FCRA

Context

A decision by the U.S. Centre for Disease Control and Prevention (CDC) to donate $3.6 million to Indian labs and research agencies to assist in countering COVID-19 pandemic could run into delays, given that the agency has been placed on a “watch list” since December 2019.

About FCRA

Foreign Contribution Regulation Act (FCRA) is a consolidating act passed by the Government of India in the year 2010. It seeks to regulate the foreign contributions or donations and hospitality (air travel, hotel accommodation etc) to Indian organizations and individuals and to stop such contributions which might damage the national interest.

Since the Act is internal security legislation, despite being a law related to financial legislation, it falls into the purview of Home Ministry and not the Reserve Bank of India (RBI)

Need for FCRA:

The act aims at keeping a check on foreigners influencing the Indian electoral politics, journalists, public servants etc. for wrong purposes or activities detrimental to the public interest. Those violating the provisions of FCRA can be jailed up to a term of 5 years.

Salient features of FCRA 2010:

The FCRA was enacted in 1976 in order to maintain strict control over voluntary organisations and political associations that received foreign fundings.

In the year 1984, an amendment was made to the act requiring all the Non Governmental Organisations to register themselves with the Home Ministry. In 2010, the act was repealed and a new act with strict provisions was enacted.

Provisions of the FCRA 2010:

A provision was made for the cancellation of registrations of NGOs if the Home Ministry believes that the organisation is political and not neutral.

The registration certificate granted to the NGOs under the 2010 act came with a five year validity.

A provision was inserted stating that the assets of the person who has become defunct needs to be disposed off in a manner stated by the government.

A separate account needs to be maintained by the organisations to deposit the Foreign Contributions received and no other funds except for Foreign Contributions shall be deposited in that account.

Every bank would be obligated to report to the prescribed authority, the amount of foreign
remittances received and other related details such as the source, manner of receipt etc.

**Who can accept Foreign Contribution?**

Organizations working for **definite cultural, social, economic, educational or religious programs**, if and only if they are

- Registered with the Home Ministry
- Maintaining a separate account listing the donations received from foreigners, getting it **audited by a Chartered Accountant** and submitting it to the Home Ministry, every year.

**Who are debarred from receiving Foreign Contribution?**

- Candidate contesting an election
- Cartoonist, editor, publishers of registered newspaper
- Judge
- Government servants or employee of any corporation
- Member of any legislature
- Political parties