

● POLITY

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POLITY AND GOVERNANCE

CONSECRATION DONE, PM CALLS IT A HISTORIC DAY

CONTEXT: The pran pratishtha, or consecration, of the idol of Lord Ram at the Ram Temple in Ayodhya took place on Monday 22nd of January 2024, amid chanting of hymns and performance of rituals, with Prime Minister Narendra Modi and other dignitaries in attendance.

STORY IN SHORT: The consecration of the Ram Temple idol in Ayodhya was a momentous occasion marked by chanting, rituals, and the presence of Prime Minister Modi. Modi called it a historic day of breaking free from a slave mentality and creating a new future. He participated in rituals as a designated conductor and even entered the sanctum sanctorum. After the ceremony, he broke his 11-day fast and addressed the crowd, saying the deity would no longer be in a makeshift arrangement. He emphasized the moment's significance, not just for victory, but also for humility and inclusion.

The event was a grand celebration of the temple's completion and a symbol of moving forward. Modi's speech highlighted its historical significance and his desire for reconciliation with those who opposed the project.

JUDICIAL PROCESS: In his address after the consecration ceremony, Prime Minister Modi:

- Expressed gratitude to the judiciary for upholding the law and building the temple "in a judicial manner," drawing a parallel between the legal battles for Ram's existence and the temple's construction.
- Invited his critics to introspect, describing the temple as a symbol of peace and harmony. He challenged their concerns about social unrest, stating that they misunderstood the maturity of Indian society.
- Highlighted the inclusiveness and service spirit of the Ramayana characters. He drew lessons from Hanuman's loyalty, Shabari's faith, Nishad Raj's help, and even the smaller creatures like squirrels and Jatayu who contributed to Lord Ram's cause.

Overall, Modi emphasized the peaceful and inclusive nature of the temple while acknowledging the legal and social aspects surrounding its construction. He also used the occasion to celebrate the values embodied by the Ramayana characters.

SEEKING FORGIVENESS

- Seeking forgiveness from Lord Ram:** He expressed regret for the centuries it took to complete the Ram Temple, acknowledging possible shortcomings in past efforts. This adds a layer of humility and acknowledges the long and complex history surrounding the temple.
- Vision for a new India:** Looking ahead, Modi emphasized the Ram Temple as a symbol of a "magnificent" and "divine" India. He called for a national pledge to build a capable, developed, and strong nation, drawing inspiration from the temple's

construction as a testament to collective effort and perseverance. This section shifts the focus towards the future and national transformation.

CONCLUSION: The consecration of the Ram Temple reverberated in Ayodhya with chants, rituals, and a nation's hopes. Prime Minister Modi, a pivotal figure in this historic moment, acknowledged both the past struggles and the future possibilities. He sought forgiveness for delays, highlighting the temple's role in moving beyond divisions. His call for a grand and unified India, echoing the characters of Ramayana, resonated through the celebrations. As the echo of hymns fades, it leaves behind a promise of a new dawn, built on unity, progress, and the enduring spirit of Rama.

INTERNAL SECURITY

CHINESE RESEARCH VESSEL ENTERS INDIAN OCEAN, 'HEADING' TO MALE, SAY TRACKERS

CONTEXT: Xiang Yang Hong 03, the Chinese research vessel is entering the Indian Ocean and headed to Maldives.



Xiang Yang Hong 03, a Chinese ocean research vessel is entering the Indian Ocean Region [IOR], displaying its destination as Male. The vessel is expected to run an ocean survey operation in the Indian Ocean Region raising concern in India. The destination — Male — is noteworthy given the moratorium on foreign research vessels by Sri Lanka and the ongoing friction between India and Maldives over Indian troops stationed there.

Steady rise

There has been steady rise in the deployment of Chinese research vessels in the IOR and the general area of deployment has been observed around the 900 E Ridge and Southwest Indian Ridge.

These vessels have powerful equipment for snooping and gathering a range of data.

