



Cancellation of FCRA Registration of NGOs

For Prelims: [Foreign Contribution Regulation Act](#), [NGOs](#), [Companies Act, 2013](#), Indian Trusts Act, 1882, Societies Registration Act, 1860, NGO-DARPAN Platform.

For Mains: Regulation of NGOs in India, Major Provisions of FCRA.

[Source: TH](#)

Why in News?

The cancellation of [Foreign Contribution Regulation Act, 2010 \(FCRA\)](#) registrations for two prominent [non-governmental organisations \(NGOs\)](#) - the **Centre for Policy Research (CPR)** and **World Vision India (WVI)** - has sparked discussions about the regulatory landscape governing foreign contributions in India.

What led to the Cancellation of the Registrations of CPR and WVI?

- The [Ministry of Home Affairs \(MHA\)](#) accused CPR of redirecting foreign donations to support protests and legal challenges against development projects, claiming misuse of funds to impact India's economic interests.
 - The allegation includes the violation of FCRA norms through the production of current affairs programs, citing CPR's report on air pollution as an example.
 - The MHA asserts that publishing such programs with foreign funds contravenes **Section 3 of the FCRA**.
- Additionally, the registration of **World Vision India** was revoked for alleged FCRA violations spanning from 2012-13 to 2020-21.
 - WVI is the **recipient of the highest amount of foreign donations** among all NGOs registered under the Act in 1986.

What is the FCRA?

- **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 organisations.
 - It was designed to regulate foreign donations to prevent any adverse impact on internal security, ensuring alignment with the principles of a **sovereign democratic republic**.
- **Evolution of FCRA:**
 - **2010 Amendment:** Enacted to streamline regulations governing the acceptance and use of foreign contributions by specific individuals or associations, and to forbid such contributions for activities harmful to national interests.
 - **2020 Amendment:**
 - Providing **Aadhaar numbers of all key functionaries of NGOs**, receipt of foreign contribution only through designated FCRA bank accounts with the State Bank of India
 - Complete ban on domestic transfer of foreign funds

- Reduction of administrative expense limit from **50% to 20%**
- **Applicability:** FCRA mandates registration for all associations, groups, and NGOs intending to receive foreign donations.
 - Initially valid for **5 years** with the possibility of renewal upon compliance with prescribed norms.
- **Purposes of Foreign Contributions:** Registered associations can receive foreign contributions for social, educational, religious, economic, and cultural purposes.
- **Monitoring Authority: Ministry of Home Affairs**
 - In 2015, the MHA mandated NGOs to operate accounts in banks with core banking facilities for real-time security access.
 - In 2023, the MHA amended rules for FCRA-registered NGOs, now **necessitating the disclosure of assets** created using foreign funds in their annual returns.

How NGOs are Regulated in India?

- **About:**
 - As defined by the World Bank, NGOs refers to **not-for-profit organisations** that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development.
 - However, the term NGO in India denotes a wide spectrum of organisations which may be non-governmental, quasi or semi governmental, voluntary or non-voluntary etc.
- **Registration and Regulation:** Majorly, NGOs can register as **either trusts, societies, or companies under Section 8 of the [Companies Act, 2013](#)**. Each form has its own set of rules and regulations for registration and governance.
 - **Trusts:** Governed by the [Indian Trusts Act, 1882](#), or equivalent state laws, requiring registration with the Charity Commissioner's office.
 - **Societies:** Registered under the [Societies Registration Act, 1860](#), or its state-specific variations, with the Registrar of Societies.
 - **Section 8 Companies:** Registered similar to commercial companies **but with non-profit objectives**.
- **NGO-DARPAN Platform:** It provides space for interface between NGOs and Central Ministries / Departments / Government Bodies.
 - This is a free facility offered by the [NITI Aayog](#) in association with National Informatics Centre to bring about greater partnership between government & voluntary sector and foster better **transparency, efficiency and accountability**.

UPSC Civil Services Examination, Previous Year Question:

Mains

Q. Can Civil Society and Non-Governmental Organisations present an alternative model of public service delivery to benefit the common citizen? Discuss the challenges of this alternative model. **(2021)**