



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**.

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.**



Drishti IAS