Amid repeated messages from New Delhi, Colombo in December 2023 announced a year-long moratorium on foreign research vessels visiting Sri Lankan waters. Xiang Yang Hong 03, which was scheduled to call at a Sri Lankan port this year, is now reportedly heading to the Maldives.

ECONOMICS AND DEVELOPMENT

CENTRE NOT TO RE-WORK RODTEP SCHEME AS IT IS WTO COMPLIANT: OFFICIALS

CONTEXT: The Centre has no plans of re-working the popular Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for exporters, despite the U.S. government imposing anti-subsidy duties against it, as the problem was not with the WTO compatibility of the scheme but with the inability of exporters to provide adequate documents to U.S. investigating teams.



The Directorate General of Foreign Trade (DGFT) and the Directorate General of Trade Remedies (DGTR) are now working on familiarising exporters with the entire process of documentation so that they can establish that the RoDTEP payments are in lieu of input taxes not remitted under any other scheme and were not export subsidies.

RoDTEP is clearly a remission scheme and is fully WTO compliant. The RoDTEP scheme, announced in January 2021, replaced the WTO-incompatible MEIS scheme, which had faced several challenges from partner countries at the WTO as it was not transparently determined. RoDTEP was designed carefully to ensure that it was totally transparent and the refund rates were based on embedded duties and taxes, such as VAT on fuel used in transportation, mandi tax and duty on electricity used during manufacturing of the exported items. However, earlier this fiscal, both the U.S. and the EU imposed countervailing (anti-subsidy) duties on Indian products, against RoDTEP payments availed.



“Education is the ability to listen to almost anything without losing your temper or your self-confidence.” - Robert Frost

ECONOMICS AND DEVELOPMENT

TAX CONTRIBUTION BY STATES NEEDS TO BE REVISITED

CONTEXT: There are two important tasks of the Finance Commissions, namely (i) to recommend the proportion of the Union tax revenues to be assigned to States and (ii) to recommend the share of each State in the assigned tax revenue.

Since the 1st Finance Commission, some States have been arguing that their contributions to the Union tax revenue have been higher than others and, therefore, they rightfully have higher shares in the Union tax revenue. In the first eight Finance Commissions, tax contribution with very little weight was a determinant in the distribution formula.

Till 2000, that is, the 10th Finance Commission, the States' share was restricted only to personal income tax and Union excise duties and after that, all the Central tax revenues were pooled, and States' shares were decided.

The Finance Commission devises a distribution formula to arrive at a share for each State, and it is based on the principles of equity and efficiency. Equity stipulates that the revenue-scarce States and States with higher expenditures get larger shares of Union tax revenue than others. Efficiency is to reward the States that are efficient in collecting revenue and rationalising spending. The trade-off between equity and efficiency is normative and remains dynamic in successive Finance Commission recommendations.

States from which large volumes of income tax revenue have been collected argued to consider and assign a higher weight to 'tax collection' as an indicator of tax contribution. The origin of income is essential to estimate States' contributions to income tax revenue, which is difficult to identify, as a person may pay income tax from one State though the income earning is from other States. Successive Finance Commissions have assigned 10 % to 20 % weight to income tax revenue collection/assessment in the distribution formula for income tax revenue because collection is not a good indicator of contribution. In the case of Union excise duties, the value of taxable products consumed in a State is essential to decide its contribution. Due to the unavailability of proper consumption statistics, contribution was never a determinant in the distribution formula for Union excise duties.

Finance Commissions had assigned only 10% to 20% weight to this efficiency indicator. In the first seven Finance Commissions, population, a chief indicator of the expenditure needs of the State was given 80 % to 90 % weightage as far as income tax distribution was concerned. In the case of distributing revenue from Union excise duties, the entire distribution was based on population or other indicators of expenditure needs such as area, per capita income, proportion of Scheduled Caste/Scheduled Tribe population, and some indicators of social and physical infrastructure needs.

