is a document containing the aims and objectives and the mode of management of the trust. An affidavit and consent letter also need to be submitted.

Similarly, under the Societies Registration Act, 1860, registration has to be either at the office of the Registrar of Societies (state level) or at the office of the District Magistrate (district level). The procedures vary from state to state but in general the application form has to be submitted along with memorandum of association (contains the objectives of the society), article of association (contains the rules and regulations of the society), consent letters of all the managing body members, authority letter signed by the management committee, an affidavit signed by the president or secretary of the society, a declaration that funds will be used only for the purposes stated and a no-objection certificate by the owner of the property which is used as postal address of the society.

As per the Companies Act, 2013, for a section-8 company first an application has to be made to the Registrar of companies for availability of a name for the company. Then an application has to be made to the regional director of the company law board along with multiple documents like the Memorandum and article of association (MOA and AOA), a declaration by an advocate that the MOA and AOA are consistent with the Act; a list of names, addresses and occupations of all promoters, partners, board of directors; a statement of assets and liabilities of the company, an estimate of future income and expenditure and a brief description of the work already done by or proposed to be done by the company. After considering objections if any, the Registrar can grant license to the company.

As soon as an NGO is registered, it needs to apply for PAN for the NGO. The NGO also needs to get registered under Section 12A of the Income Tax Act, 1961 so as to get exemptions from tax payments. However, under the amendments made to the Act this registration needs to be renewed every five years whereas previously it was permanent. The amendment to Section 12AA moreover allows the principal commissioner or the commissioner of Income Tax to cancel the registration of an NGO if it is found to engage in activities not listed in its MOA or

AOA. The NGO also needs to get registered under Section 80G of the Income Tax Act to provide a 50%-100% tax exemption to its donors.

There are also provisions that a society or section 8 company can be dissolved voluntarily if the reasons and aims for which it was established have not been fulfilled or are no longer relevant or if the head officers do not want to keep running the company/ society. The government can also dissolve a society or company if it feels that its activities are against national interests or the country's sovereignty.

Apart from this there is a specific law for overseeing the donations to NGOs from abroad. This law called the Foreign Contribution (Regulation) Act (FCRA) was first passed by the Indira Gandhi Government in 1976 to regulate the foreign donations to associations and individuals so that their activities were consistent with the "values of a sovereign democratic republic" (Tiwari: July 14, 2022). The act was later amended by the UPA Government in 2010 and made more stringent. The stated purpose was "to consolidate the law on utilisation of foreign funds and to prohibit their use for any activities detrimental to national interest" (ibid.).

All NGOs wishing to obtain foreign funds have to necessarily get a FCRA registration. Foreign funds can be obtained only for social, educational, religious, economic and cultural purposes. The NGOs are also required to file annual tax returns. The registration is valid for a period of five years after which it has to be renewed. Application for renewal has to be filed within six months from the date on which the registration expired. If an NGO fails to apply within this period then it can give valid reasons for the delay and apply within the next four months. After the expiry of the registration, the NGO cannot receive foreign funds or utilise the funds already obtained without the permission of the home ministry. The government can also suspend or cancel the registration of an NGO if it finds that the NGO has violated the provisions of the act or has misutilised the foreign funds or has become defunct.

In 2015, the government brought out new rules for FCRA according which the NGOs had to give an assurance that their obtaining of foreign funds would not harm the sovereignty or integrity of India or influence its friendly relations with other countries or hamper the country's communal harmony. The new rules introduced in 2019, as stated earlier obligate the NGOs to certify that they have not been involved in bringing about religious conversions or in propagating sedition, violence or communal disharmony in the country.

The act prohibits "legislature and political parties, government officials, judges and media persons from obtaining foreign contributions" (Singh: September 13, 2020). Section 5 of the

act also allows the government to notify any organisation as having a 'political nature' and thereby barring it from obtaining foreign funds.

There is also a provision of prior permission or watch list, the NGOs listed under which cannot obtain foreign funds without the prior approval or scrutiny of MHA.

