



PRESS STATEMENT

Cancellation of our Registration under the Foreign Contribution Regulation Act, 2010

New Delhi, 28 April, 2022– On 19th April, 2022, past 8.00pm, CHRI received an email communication from the Union Ministry of Home Affairs (MHA) of an [order cancelling](#) our registration certificate No. 231650671R issued on 09/03/1993.

Earlier, on 07/06/2021, the Government had suspended CHRI's registration under FCRA for a period of 180 days. On 01/12/2021, the suspension was extended for a further period of 180 days. In between, from 09-14 August, 2021, an Audit Team constituted by the MHA, inspected our books of accounts, records and papers. MHA sent us the observations of its Audit Team on 07/10/2021. Subsequently, on 07/12/2021, the MHA issued CHRI a show cause notice asking why our FCRA registration certificate Should not be cancelled. On 16/02/2022, CHRI representatives appeared before the Joint Secretary (Foreigners Division) of the MHA, via video conferencing, to explain why our registration certificate Should not be cancelled.

CHRI fully cooperated with the MHA in all the proceedings initiated since June 2021, by submitting detailed responses against the allegations contained in the suspension order, the Audit Team's observations and the show cause notice. More than 7,500 pages of records containing details of our transactions were photocopied and submitted on MHA's demand, within the deadlines stipulated. **Nothing in the cancellation order indicates, why the MHA finds our explanation unsatisfactory, unreasonable or untenable.**

The MHA's 19 April, 2022 order specifies **four grounds** for cancellation of our registration certificate:

Ground (i): that CHRI had credited/deposited a sum of Rs. 31,90,598/- in its bank account designated to receive foreign contribution even though it is not covered under the definition of 'foreign contribution'.

Our explanation: On two occasions, CHRI explained to the MHA, with supporting evidence, that these funds were received from foreign donor agencies situated in the United Kingdom and Sri Lanka for carrying out specific project activities in India in 2014 and 2018, respectively. Even though these were consultancy project agreements, out of abundant caution, CHRI reported them to MHA as contributions received from 'foreign sources' which indeed they are.



Ground (ii)(a): that CHRI has provided incomplete information in FC-4 Form in financial year (FY) 2018-19 by not disclosing details of activities/projects for which foreign contributions had been received and utilised.

Our explanation: CHRI explained to the MHA on three occasions, that it had submitted online, details of project-wise foreign contribution (FC) received and utilised during FY 2018-19 along with the opening and closing balance of funds as part of the Receipts and Payments Account and the Income and Expenditure Account for that FY. These documents were annexed to the Annual Report (AR) uploaded online in FC-4 form within the stipulated deadline. Copies of these documents were enclosed along with our responses sent to the MHA.

Ground (ii)(b): that CHRI has provided incorrect and conflicting information in FC-4 Form in AR from 2013-14 to 2018-19 regarding opening and closing balances of FC.

Our explanation: CHRI furnished the following explanation to the MHA, on three occasions:

- a) that as is common practice of NGOs across India, CHRI has been consistently following an accrual-based accounting system, and not a cash-based accounting system. During the August 2021 audit of our books of accounts conducted by the MHA's Audit Team, in order to arrive at the year wise Opening/Closing Balance, they have taken into consideration only the cash and bank accounts (reported under Col. 2.iv of FC-4) but not taken into consideration Fixed Deposits reported under the head: "Total investment in term deposit in FC-4", for FYs 2014-15 and 2017-18. This has resulted in the differences in the opening and closing balance as calculated by CHRI and MHA's Audit Team;
- b) that in CHRI's view, it would not be appropriate to compare the balances shown in FC-4 returns with the Receipts and Payment Accounts. If they are to be compared, it would be necessary to take into account other current liabilities and current assets such as amounts payable to sundry creditors, annual provisions for leave salary and gratuity payable to staff members as these are utilization of foreign funds although not paid during that Financial Year for which reporting was done through FC-4 format;
- c) that for FYs 2014-15 and 2017-18, MHA's Audit Team has only considered the FC amount held in cash and bank accounts. The amount of Fixed Deposits reported under the head of "Total Investment in term deposits" in FC-4 has not been considered while calculating the closing balances for those FYs; and
- d) that there are two typographical errors in the figures for FYs 2018-19 and 2019-2020 recorded at point #(vi) of the observations of the MHA's Audit Team.



Ground (iii): that the Association has utilised foreign contribution on activities beyond the scope of the Act for which the registration was granted thereby violating various provisions of the FCRA (specified in the last part of MHA’s cancellation order).

Our explanation: CHRI is unable to offer any explanation against such a vague and bald allegation which finds mention only in the cancellation order but not during any of the prior proceedings.

However, in the observations of its Audit Team and the December 2021 show cause notice, MHA had alleged that CHRI has utilised foreign contributions received for the benefit of foreign countries and foreign citizens from FYs 2013-14 to 2019-20. **This allegation is not mentioned in the cancellation order.**

On three occasions, CHRI provided the following explanation against this allegation along with supporting evidence:

- a) that in our view, there is nothing in the FCRA that proscribes activities abroad by an FCRA registered association especially when such activities are in furtherance of the declared “purpose for which the contribution has been received” as well as the stated aims and objectives of the Association. CHRI’s activities abroad are squarely in compliance with the provisions of the Act; and
- b) that the total cost on activities undertaken by CHRI with benefit to citizens of foreign countries including CHRI’s staff time, as a percentage of the total utilisation of foreign contribution during the FYs 2013-14 to 2019-20 is **7.37% only**.

CHRI will seek all remedies in law to reverse the MHA’s cancellation order. Meanwhile, CHRI will continue to work for the practical realisation of people’s human rights, access to justice and access to information, as per its mandate.

Please direct all queries to:

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