Since the 10th Finance Commission, the Commission has recommended a single distribution formula for both income tax and Union excise duties. Thus, the Finance Commissions have always favoured assigning more than 75 % weight to equity indicators. Since 2000, the formula for the distribution of pooled Central tax revenues included tax effort and fiscal discipline as

efficiency indicators with a weight of around 15 %. Tax effort is broadly defined as the ratio of own revenue of a State to its Gross Domestic Product. Fiscal discipline is the proportion of own revenue to the revenue expenditure of a State. In the 15th Finance Commission, the distribution formula had tax effort with a weight of 2.5 %, and demographic performance, an indicator of efficiency in population control, was given a weight of 12.5 %. The remaining 85 % weight was distributed among equity indicators of per capita income, population as per the 2011 Census instead of the conventional 1971 Census, area, forest cover, etc.

Tax contribution in distribution formula

Even though some States have been arguing for increasing the weightage for efficiency indicators such as tax effort and fiscal discipline, these indicators have received lower weights as they are unstable. The tax effort is affected by discretionary tax policies and unexpected changes in actual tax bases. The fiscal discipline is affected by contractual payments such as salaries, pensions, and interest payments, as well as the tied-grant-induced expenditures of States. An objective measure of tax contribution by States, given the stability in tax structure, should be a good indicator of efficiency and be assigned a larger weight. GST satisfies this criterion.

GST is a consumption-based destination tax that is equally divided between the State and Central governments. In other words, the State GST accrual (inclusive of Integrated GST settlement) to a State should be the same as the Central GST accrual to the Union government from that State. Therefore, accurately estimating the tax contribution from a State to the Union exchequer is feasible under GST. Since GST is a unified tax system, the calculations by these authors show that there is not much of a variation in the tax efforts of States. However, the absolute amount of GST revenue generated from each State would differ by the size and structure of States' economies, and this marks the importance of the inclusion of this tax contribution as an efficiency indicator in the distribution formula. A State's GST contribution is not affected by discretionary tax policies of the State; it only reflects the accurate tax base of the State that is being exploited for the national good.

In addition to GST, petroleum consumption is also an indicator of tax contribution to the national exchequer. The Union excise duty and sales tax on petroleum products are outside GST. The cascading tax burden of these two taxes in addition to the burden of customs duty on petroleum imports falls on the final consumers of petroleum products in a State. Just like GST, the relative shares of petroleum consumption vary across States, but such shares are stable over time for every State. Therefore, the relative share of a State's petroleum consumption reflects the relative contribution of the State to the national exchequer in the category of Union excise duties and customs duties on petroleum products.

Including the relative GST contribution and petroleum consumption of a State in the distribution formula is irresistible for yet another reason, that is, both these two ratios indicate the relative differences in the incomes (both personal and corporate) accrued to the residents of a State because consumption is a function of income. The share of CGST and Union excise duty is about 30% of States' share in Central tax

revenue in 2021-22 and the similar ratio for personal and corporate income taxes is 64%.

Thus, the two relative contributions, namely GST revenue and petroleum consumption, of States are fair and accurate measures of States' contributions to the national exchequer and a good measure of efficiency. There is a persuasive case for the 16th Finance Commission, recently constituted by the Union government, to debate and include these ratios as a measure of efficiency with a weightage of at least 33% in the distribution formula.

POLITY AND GOVERNANCE

THE IDEA OF ONE NATION, ONE ELECTION IS AGAINST FEDERALISM

CONTEXT: The Union Government's establishment of a 'High Level Committee on One Nation, One Election' chaired by former President Ramnath Kovind has stirred concerns about potential constitutional and legal implications.

As the committee explores the feasibility of synchronizing elections to the Lok Sabha and State Legislative Assemblies, the impending recommendations could trigger a constitutional showdown, requiring the Supreme Court's intervention to assess the impact on federal structure, legal concerns, and the autonomy of the Election Commission.

