

Govt notifies new rules, makes it tougher for NGOs to get foreign funds

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The Centre has further tightened rules for organisations seeking foreign funding. The new rules, notified on Wednesday, state that any organisation seeking registration under the Foreign Contribution (Regulation) Act (FCRA) must have operated for at least three years and spent “a minimum amount of Rs 15 lakh on its core activities for the benefit of society during the last three financial years”.

Key Highlights

- Any organisation seeking prior permission for receiving a “specific amount from a specific donor for carrying out specific activities or projects” shall “submit a specific commitment letter from the donor indicating the amount of foreign contribution and the purpose for which it is proposed to be given”.
- The Centre has said that if the value of foreign contribution is over Rs 1 crore, it may be given in installments “provided that the second and subsequent installment shall be released after submission of proof of utilisation of 75 per cent of the foreign contribution received in the previous installment and after field inquiry of the utilisation of foreign contribution.”
- However, the rules for declaring an organisation as a “political organisation” have been relaxed, with student, farmer, worker and youth organisations being exempted unless

they participate in “active politics or party politics”. Political organisations can’t receive foreign funds.

- The new rules are a follow-up on the amendments to the FCRA that the Centre pushed through in the last session of Parliament.
- The amendments have made the FCRA, 2010 more stringent, with prohibition of transfer of funds from one NGO to another, decrease of administrative expenses through foreign funds from 50 per cent to 20 per cent, making Aadhaar mandatory for registration, and giving the government powers to stop utilisation of foreign funds through a “summary enquiry”.
- In the newly notified rules, the Centre has made an insertion in Rule 9 – which deals with obtaining registration or prior permission to receive foreign funds – which makes the process more cumbersome for NGOs.

SOURCE: *The Indian Express*