In 2020, the government further amended the FCRA Act. Some major amendments include the addition of 'public servant' (as defined in section 21 of IPC) to the list of entities barred from obtaining foreign funds; prohibition of transfer of obtained foreign funds to any third party, whether registered or not; decrease in the proportion of foreign funds that could be used for administrative purposes from 50% to 20%; making it mandatory for all entities to open a 'FCRA Account' in the SBI branch at New Delhi to obtain foreign funds; allowing the government to ask for the Aadhar card of the petitioner and of all key functionaries of his organisation; and increasing the maximum period of suspension of an entity's registration, pending inquiry from 180 days to 360 days.

As is clear from this discussion, there do exist extensive laws and rules governing NGOs in India alongwith requiring a lot of paperwork but still NGOs indulge in dubious activities like terrorism and misutilisation of funds. The reason for this could be a major loophole in the laws and that is the absence of any constitutional regulatory body with the sole objective of overseeing and regulating the functioning of NGOs so that corrupt and ambiguous NGOs can be easily identified, reducing the need for imposing such harsh restrictions on all NGOs. The FCRA act aims to counter corruption and lack of transparency in the NGO sector but the act and especially the 2020 amendments are just too repressive. The amendments by preventing transfer of funds to a third party, undermine collaboration and networks between NGOs to carry out social welfare activities and critical research, by reducing the proportion to be spent on administration it restricts research work of NGOs as carrying out extensive research has a lot of administrative expenses; the compulsion regarding the opening of the SBI account has been criticised as giving the home ministry undue supervision over funds of NGOs. There have also been claims that the amendments were brought about without much stakeholder consultation and without allowing any public scrutiny which is a major shortcoming in the construction of the act.

Moreover, meaning of certain terms used in the act like 'national interest' and 'political nature' have not been clearly specified which can lead to arbitrary cancellation of NGO registrations by the government in the name of violation of FCRA. The act also doesn't contain any

provision whereby NGOs can challenge the decisions of the Government. A major issue is the lack of any provision to ensure registration and income tax clearness in a time bound manner leading to unnecessary delays in the process and unwanted opacity.

## **RECOMMENDATIONS**

Not all NGOs are involved in malpractices and nobody can deny the crucial role they play in civil society. Of course, there are certain NGOs that do undertake clandestine activities but there are ways to deal with that and here the government can be a critical actor.

First of all, an official, constitutional regulatory body should be established to monitor and supervise the functioning of NGOs so that erroneous elements can be effectively identified. The government should also conduct regular performance reviews of the NGOs so as to ensure that their work is consistent with their stated objectives and they don't become defunct. Regular audits are also needed to ensure that the NGOs' financial records are in order and to keep a check on the utilisation of funds. There is a serious need for the government to limit the number of NGO status granted; too many NGOs make supervision difficult and dubious activities by few bring a bad name to all. The government should also encourage and facilitate alliances and mergers between NGOs, especially the smaller ones to make them more effective and to improve supervision. The government should also try to coordinate with the NGOs; try to understand their concerns and viewpoint and also explain them its stand to reduce misunderstandings and misconceptions. When NGOs stage protests and campaigns, their purpose is not to stall development but to fight for those who would be adversely affected by the developmental project. Hence, there is need for collaboration between government and NGOs to come up with creative solutions to deal with the various issues associated with development. Investing in renewal energy programmes is one very efficient solution to many of the concerns of the NGOs. Whenever the government introduces any new developmental programme or scheme it should inform the NGOs about it and should ask for their inputs to prevent opposition later.

The NGOs can also do certain things to improve transparency and accountability. They can develop a code of ethics to be strictly followed, they can put in place anti-bribery measures, inform not just their donors but also the public about the way funds were utilised, ensure internal checks and balances, improve internal democracy and properly scrutinize organisations before partnering with them or taking donations from them.

## CONCLUSION

NGOs are non-profit entities that work for the upliftment of society and represent those who cannot speak for themselves and those who are left behind in the process of development. However, not all NGOs are saintly figures. Corruption and misuse of funds is not unheard of and there are NGOs who deliberately try to disrupt the growth process in the country. There have also been instances of NGOs working for terrorist organisations and collaborating with insurgents. However, this at no cost dilutes the importance of NGOs in a democracy like India and doesn't justify subjecting them to highly repressive laws in the name of disciplining them. The government can come up with many other ways to ensure transparency and accountability in the functioning of NGOs. Making and implementing new laws is not always the best solution to every problem.

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