STORY SO FAR: In September 2023, the Union Government formed the 'High Level Committee on One Nation, One Election,' chaired by former President Ramnath Kovind. As the committee engages with political parties, gathers public opinions, and seeks input from jurists, concerns arise over its potential impact on the democratic framework, especially considering the absence of a definite timeline for recommendations. With indications suggesting a move towards synchronized elections for the Lok Sabha and State Legislative Assemblies, the focus shifts to the Supreme Court, reminiscent of the U.S. Baker v. Carr moment, where the Indian apex court's role as the "sentinel on the qui vive" becomes crucial in swiftly addressing constitutional and legal implications that could reshape the fundamentals of Indian democracy.

ARE COMMON ELECTIONS FEASIBLE?

ARGUMENTS IN FAVOR OF ONE NATION, ONE ELECTION:

Cost Reduction: Supporters emphasize the substantial expenditure incurred in conducting separate elections, citing the ₹3,870 crore spent on the 2014 general elections. They argue that a common election schedule for the Union Parliament and State Assemblies would lead to significant cost savings.

Minimizing Governance Downtime: Proponents assert that the current system, with the Model Code of Conduct coming into effect twice in a five-year cycle, leads to 'governance downtime.' They argue that synchronized elections would alleviate this issue, allowing for a more seamless conduct of government business.

OPPOSING VIEWS ON ONE NATION, ONE ELECTION:

Inherent Democratic Cost: Opponents challenge the notion that the cost of holding free and fair elections is too high, asserting that it is an essential price for ensuring democratic representation and government by the people's choice.

Democratic System Expression: Critics argue that occasional elections due to a government not completing a full term are inherent expressions of the democratic system and should be accepted rather than considered a drawback.

Importance of Model Code of Conduct: Opponents stress the significance of the Model Code of Conduct and other guidelines issued by the Election Commission, stating that these measures are necessary to minimize executive influence over voters and maintain a level playing field during election periods.

Contradictions in Governance Concerns: Skeptics find it contradictory for the Union government and the Election Commission to express strong concerns about governance downtime when they have refrained from holding Assembly elections in Jammu and Kashmir for nearly five years.

LEGAL CONCERNS

S.R. Bommai Case Precedent: The Supreme Court's decision in *S.R. Bommai v. Union of India* (1994) emphasized the independent constitutional existence of States, underscoring their crucial role in various aspects of public life. The specific tenure of State Legislatures, set at five years from the first meeting, is constitutionally defined.

Constitutional Violation: The introduction of a common election process, as proposed by the High-Level Committee, would necessitate altering the duration of State Legislatures, conflicting with the Constitution's express language. Such alteration would be viewed as anti-federal and unconstitutional, contradicting the principles established in the *S.R. Bommai* case.

Language Bias and Inequality: The examination of the High-Level Committee's website reveals a bias towards English and Hindi, raising concerns about bias, exclusion, and inequality in the consultation process. Conducting a landmark consultation in only two out of the 22 official languages of the Union may undermine inclusivity and equal representation.

Questioning the Independence of the Election Commission: There are concerns about the Election Commission's apparent passivity in the process initiated by the High-Level Committee. Similar to the lack of transparency during demonetization, the Election Commission's silence raises questions about its independence and autonomy in making decisions related to elections.

WHAT IS "BAKER VS CARR" AND SUPREME COURT AS "SENTINEL ON THE QUI VIVE"

1. Reminiscent of Baker v. Carr: This refers to a landmark case where the US Supreme Court ruled that malapportionment of congressional districts violated the "one person, one vote" principle of the Equal Protection Clause. This decision led to widespread redistricting across the US and had a lasting impact on American politics.

2. "Sentinel on the qui vive": This is a figurative expression used to describe the Supreme Court's role as a vigilant protector of the Constitution. "Qui vive" is a French phrase

meaning "who goes there?" and is used to metaphorically portray the Court's constant alertness in safeguarding the principles enshrined in the Constitution.

CAN ONE NATION, ONE ELECTION BE STOPPED?

Parliamentary Supremacy vs. Judicial Review: In the U.K., where common law jurisprudence prevails, Parliament holds supreme authority. However, the Indian constitutional framework differs, providing higher courts, particularly the Supreme Court, with inherent and broad powers of judicial review. This contrast sets the stage for a potential constitutional showdown.

