



Curb on Foreign Funding of NGOs

Why in News

Recently, the Union Government has put restrictions on funding for 10 international [Non-Governmental Organisations](#) (NGO's) working on [Child Rights](#), [Climate Change](#) and **environmental projects**.

- In February 2021, the Ministry of Home Affairs (MHA) issued [new regulating guidelines to banks](#) under [Foreign Contribution \(Regulation\) Act, 2010](#).

Key Points

▪ About:

- The [Reserve Bank of India](#) had previously asked for several foreign organisations to be put on the **Prior Reference Category (PRC) list**.
 - It implies that as and when the foreign donor wants to transfer the money to some recipient association in India, the same needs **prior clearance from the Ministry of Home Affairs**.
- Over 80 international agencies are on the list.

▪ Provisions Under FCRA Amendment, 2020:

- It requires any organisation that wants to register itself under the FCRA to **have existed for at least three years** and to have spent a minimum of **Rs 15 lakh on its core activities during the last three financial years** for the benefit of the society.
- The NGOs are also required to **submit commitment letters from their donors**, specifying the amount of foreign contributions and the purpose for which they are proposed to be given.

▪ Reasons for Curb:

- It was stated that dozens of NGOs were **indulged in outright misappropriation or misutilisation of foreign contributions**.
- Even doubling the inflow of foreign contribution between the years **2010 and 2019, many recipients have not utilised the fund** for the purpose for which they were registered or granted under FCRA Act.

- It has also led the central government to cancel certificates of registration of more than 19,000 recipient organisations during the period between 2011 and 2019.

▪ Implications:

◦ Discouraging Constitutional Rights:

- These moves will have a **discouraging effect on the constitutionally guaranteed rights** to freedom of association, expression and assembly (Article 19).
- The government has expanded governmental discretion, bureaucratic control and oversight with respect to the day-to-day functioning of NGOs in India.

- **Can Curb NGOs' Humanitarian Work:**

- It can choke NGOs with red tape so that **they are unable to do their humanitarian work.**
- It can make it more difficult for grassroots NGOs that are independent of government, business, religion and political groups to operate in India.

- **Repressing Freedom:**

- The passage of the [FCRA Amendment, 2020](#) and the actions against [Amnesty](#) place India next to only Russia, where the government has used the Foreign Agents Law, 2012 and Undesirable Organisations Law, 2015 as **a weapon to repress freedom of association and expression.**
- International organisations had expressed concern over the use of the **Foreign Contribution Regulation Act to "stifle the voices" of activists** and non-governmental organisations in India.

Way Forward

- **Excessive regulation** on foreign contribution **may affect working of the NGOs** which are helpful in implementing government schemes at the grassroots. They fill the gaps, where the government fails to do their jobs.
- The regulation should **not hamper sharing of resources across national boundaries** essential to the functioning of a global community, and **should not be discouraged unless there is reason** to believe the funds are being used to aid illegal activities.

[Source: TH](#)

PDF Reference URL: <https://www.drishtias.com/printpdf/curb-on-foreign-funding-of-ngos>

