

Centre suspends FCRA license of the Centre for Policy Research (CPR)

March 2, 2023

In news– The Union Home Ministry has recently suspended the Foreign Contribution Regulation Act (FCRA) licence of the Centre for Policy Research (CPR).

What is the FCRA?

- **The FCRA was enacted during the Emergency in 1976** amid apprehensions that foreign powers were interfering in India's affairs by pumping money into the country through independent organisations. These concerns were, in fact, even older – they had been expressed in Parliament as early as in 1969.
- **The law sought to regulate foreign donations to individuals and associations** so that they functioned “in a manner consistent with the values of a sovereign democratic republic”.
- **An amended FCRA was enacted under the UPA government in 2010** to “consolidate the law” on utilisation of foreign funds, and “to prohibit” their use for “any activities detrimental to national interest”.
- **The law was amended again by the current government in 2020, giving the government tighter control** and scrutiny over the receipt and utilisation of foreign funds by NGOs.
- **Broadly, the FCRA requires every person or NGO seeking to receive foreign donations-**
 - **To be registered under the Act.**
 - To open a bank account for the receipt of the foreign funds in State Bank of India, Delhi.
 - To utilise those funds only for the purpose for

which they have been received and as stipulated in the Act.

- **They are also required to file annual returns**, and they must not transfer the funds to another NGO.
- **The Act prohibits the receipt of foreign funds by 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.
- **In July 2022, the MHA effected changes to FCRA rules** through two gazette notifications and **increased the number of compoundable offences under the Act from 7 to 12.**
- The other key changes were **exemption from intimation to the government for contributions less than Rs 10 lakh – the earlier limit was Rs 1 lakh** – received from relatives abroad, and increase in time limit for intimation of opening of bank accounts.
- Under the new rules, political parties, legislature members, election candidates, judges, government servants, journalists and media houses among others – all barred from receiving foreign contribution – will no longer be prosecuted if they receive foreign contribution from relatives abroad and fail to intimate the government within 90 days.
- However, the recipient will be required to pay 5% of the foreign contribution received.

How is FCRA registration granted?

- NGOs that want to receive foreign funds must apply online in a prescribed format with the required documentation.
- **FCRA registrations are granted to individuals or associations** that have definite cultural, economic, educational, religious, and social programmes.

- **Following the application by the NGO, the MHA makes inquiries through the Intelligence Bureau** into the antecedents of the applicant, and accordingly processes the application.
- **Under the FCRA, the applicant should not be fictitious or benami; and should not have been prosecuted or convicted** for indulging in activities aimed at conversion through inducement or force, either directly or indirectly, from one religious faith to another.
- **The applicant should also not have been prosecuted for or convicted of creating communal tension** or disharmony; should not have been found guilty of diversion or misutilisation of funds; and should not be engaged or likely to be engaged in the propagation of sedition.
- **The MHA is required to approve or reject the application within 90 days.**
- In case of failure to process the application in the given time, the MHA is expected to inform the NGO of the reasons for the same.
- **Once granted, FCRA registration is valid for five years. NGOs are expected to apply for renewal** within six months of the date of expiry of registration.
- In case of failure to apply for renewal, the registration is deemed to have expired, and the NGO is no longer entitled to receive foreign funds or utilise its existing funds without permission from the ministry.

On what basis is approval 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.
- Registration can be cancelled if an inquiry **finds a false statement in the application;**
 - If the NGO is found to have **violated any of the terms and conditions** of the certificate or renewal;

- If it has **not been engaged in any reasonable activity in its chosen field for the benefit of society** for two consecutive years;
- Or if it has become **defunct**.
- It can also be cancelled if “in the opinion of the Central Government, it is necessary in the public interest to cancel the certificate”, the FCRA says.
- **Registrations are also cancelled when an audit finds irregularities in the finances** of an NGO in terms of misutilisation of foreign funds.
- According to FCRA, no order of cancellation of certificate can be made unless the person or NGO concerned has been given a reasonable opportunity of being heard.
- **Once the registration of an NGO is cancelled, it is not eligible for re-registration for three years.**
 - The ministry also has powers to suspend an NGO’s registration for 180 days pending inquiry, and can freeze its funds.
- **All orders of the government can be challenged in the High Court.**

The Centre for Policy Research (CPR)-

- The Centre for Policy Research **is an Indian think tank focusing on public policy.**
- CPR is a non-profit, non-partisan, independent institution 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.
- **Established in 1973 and located in New Delhi**, it is one of the national social science research institutes recognized by the Indian Council of Social Science Research(ICSSR).

- It is recognised as a not-for-profit society by the Government of India, and its contributions to the Centre are tax exempt.
- CPR works with government departments, autonomous institutions, charitable organisations and universities in India and across the globe.
- Through its five-decade long history, CPR has worked in partnership with governments and grassroots organisations. These include partnerships with the Ministry of Environment, Forest and Climate Change; Ministry of Rural Development; Ministry of Jal Shakti; the Governments of Andhra Pradesh, Odisha, Punjab, Tamil Nadu, Meghalaya, and Rajasthan, amongst others.
- Through their research and writing, CPR scholars have made pioneering contributions to public policy in India.
- Former Prime Minister Manmohan Singh and late Chief Justice of India Y.V. Chandrachud are the former members of the CPR governing board.
- CPR receives grants from the ICSSR, and is a Department of Science and Technology (DST) recognised institution.
- CPR receives grants from a variety of domestic and international sources, including foundations, corporate philanthropy, governments, and multilateral agencies.