All about Foreign Contribution Regulation Act (FCRA)

Why in news?

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.

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What is FCRA?

Key provisions of FCRA, 2010	
Key aspects	**Description**
About	It regulates foreign donations and ensures that such contributions do not adversely affect internal security
Established	In ***1976*** during Emergency period amidst the apprehensions that foreign powers were interfering in India's affairs by pumping money through independent organisations
Implementation	***Ministry of Home Affairs***
Applicability	To all associations, groups and NGOs which intend to receive foreign donations.
2010 Amendment	Consolidated the law on utilisation of foreign funds, and to prohibit their use for "any activities detrimental to national interest".
2020 Amendment	Gave the Government tighter control and scrutiny over the receipt and utilisation of foreign funds by NGOs.
Filing of annual returns	The annual returns must be filed on the lines of Income Tax.
Foreign contribution	It means the donation, delivery or transfer made by any foreign source
How foreign funds can be availed by NGOs	All NGOs must receive foreign funds in a designated bank account at ***SBI's New Delhi branch***.
Utilisation of foreign funds	Utilised only for the purpose for which they have been received and as stipulated in the Act.
Who can receive foreign contribution?	It must have a definite cultural, economic, educational, religious or social programme with prior FCRA registration/ permission from the Central Government.
Who cannot receive foreign contribution?	The candidates for elections, journalists or newspaper and media broadcast companies, judges and Government servants, members of legislature and political parties or their office-bearers, and organisations of a political nature.

Aadhaar provision	It is mandatory for all the office-bearers, directors and other key functionaries of an NGO.
Administrative expenses	It was ***capped at 20%*** of the total foreign funds received, earlier the upper limit was 50%
Bar on sub-granting	It barred sub-granting by NGOs to smaller NGOs who work at the grass roots level.

What is the procedure for FCRA registration?

- **Apply online**- NGOs must apply online for FCRA registration with the required documents and information.
- **Role of Intelligence Bureau (IB)-** Ministry of Home Affairs (MHA) verifies the background and objectives of the applicant through the Intelligence Bureau.
- **Eligibility-** The applicant must not be involved in *any illegal or anti-national activities*, such as religious conversion, communal violence, fund misuse, or sedition.
- **Time frame**-The MHA must decide on the application ***within 90 days***, or inform the NGO of the reasons for delay.
- **Validity**- 5 years.
- **Renewal**- It must be applied for ***at least 6 months before the expiry date***, in case of failure to renew it will amount to expiry of registration.
- **Due date-** NGOs can appeal to the MHA ***within 4 months*** of the expiry of registration, by giving valid reasons for the delay.

How FCRA registration can be cancelled?

The Government reserves the right to cancel the FCRA registration of any NGO if it finds it to be in violation of the Act.

- **Right to cancel**- The Government can cancel the FCRA registration of any NGOs if it finds to be in violation of the Act.
- **Grounds for cancellation**- It can happen if the NGO is found to be dishonest, inactive, defunct or harmful to public interest, or if it misuses foreign funds.
- **Right to be heard**- As per the act, no order of cancellation of certificate can be made unless the person or NGO concerned has been given a reasonable opportunity of being heard.
- **Right to Appeal**- All orders of the Government can be challenged in the High Court.
- **Re-registration**- If NGOs registration is cancelled, it can apply for re-registration ***only after 3 years***.
- **Suspend NGOs activities**- MHA can suspend or freeze the NGO's registration and funds for ***180 days*** during inquiry.

Since 2015, the FCRA registration of more than 16,000 NGOs have been cancelled on account of violation.

Quick Facts

Centre for Policy Research

- It is a ***non-profit***, non-partisan, independent institution founded in 1973.
- It was dedicated to conducting research that contributes to high-quality scholarship, better policies, and a more robust public discourse about the issues that impact life in India.
- It is a member of the Indian Council of Social Science Research and is recognised by the Department of Science and Technology (DST).
- Its funders have included the Government of India, the Bill and Melinda Gates Foundation, and the Ford Foundation, among many others in India and abroad.

World Vision India (WVI)

- It is a non-governmental organisation (NGO) that focuses on children's issues.
- The U.S.-based organisation is one of the world's largest voluntary groups, with a presence in over 100 countries.
- It has been operational in India for the past 70 years.

References

1. The Hindu- Democratic backsliding
2. The Hindu- Why FCRA registration has been cancelled for NGOs
3. Indian Express- What is FCRA?

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