Constitutional Showdown Anticipation: The unique Indian constitutional architecture, with its emphasis on judicial review, suggests the likelihood of a constitutional showdown in the near future. The impending question revolves around whether constitutional courts, particularly the Supreme Court, will intervene when executive actions, such as the implementation of One Nation, One Election, exceed their designated boundaries.

Entering the Political Thicket: The metaphorical "political thicket" signifies the complex and challenging terrain of political decisions. The current scenario appears to necessitate the involvement of constitutional courts, especially the Supreme Court, in addressing the legal and constitutional aspects of the One Nation, One Election initiative.

Preserving Constitutional Architecture: Given the constitutional complexities and potential conflicts arising from the proposed initiative, it seems inevitable that constitutional courts will need to engage in navigating this thicket. The preservation of the constitutional architecture of the country may hinge on the judiciary's active role in scrutinizing the legality and constitutionality of One Nation, One Election.

CONCLUSION:

The establishment of the 'High Level Committee on One Nation, One Election' by the Union Government has sparked concerns over its impact on federalism and constitutional principles. As the committee explores synchronized elections for the Lok Sabha and State Legislative Assemblies, legal and constitutional issues arise, including potential violations highlighted by the *S.R. Bommai* case. The contrasting views on cost reduction and governance downtime are countered by opposition emphasizing democratic principles and the importance of the Model Code of Conduct. The Supreme Court's role as a "sentinel on the qui vive" becomes pivotal, reminiscent of the *US Baker v. Carr* case, indicating a potential constitutional showdown over the proposed initiative's legality and its impact on India's constitutional architecture.



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ECONOMICS AND DEVELOPMENT

GOVERNMENT GUARANTEES ON A RISING TREND IN 12 STATES

State of affairs

The charts are based on the report of the Working Group on State Government Guarantees published by the Reserve Bank of India



Chart 1 : Outstanding State-wise guarantees issued as a share of GSDP (In %) for FY18 (■), FY19 (■), FY20 (■), FY21 (■) and FY22 (■)

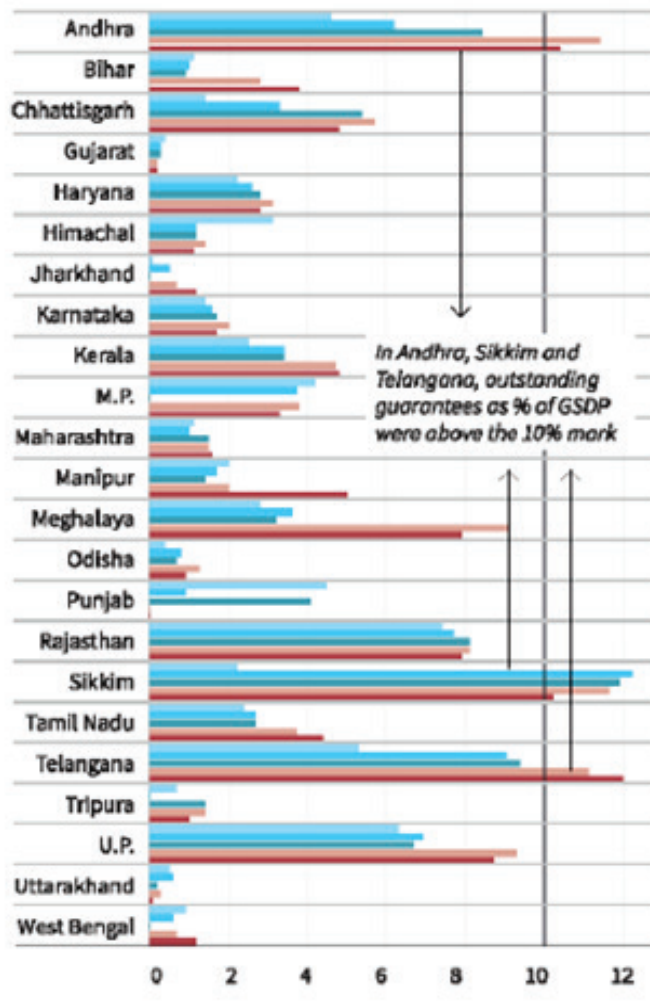


Chart 2 : The chart shows sources used to finance States' Gross Fiscal Deficit (In %)

