



# Foreign Contribution Regulation Act

**For Prelims:** [Foreign Contribution Regulation Act](#), [Emergency in 1976](#) ,

**For Mains:** FCRA Act and its Significance, Foreign Contribution (Regulation) Amendment Act, 2020

**Source:** [TH](#)

## Why in News?

Recent data from the Ministry of Home Affairs has revealed a concerning trend related to the **registration of non-governmental organizations (NGOs)** under the [Foreign Contribution \(Regulation\) Act \(FCRA\), 2010](#) in India.

- The data suggests that **NGOs are not accurately depicting their operational areas** in their FCRA registrations and are involved in activities that **deviate from their stated objectives**.

## What is the Foreign Contribution Regulation Act?

### ▪ About:

- The **FCRA was enacted in 1976 during the Emergency period** due to concerns about foreign interference in India's affairs through financial support to independent organizations.
- FCRA was **designed to regulate foreign donations** to individuals and associations, ensuring that they operate in a manner consistent with the values of a sovereign democratic republic.

### ▪ Amendments to FCRA:

#### ◦ 2010 Amendment:

- Enacted to consolidate the law to regulate the **acceptance and utilization of foreign contribution** by certain individuals or associations and **to prohibit acceptance and utilization** of foreign contribution for any **activities detrimental to the national interest**.

#### ◦ 2020 Amendment:

- **Prohibiting the transfer of foreign contribution** to any other person or organization.
- Reducing the limit of usage of foreign **contribution for administrative expenses from 50% to 20%**.

### ▪ FCRA Registration:

- Registration under the FCRA is essential for receiving foreign donations in India.
  - It's granted to individuals or associations engaged in **various areas of work**, including **cultural, economic, educational, religious, or social programs**, among others.
  - The FCRA regulates foreign contributions in **these defined areas to ensure transparency** and compliance with the law.
- Entities can register under **multiple categories based on their programs**, allowing

### **for diverse activities.**

- Applicants need to open a bank account for the receipt of the foreign funds at a specified branch of State Bank of India in New Delhi.
- **Prohibitions of Activities Under FCRA Registration:**
  - The applicant must not represent fictitious entities.
  - The applicant should not have been involved in religious conversion activities, either directly or indirectly.
  - The applicant should not have a history of prosecutions related to communal tension or disharmony.
  - The applicant must not be engaged in activities related to sedition.
  - The FCRA prohibits candidates, journalists, media companies, judges, government servants, politicians, and political organizations from receiving foreign funds.
- **Validity and Renewal:**
  - FCRA registration is **valid for five years**, and NGOs are required to apply for **renewal within six months of the registration's expiry**.
  - The government has the authority to cancel an NGO's FCRA registration for various reasons, including violations of the Act or a lack of reasonable activity in their chosen field for two consecutive years.
    - Once canceled, an **NGO is ineligible for re-registration for three years**.
- **FCRA 2022 Rules:**
  - In July 2022, the MHA introduced changes to FCRA rules. These changes included increasing the number of compoundable offences from 7 to 12.
  - The rules also raised the limit for contributions from relatives abroad that do not require government intimation from **Rs 1 lakh to Rs 10 lakh and extended the time limit for intimation of the opening of bank accounts**.

## **What are the Concerns of NGOs Regarding the FCRA?**

- **Strict Compliance:**
  - The FCRA registration process demands extensive documentation and involves strict compliance, which can pose challenges for NGOs.
  - The FCRA's interpretive ambiguity can be exploited by authorities to target and restrict NGOs.
- **Administrative Delays:**
  - Lengthy administrative procedures for FCRA registration and renewal delay NGOs' operations and funding access.
- **Lack of Transparency:**
  - Some NGOs have been criticized for lacking transparency in their utilization of foreign funds received under the FCRA.
    - Concerns often arise when the **specific purposes and beneficiaries of these funds are not clearly disclosed**.
- **Uneven Access to Funding:**
  - The complex FCRA registration process poses challenges for **organizations, with high denial rates** affecting their ability to receive foreign contributions.
- **Potential for Political Influence:**
  - Some have raised concerns about **political influence in the FCRA registration and regulation process**, which may impact the approval or denial of FCRA registrations.

## **Way Forward**

- Strengthen the oversight mechanisms to prevent any potential misuse of foreign contributions.
- Simplify and expedite the FCRA registration process to promote greater access to funding for legitimate NGOs.
- Ensure that the FCRA registration and regulation processes are free from political influence and are based on objective criteria.
- NGOs should be encouraged to provide clear and detailed reports on the utilization of foreign funds, ensuring that purposes and beneficiaries are explicitly disclosed.

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