



IAS PARLIAMENT

Information is Empowering
A Shankar IAS Academy Initiative

Foreign Contribution Regulation Act (FCRA)

Why in news?

The CBI has questioned six officials of the Foreigners Division of the Ministry of Home Affairs (MHA) for allegedly accepting bribes to give clearances under the FCRA to certain NGOs.

What is FCRA?

- The FCRA was enacted during the Emergency in 1976 amid apprehensions that foreign powers were interfering in India's affairs through independent organisations.
- The law aims to regulate foreign donations to individuals and associations so that they function in a manner consistent with the values of a sovereign democratic republic.
- The law was amended in 2010 to prohibit their use for any activities detrimental to national interest.
- It was [amended again in 2020](#), giving the government tighter control and scrutiny over the receipt and utilisation of foreign funds by NGOs.
- **Features of the Act-** 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
 - to file annual returns and not to 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.

A non-governmental organization (NGO) is a non-profit group that functions independently of any government.

How is FCRA registration granted?

- **FCRA registrations are granted to individuals or associations that have definite cultural, economic,**

educational, religious, and social programmes.

- NGOs that want to receive foreign funds must apply online with the required documentation.
- **Authority-** The Ministry of Home Affairs makes inquiries through the Intelligence Bureau into the antecedents of the applicant and approves or rejects 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.
- **Eligibility-** Under the FCRA, the applicant
 - should not be fictitious or benami
 - 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
 - should 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
 - should not be engaged or likely to be engaged in the propagation of sedition
- **Validity-** Once granted, FCRA registration is valid for five years and 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.

On what basis is approval cancelled?

- **Cancellation-**Registration can be cancelled on account of the following reasons
 - if it finds it to be in violation of the Act
 - 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
 - if it has become defunct
 - if in the opinion of the Central Government, it is necessary in the public interest to cancel the certificate
 - if an audit finds irregularities in the finances in terms of misutilisation of foreign funds
- The person or NGO concerned has been given a reasonable opportunity of being heard.
- **Re-registration-** Once the registration of an NGO is cancelled, it is not eligible for re-registration for three years.
- **Suspension-** 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.
- Until 2011, there were more than 40,000 NGOs registered under FCRA in India but now the number stands at 16,000.
- Over the past seven years, the government has cancelled the registration of more than 16,700 NGOs.

Amnesty was forced to shut its operation in India in 2020. Greenpeace India has scaled down its operations after its FCRA registration was cancelled in 2015.

References

1. <https://indianexpress.com/article/explained/everyday-explainers/what-is-fcra-explained-7911173/>
2. <https://www.investopedia.com/ask/answers/13/what-is-non-government-organization.asp>



IAS PARLIAMENT

Information is Empowering

A Shankar IAS Academy Initiative