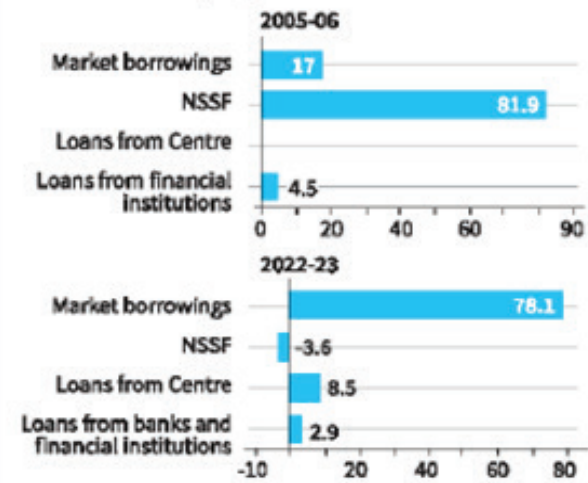
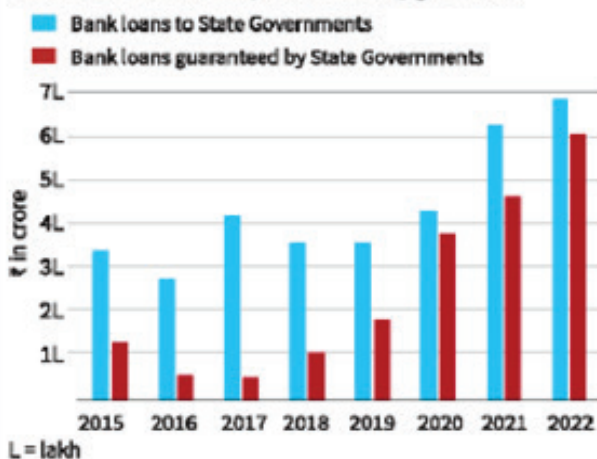


Chart 3 : Loans given by the banks directly to State governments and to State enterprises backed by guarantees



POLITY AND GOVERNANCE

ON EQUAL ACCESS TO BENEFITS FOR ALL SCs

CONTEXT: Prime Minister forms committee to address unequal distribution of benefits among Scheduled Castes in India, prompted by Madiga community's demand and similar concerns across the country.

THE GIST

- The Union government has formed a high-level committee of secretaries to evaluate and work out a method for the equitable distribution of benefits to the most backward communities among the over 1,200 Scheduled Castes.
- The Madiga community constitutes at least 50% of the SC population in Telangana. For decades, the Madiga community has said that despite their numbers, they are crowded out of government benefits meant for SCs, including reservation, by the Mala community — another SC — which is dominant and relatively forward.
- The erstwhile Attorney General of India had opined that the sub-categorisation of Scheduled Castes was possible and that the Constitution could be amended to bring this about.

THE STORY SO FAR:

Formation of High-Level Committee: The Union government establishes a high-level committee chaired by the Cabinet Secretary.

Objective: The committee is tasked with evaluating and devising a fair and equitable method for the distribution of benefits, schemes, and initiatives.

Target Group: Focus is on over 1,200 Scheduled Castes (SCs) across the country, specifically addressing the most backward communities within this category.

Addressing Disparities: The aim is to rectify the existing disparities where relatively forward and dominant SCs have received more attention, leaving the most backward communities marginalized.

Equitable Distribution: The committee's primary goal is to ensure a more balanced and just distribution of government benefits and initiatives among the SCs.

WHY THIS COMMITTEE AND WHY NOW?

Committee Formation Background: The Union government establishes a high-level committee of secretaries in response to Prime Minister Narendra Modi's meeting in December 2023. The decision follows the PM's commitment to addressing the demand for sub-categorization of Scheduled Castes (SCs), particularly raised by the Madiga community in Telangana during the previous Assembly elections.

