

NGOs lose FCRA registration

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In news- The foreign contribution licences of around 6000 non-governmental organizations (NGOs) got cancelled after they failed to comply with revised guidelines or apply for renewal.

Key updates-

- Around 18,778 organizations whose Foreign Contribution (Regulation) Act licences were due to expire between September 29, 2020, and December 31, 2021, 12,989 had applied for renewal.
- The Home Ministry claimed that none of these organizations (around 6000) had applied for the renewal of their licenses.
- Controversy erupted over the home ministry's move not to renew the FCRA licence to the Missionaries of Charity, citing "adverse inputs".

About Foreign Contribution (Regulation) Act-

- It is an act of Parliament **enacted in 1976 and amended in 2010** to regulate foreign donations and to ensure that such contributions do not adversely affect internal security.
- **It is applicable to all associations, groups, and NGOs which intend to receive foreign donations.**
- Members of the legislature and political parties, government officials, judges, and media persons are prohibited from receiving any foreign contribution.
- However, **in 2017 the FCRA was amended through the Finance Bill to allow political parties to receive funds from the Indian subsidiary of a foreign company** or a foreign company in which an Indian holds 50% or more shares.
- It is **mandatory for all such NGOs to register themselves under the FCRA.**

- The registration is initially valid for five years and it can be renewed subsequently if they comply with all norms.
- Registered associations can receive foreign contributions for social, educational, religious, economic, and cultural purposes and filing of annual returns on the lines of Income Tax is compulsory.
- In 2015, the MHA notified new rules which required NGOs to give an undertaking that the acceptance of foreign funds is not likely to prejudicially affect the sovereignty and integrity of India or impact friendly relations with any foreign state and does not disrupt communal harmony.

FCR (Amendment), Act 2020:

- **Prohibition on accepting foreign contribution-**
 - Under the Act, certain persons are prohibited to accept any foreign contribution.
 - These include election candidates, editor or publisher of a newspaper, judges, government servants, members of any legislature, and political parties, among others.
 - The public servants (as defined under the Indian Penal Code) are also added to this list.
 - Public servant includes any person who is in service or paid by the government, or remunerated by the government for the performance of any public duty.
- **Transfer of foreign contribution and its use-**
 - Under the Act, foreign contribution cannot be transferred to any other person unless such person is also registered to accept foreign contribution.
 - **The Bill states that foreign contributions must be received only in an account designated by the bank as FCRA account** in such branches of the State Bank of India, New Delhi.
 - No funds other than the foreign contribution should be

received or deposited in this account.

- The Bill gives government powers to stop utilisation of foreign funds by an organization through a “summary enquiry”.
- **The administrative expenses** through foreign funds by an organisation has been decreased to 20% from 50% earlier.
- **The Act provided that the government may conduct an inquiry** before renewing the certificate to ensure that the person making the application:
 - is not fictitious or benami.
 - has not been prosecuted or convicted for creating communal tension or indulging in activities aimed at religious conversion.
 - has not been found guilty of diversion or misutilisation of funds, among others conditions.
- **The government may also restrict usage of unutilised foreign contribution** for persons who have been granted prior permission to receive such contribution.