

GOVT. TIGHTENS OVERSIGHT ON FUNDS RECEIVED BY NGOS

Relevant for: Security Related Matters | Topic: Role of External State & Non-state actors in creating challenges to internal security incl. Terrorism & illegal Migration

The Ministry of Home Affairs (MHA) has laid down a charter for banks which says that “donations received in Indian rupees” by non-governmental organisations (NGOs) and associations from “any foreign source even if that source is located in India at the time of such donation” should be treated as “foreign contribution”.

As per the existing rules, all banks have to report to the Central government within 48 hours, the “receipt or utilisation of any foreign contribution” by any NGO, association or person whether or not they are registered or granted prior permission under the FCRA.

Last September, the Foreign Contribution (Regulation) Act, 2010, was amended by Parliament and a new provision that makes it mandatory for all NGOs to receive foreign funds in a designated bank account at the State Bank of India’s New Delhi branch was inserted.

FCRA regulates foreign donations and ensures that such contributions do not adversely affect the internal security of the country.

All NGOs seeking foreign donations have to open a designated FCRA account at the SBI branch by March 31.

The NGOs can retain their existing FCRA account in any other bank but it will have to be mandatorily linked to the SBI branch in New Delhi.

Penal provisions

The Ministry has laid out a series of guidelines and charter to make the NGOs and the banks comply with the new provisions.

The charter for the banks said, “It may be noted that foreign contribution has to be received only through banking channels and it has to be accounted for in the manner prescribed. Any violation by the NGO or by the bank may invite penal provisions of The FCRA, 2010.” It added that “donations given in Indian rupees (INR) by any foreigner/foreign source including foreigners of Indian origin like OCI or PIO cardholders” should also be treated as foreign contribution.

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