Madiga Community Concerns: The Madiga community, constituting 50% of Telangana's SC population, has expressed grievances about being marginalized in government benefits by the dominant Mala community within the SC category.

Widespread Issue: Similar concerns have been voiced by SC communities in various states, asserting that dominant

and forward communities within the SC category deprive them of rightful benefits. State and Union government commissions support this argument.

State-Level Attempts: States like Punjab, Bihar, and Tamil Nadu have attempted state-level reservation laws to sub-categorize SCs, but these efforts face legal challenges.

Mandate of the Committee: The high-level panel is mandated to explore alternative solutions for addressing grievances faced by various SC communities nationally, extending beyond the Madiga community's specific concerns in Telangana.

Constitutional Bench Involvement: A seven-judge Constitution Bench of the Supreme Court is expected to begin hearings on the permissibility of sub-categorization for SCs and STs.

WHAT WILL THE PANEL DO?

Committee Composition: The Committee comprises Secretaries from key ministries, including Home, Law, Tribal Affairs, Social Justice, and Department of Personnel and Training, chaired by the Cabinet Secretary.

Scope of Inquiry: The committee will not address the issue of breaking up the Scheduled Caste (SC) quota. Instead, its focus is on devising methods to direct benefits from various government schemes and initiatives specifically towards SC communities facing disparities.

Objective: To explore ways to design special initiatives tailored to the needs of SC communities, ensuring a more equitable distribution of benefits. This includes reorienting existing programs towards these communities.

No Specific Deadline: While no specific deadline is set, the committee is urged to present its findings at the earliest.

Criteria for Attention: The panel will determine the basis for shortlisting SC communities that require special attention, assess the extent to which unique initiatives are needed for each community, and develop a delivery mechanism for these initiatives.

Possible Consideration of SC Quota Breakup: Although explicitly instructed not to delve into the question of breaking up the SC quota, the committee has the flexibility to form an opinion on this matter for potential government consideration if deemed necessary.

HAVE THERE BEEN ATTEMPTS IN THE PAST?

Long-standing Demand: The Madigas' demand for sub-categorization dates back to 1994, prompting the Union government to explore legal options in 2005.

Legal Opinion: In 2005, the then Attorney General of India opined that sub-categorization of Scheduled Castes (SCs) was possible through a constitutional amendment. However, he stressed that empirical evidence indicating an unequivocal necessity for sub-categorization must be established.

Opposition from National Commissions: Both the National Commissions for Scheduled Castes (NCSC) and Scheduled Tribes (NCST) opposed the constitutional amendment in 2005. They argued that merely setting aside a quota within the quota would not suffice, emphasizing the urgency of ensuring existing schemes and benefits reach the communities on a priority basis.

Constitutional Ambiguity: Articles 341 and 342 of the Constitution grant the President the power to notify SC and ST lists and Parliament the authority to create these lists. However, there is no explicit instruction on sub-categorization within these lists. The NCST and NCSC contended in 2005 that nothing in Articles 341 and 342 prevents Parliament from sub-categorizing SCs and STs.

Article 16(4) Provision: The Commission highlighted that Article 16(4) of the Constitution already empowers States to create special provisions for any backward classes they deem under-represented, further supporting the argument for sub-categorization.

CONCLUSION: In response to longstanding disparities within Scheduled Castes (SCs), the Indian government's formation of a high-level committee underscores its commitment to rectify the unequal distribution of benefits. Addressing grievances raised by the Madiga community and echoing concerns nationwide, the committee aims to ensure equitable access to government initiatives. While steering clear of the SC quota breakup, its mandate includes exploring tailored solutions, reflecting a broader scope. Past attempts highlight the complexity, involving legal opinions, opposition from commissions, and constitutional ambiguities. This initiative signals a proactive approach to enhance inclusivity and address historical imbalances within SC communities.

POLITY AND GOVERNANCE

WHY WAS FCRA REGISTRATION FOR SEVERAL NGOS CANCELLED?

