

Foreign-funded NGOs will now have to conduct transactions and dealings online

Foreign-funded non-governmental organizations (NGOs) will soon have to conduct all their transactions and dealings online, including filing quarterly reports of the foreign contributions received by them.

The Foreign Contribution (Regulation) Amendment Rules, 2015, finalized by the home ministry and likely to be notified next month, seek to migrate from the current manual procedure of applying for FCRA registration and reporting foreign funding etc to a fully online system. To ensure a smooth transition to an online FCRA regime, the home ministry will make the final rules public after they are vetted by the law ministry. This is expected to happen in the next few days. NGOs will be given a lead time of two to three weeks to align with the new system, before the rules are notified.

"By making all FCRA dealings online, the home ministry hopes to eliminate the need for NGOs to manually file applications and returns as well as subsequent visits by their representatives to our FCRA division for a status update. This is our big step towards Digital India," home secretary L C Goyal told TOI on Sunday.

The draft FCRR uploaded on the home ministry website in June have been refined based on comments received from NGOs and others. For instance, though the original draft proposed a seven-day timeframe for reporting a foreign contribution, objections from both big and small NGOs led the home ministry to okay quarterly reporting of foreign contributions. "We realized that the seven-day window was rather impractical, and have now provided for reporting of foreign contributions every three months," said Goyal.

The draft rules have also relaxed the requirement for each FCRA-registered NGO to maintain a website. "Given that many small NGOs have limited resources or work in remote places, we are giving them an option to operate through the home ministry portal with a login name," said Goyal.

Incidentally, though some small NGOs also raised the issue of limited net connectivity in some areas to demand retention of the manual option, the ministry sees little merit in the argument. "For the 500-600 blocks that may not have net penetration, VSAT connectivity is being given," said the home secretary.

The home ministry has decided to make it optional for NGOs to provide details of their Twitter/Facebook handles. NGOs that receive nil foreign funding may no longer need to attach a chartered accountant's certificate with their returns; mere self-certification will suffice. Besides, dispensing with the mandatory prior permission for a change of directors or bank account, the home ministry has allowed NGOs to notify it subsequently.

As per the new rules, the list of 10 forms prescribed under FCRR 2011 has been cut to six, and the forms made simpler by eliminating the unnecessary fields and paperwork. The NGOs may

fill up these forms online with a digital signature. For those with no digital signature, uploading a scanned copy of the manually signed form will suffice.

(Economic Times)