



# NGO Regulation Under FCRA

[Source: HT](#)

## Why in News?

The **Ministry of Home Affairs (MHA)** warns **NGOs** using **foreign funds without a valid FCRA license** will face penalties under the **FCRA, 2010 amended in 2020**.

## What is Foreign Contribution Regulation Act?

- **About:** The FCRA, enacted in **1976** during the **Emergency**, governs the **acceptance and utilization** of foreign contributions by **individuals, associations, and organizations** in India.
  - It ensures that such contributions are used only for **legitimate purposes** and do not compromise national interest.
- **Amendments:** It was amended in **2010** and **2020** to **ensure transparency** and prevent misuse of foreign contributions in India.
- **Validity and Renewal:** FCRA registration is valid for **five years**, with NGOs needing to apply for **renewal six months** before expiry.
- **Amendments Made in 2020:**
  - **Suspension:** MHA is empowered to **suspend** an NGO's FCRA registration for up to **360 days** if it is found in violation of the **FCRA, 2010**.
    - **Aadhaar identification** was made **mandatory** for all office-bearers, directors, or key functionaries of NGOs.
  - **Bar on Public Servants:** The amendment **prohibits public servants** from receiving foreign contributions.
  - **Administrative Expenses:** NGOs are now **restricted to** using a maximum of **20% of foreign funds** for administrative purposes.
    - Earlier, they could use up to **50%** for administrative expenses.
  - **Prohibition on Sub-Granting:** NGOs receiving foreign funds are prohibited from **transferring these funds** to other NGOs or entities.
  - **Designated Bank Account:** NGOs are required to open a **designated FCRA account** exclusively at a branch of the **State Bank of India (SBI) in New Delhi**.
- **Prohibited Activities:** The applicant must not represent **fictitious entities or engage in religious conversions**.
  - They should have no history of **communal tension, disharmony, or seditious activities**.
  - The FCRA bars foreign funds for **candidates, journalists, media, judges, government servants, politicians, and political organizations**.

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# DEVELOPMENTAL GROUPS IN INDIA

## Self-Help Groups (SHGs)

- ↳ Self-governed peer-controlled information group of people with similar socio-economic backgrounds and interests
  - Members allowed: 5-20 | Registration not required
  - SHGs use savings amounts for giving loans to members
- ↳ **NABARD's SHG-Bank Linkage Programme (1992)** - To connect SHGs with formal banking institutions
- ↳ ~88% of SHGs in India have all-women members
- ↳ **Success Stories:**
  - Self-Employed Women's Association (SEWA) since 1972
  - Kudumbashree (1998) in Kerala

## Cooperative Societies

- ↳ **People-centred** enterprises, owned, controlled, and run by and for their members.
  - Capital raised through shared contributions from members.
- ↳ **Regulating Acts:**
  - Multi-State Co-operative Societies Act, 2002
  - State Cooperative Societies Acts
- ↳ **97th Constitutional Amendment (2011):**
  - Right to form cooperatives - a fundamental right (Article 19(1)(c))
  - Article 43B (DPSP) - Promotion of Cooperatives
  - Part IX-B titled "The Co-operative Societies" (Articles 243-ZH to 243-ZT).
- ↳ **Examples:** AMUL, IFFCO and PACS

## Non-Governmental Organisations (NGOs)

- ↳ Pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development
- ↳ **Registered as:**
  - **Societies:** Societies Registration Act, 1860
  - **Trusts:** Indian Trusts Act, 1882
  - **Companies:** Section 8 Companies Act, 2013
- ↳ **Constitutional Provisions:**
  - **Article 19(1)(c)**
  - **Article 43**
  - **Concurrent List** mentions Charities and charitable institutions
- ↳ **FCRA mandates registration for all NGOs intending to receive foreign donations.**
- ↳ **Prominent NGOs:**
  - **NGO Pratham:** Pioneered the **ASER report** to assess the learning levels of children in rural India.
  - **Akshaya Patra Foundation:** Provided nutritious mid-day meals to school children.
- ↳ **NGO-DARPAN Platform - An interface between NGOs and Government Bodies.**

