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Funds from UN Organizations to be excluded from FCRA.

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In News: The Union Home Ministry has released a list of 117 United Nations bodies and other international organisations whose contribution to Indian entities will not be covered under the stringent Foreign Contribution (Regulation) Act, 2010. Indian organisations receiving foreign funds are mandatorily registered under the Foreign Contribution (Regulation) Act, 2010 and they must have a special account at a designated branch of the State Bank of India in New Delhi.

What is Foreign Contribution (Regulation) Act, 2010?

- Foreign Contribution (Regulation) Act is an act of Parliament enacted in 1976 and amended in 2010 to regulate foreign donations. It aimed to ensure that such contributions do not adversely affect internal security.
- Coverage: It is applicable to all associations, groups, and NGOs which intend to receive foreign donations. Individual or Hindu Undivided Family are also covered under FCRA.
- Registration: An FCRA registration is mandatory for NGOs to receive foreign funds.
- Purpose: Registered NGOs can receive foreign contributions for five purposes – social, educational, religious, economic and cultural.

What are all the important Organizations or Institutions included in the exemption list?

The Intergovernmental Panel on Climate Change, Geneva, Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Geneva, Global Environment Facility, Washington, International Labour Organisation, Food and Agriculture Organisation, UNESCO, World Health Organisation will also not be covered under the FCRA.

The International Bank for Reconstruction and Development (IBRD), International Monetary Fund, International Finance Corporation, International Rice Research Institute, Manila, International Potato Centre, Peru, Centre for International Forestry Research (CIFOR), Indonesia, Asian Development Bank (ADB), Manila, International Narcotics Control Board (INCB), Vienna, International Solar Alliance were also part of the 117 organisations which were excluded from the ambit of the FCRA.

What is mandatory for Indian organisations receiving foreign funds?

FCRA Amendment Act, 2020: The amendment has made it compulsory for the NGOs to open an exclusive Bank account with the State Bank of India in New Delhi to receive foreign donations.

The Ministry of Home Affairs had given the deadline of March 31st, 2021 to open this bank account.

Other Issues:

The Home Ministry has asked the Finance Ministry to surrender its powers to monitor non-governmental organisations (NGOs) under the Foreign Exchange Management Act (FEMA). This move is aimed at bringing all NGOs which receive foreign contributions under one umbrella for better monitoring and regulation. It will help in better regulation of such funds. The government has admitted that the amended Foreign Contribution Regulation

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Act (FCRA), 2010, which they brought in through the Finance Bill route, will not only help foreign-origin companies to fund NGOs here but has also cleared the way for them to give “donations to political parties.”