



7 – December 2022

Foreign Contribution (Regulation) Act (FCRA)

Significance for Prelims: Foreign Contribution (Regulation) Act (FCRA) Act

Significance for Mains: Not Much

News: Recently, the Ministry of Home Affairs(MHA) cancelled the Foreign Contribution (Regulation) Act (FCRA) licence of the Rajiv Gandhi Foundation (RGF) and Rajiv Gandhi Charitable Trust (RGCT)for alleged violations of the provisions of the Act.

Aim of Foreign Contribution (Regulation) Act (FCRA): To regulate the acceptance and utilisation of foreign contribution or foreign hospitality by specific individuals or associations or companies and to prohibit [such] acceptance and utilisation...for any activities detrimental to the national interest.

Evolution of FCRA Act: Parliament expressed its intention to regulate foreign donations to individuals and associations in 1969 “in a manner consistent with the values of a sovereign democratic republic”.

- Law on the foreign fund was enacted during the Emergency in 1976 when the government apprehended that foreign powers were interfering in India’s internal affairs by funding through independent organisations.
- UPA government enacted the amended FCRA act in 2010.
- In 2020, this act was amended, giving the government tighter control and scrutiny over NGOs’ receipt and utilisation of foreign funds.
- Recently, Supreme Court rejected the legal challenge to the 2020 amendments.

Provisions of the Act:

- Every person or NGO that wants to receive foreign donations needs to be registered under the Act.

- Foreign donation-receiving entities(NGO or person) must open a bank account to receive foreign funds in the State Bank of India, Delhi.
- NGO or person must utilise foreign funds only for the said purpose and as stipulated in the Act.
- Necessary to file annual returns.
- Foreign funds received by one NGO must not be transferred to another NGO.
- Receipt of foreign funds is prohibited for the following: candidates for elections, journalists or newspaper and media broadcast companies, judges and government servants, members of the legislature and political parties or their office-bearers, and organisations of a political nature.

Registration under FCRA:

- Online application by NGOs in prescribed format with proper documentation.
- Eligibility for FCRA registrations: Registrations are granted to individuals or associations with definite cultural, economic, educational, religious, and social programmes.
- Application is verified by MHA through the Intelligence Bureau and accordingly processes the application.
- **Time period for approval or rejection of the application:** Within 90 days, the MHA must approve or reject the application. If MHA fails to approve or reject the application, it is expected to inform the NGO of the reasons for the same.
- FCRA registration is valid for five years; after that, NGOs can apply for renewal within six months of the registration expiry date. If NGO fails to apply for renewal, the registration is deemed to expire.

Reasons for Cancellation of FCRA registration:

- The government can cancel any NGO's FCRA registration if it violates FCRA Act.
- One reason for the cancellation of the FCRA Act as if "in the opinion of the Central Government, it is necessary for the public interest to cancel the certificate".
- NGO is not eligible for re-registration for three years if the registration of an NGO is cancelled,
- All government orders regarding FCRA can be challenged in the High Court.

Q. Consider the following statements:

1. Foreign Contribution (Regulation) Act (FCRA) was first enacted under the UPA government in 2010.
2. NGOs registered under the Act needs to open a bank account in State Bank of India, Delhi for receiving foreign funds.

3. Under FCRA, candidates for elections, journalists or newspaper are allowed to receive foreign funds.

Select the correct answer using the code given below:

- (a) 2 only
- (b) 1 and 3
- (c) 2 and 3
- (d) 1 and 2

Source: The Indian Express

Article: What is FCRA, and when can an NGO's registration be cancelled?

Sharad



Yojna IAS
योजना है तो सफलता है