CONTEXT: The Foreign Contribution Regulation Act, 2010 (FCRA) registration of two prominent non-governmental organisations (NGOs) — Centre for Policy Research (CPR) and World Vision India (WVI) have been cancelled this month.

THE GIST

- Through the FCRA, the ministry regulates foreign donations to ensure that such funds do not adversely affect the country's internal security. It is compulsory to register under the Act if an association, group or NGO intends to receive foreign donations.
- The FCRA registration of two prominent non-governmental organisations (NGOs) — Centre for Policy Research (CPR) and World Vision India (WVI) have been cancelled this month.
- The MHA alleged that CPR diverted foreign donations to fund "protests and legal battles against developmental projects". It alleged that the think tank engaged in the production of current affairs programmes that violated FCRA norms.

WHO MONITORS THE PROCESS?

FCRA Monitoring: The Union Ministry of Home Affairs (MHA) oversees the implementation of the Foreign Contribution (Regulation) Act (FCRA), regulating foreign donations to prevent adverse effects on India's internal security.

Registration Renewal: Thousands of NGOs faced registration renewal in 2020-2021, disrupted by the COVID-19 pandemic and 2020 FCRA amendments. The MHA provided relief until September 30, 2021, for NGOs with expiring registration between September 29, 2020, and September 30, 2021.

Deadline Extensions: The MHA extended the renewal deadline multiple times, with the latest extension until March 31, 2024.

FCRA Purpose: Enacted in 1976, FCRA ensures proper regulation of foreign donations. NGOs must register under FCRA to receive foreign contributions, with the registration valid for five years, and renewable upon compliance with norms.

2020 Amendments: The FCRA underwent amendments in 2020, emphasizing the need for regulation to safeguard India's internal security.

Renewal Process: NGOs registered under FCRA can receive foreign contributions for various programs, such as social, educational, religious, economic, and cultural initiatives. Registration renewal is mandatory every five years.

HOW MANY HAVE LOST REGISTRATION?

FCRA Registration Status: Since 2015, more than 16,000 NGOs had their FCRA registrations cancelled due to violations. As of January 22, 2022, there were 16,989 active FCRA-registered NGOs in India. Nearly 6,000 NGOs ceased operations from January 1, 2022, either due to MHA's refusal to renew or non-application.

Vulnerabilities Highlighted: A 2012 MHA report emphasized the vulnerability of India's NGO sector to money laundering and terrorist financing risks, constituting less than 2% of over 20 lakh registered NGOs in the country.

Record Registrations in 2023: In 2023, a record 1,111 associations received fresh FCRA registrations. Data analysis revealed that almost half of the new registrations under the religious category were for Christian NGOs.

FCRA Application Statistics: The MHA reported that out of 1,615 FCRA registration applications in 2021 and 2022, 722 received clearance, while 225 applications were rejected.

Foreign Contribution Details: A total of 13,520 associations received ₹55,741.51 crore in foreign contributions during the financial years 2019-2020, 2020-21, and 2021-22.

WHY WERE CPR AND WVI'S REGISTRATIONS CANCELLED?

Allegations Against CPR: The Ministry of Home Affairs (MHA) accused the Center for Policy Research (CPR) of diverting foreign donations to support protests and legal battles against developmental projects, misusing funds to impact India's economic interests. It claimed CPR violated FCRA norms by engaging in the production of current affairs programs, prohibited under Section 3 of the FCRA.

Specific Violations: The MHA pointed to CPR's publication of a report on air pollution, stating that using foreign funds for publishing current affairs programs is against FCRA regulations.

Response from CPR: CPR expressed incomprehension and viewed the ministry's decision as disproportionate. CPR

argued that equating the publication of policy reports on its website with current affairs programming challenges the fundamental functioning of a research institution.

World Vision India's Registration Cancelled: The registration of World Vision India (WVI) was cancelled due to alleged FCRA violations spanning from 2012-13 to 2020-21. WVI is noted as the highest recipient of foreign donations among all NGOs registered under the FCRA in 1986.



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