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FOREIGN CONTRIBUTION REGULATION ACT (FCRA)

This article covers "Daily current events "and the topic is the 'Foreign Contribution Regulation Act (FCRA)' which is in news, it covers "Government Policies and Interventions" In GS-2, the following content has relevance for UPSC.

For Prelims: Foreign Contribution Regulation Act (FCRA)

For Mains: GS-2, Role of NGOs, SHGs, Various Groups and Associations; Government Policies and Interventions

Why in news:

The Ministry of Home Affairs has halted the Think tank Centre for Policy Research (CPR)'s FCRA registration.

- The Indian Income Tax Department is investigating the Centre for Policy Research (CPR), a public policy thinking organisation.
- Its registration under the FCRA had been "suspended for a term of 180 days," according to the notice.
- CPR draws funding from both domestic and international sources, including foundations, corporate philanthropy, governments, and multilateral organisations.
- The inquiry is challenging the tax-exempt status of the CPR and is investigating its engagement with activities that are "not in accordance with the objects and the conditions according to which it was registered".
- CPR, for its part, claims that it has not engaged in any activity that goes beyond its purposes of the association and legal compliance.

ABOUT FOREIGN CONTRIBUTION REGULATION ACT (FCRA)

- During the Emergency in 1976, the Foreign Contribution Regulation Act (FCRA) was implemented in response to concerns that foreign forces were interfering in Indian affairs.

- The law attempted to control foreign donations to individuals and organisations such that they functioned “in a way consistent with the values of a sovereign democratic republic”.
- The government revised the FCRA in 2010 and 2020 to provide NGOs with tighter control and inspection over the receipt and use of foreign contributions.

FOREIGN CONTRIBUTION REGULATION ACT (FCRA) REGISTRATION

- Organizations seeking foreign funding must submit an application online in a regulated manner, together with the necessary documentation.
- Individuals or organisations with specific cultural, economic, educational, religious, or social programmes are eligible for FCRA registration.

CHANGES IN FOREIGN CONTRIBUTION REGULATION ACT (FCRA) RULES

- In 2022, the Ministry of Home Affairs (MHA) amended FCRA guidelines, increasing the number of compoundable offences under the Act from 7 to 12.
- The change also exempted contributions from relatives abroad worth less than Rs 10 lakh (the previous maximum was Rs 1 lakh) from intimation to the government and extended the time limit for intimating the opening of bank accounts.

CHALLENGES OF REGULATING FOREIGN CONTRIBUTIONS

- **Stringent Compliance Requirements:** The FCRA registration process can be time-consuming and needs substantial documentation, and the laws governing fund utilisation are particularly stringent.
- **Ambiguity in the Law:** There is frequently uncertainty in the interpretation of the FCRA, allowing authorities to target NGOs and impede their activities.
- **Political Interference:** The government’s discretionary rights to remove NGOs’ registrations or freeze their accounts have been used to target NGOs critical of the government in some situations, leading to charges of political intervention.
- **Administrative Delays:** The FCRA registration and renewal process can take a long time, delaying their operations and affecting their capacity to receive funds.
- **Lack of Clarity:** There is uncertainty over the compliance requirements for overseas companies and foundations operating in India, raising worries about the openness of their financial operations and the possible effect on Indian civil society.

THE SIGNIFICANCE OF THE FOREIGN CONTRIBUTION REGULATION ACT IN INDIA

- **Interference in Indian affairs:** The FCRA was designed to prohibit foreign powers from intervening in Indian affairs by limiting foreign donations to people and groups. Transparency and accountability: The FCRA ensures transparency and accountability, which is critical in preventing financial mismanagement.
- **National security:** The FCRA also contributes to national security by banning foreign organisations from sponsoring actions that could jeopardise India's security.
- **Encouraging social and economic development:** Foreign contributions can be a significant source of finance for India's social and economic development.

WAY FORWARD

The Foreign Contribution Regulation Act (FCRA) is a significant law in India that tries to control the receiving and use of foreign contributions by individuals and non-governmental organisations (NGOs) in a way consistent with the values of a modern democratic republic.

Source:
[The Hindu](#)

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