

Hewlett Foundation in FCRA 'watchlist'

The Foundation, which was established by William R Hewlett - co-founder of the American MNC Hewlett-Packard - and his wife Flora Lamson in the '60s, donates to nonprofits across countries in sectors such as education, environment, gender equity and governance.

Sugata Ghosh ET Bureau March 16, 2022, 11:19 IST

[Hewlett Foundation](#), one of the largest philanthropic organisations in the US, is understood to have been put on the government's '[watchlist](#)' in line with the provisions of the Foreign Contribution (Regulation) Act.

Recent fund transfers by the overseas foundation to the accounts of two Indian non-profits with State Bank of India's [Parliament Street](#) branch, [New Delhi](#), could not be completed, two persons aware of the matter told ET.

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Once a foreign donor is included in the 'Prior Reference Category' list (or, watchlist), [SBI](#) is required

to take the prior clearance of the ministry of home affairs (MHA) before crediting the account of any local NGO or nonprofit. Last year, around ten foreign donors were included in the list.

"It's possible that the government may have restricted funding options for more foreign foundations. The Prior Reference Category list seems to have been further updated. FCRA provisions allow the government to issue such additional sanctions. And, the PRC list may reflect certain 'sectoral sensitivities' where charitable contribution could be viewed through the lens of 'activism' and 'lobbying'," said Rahul Rishi, who leads the social sector and social finance practice at the law firm Nishith Desai Associates.

FCRA Amendments

According to NGO circles, one of the recipients identified for the Hewlett grant was a Bangalore-based nonprofit working on policy issues related to freedom of expression and accessibility through internet and digital technologies while the other was a Delhi-based think-tank.



Domestic NGOs and nonprofits must have accounts with SBI Delhi for receiving foreign donations	Amended FCRA Act came into effect on Sept 29, 2020
Once a foreign donor is in 'Prior Reference Category' list, SBI must take MHA clearance before crediting an account	End-use of foreign donations has come under lens
Last year, around ten foreign donors were included in the list	Smaller NGOs fear they may run out of funds
	FCRA has been tightened over the years

Illustration: ZAHID

An MHA spokesperson did not comment on the matter.

To track inflows from overseas donors and avoid fund transfers from other banks, all domestic NGOs and nonprofits have to maintain accounts with SBI Delhi for receiving foreign donations. One of the FCRA amendments in September 2020, which fuelled a debate, blocked sub-granting by larger NGOs distributing money to smaller nonprofits covering the last mile - a regulation that smaller NGOs located in remote regions complain has hurt them badly. They believe that the new regulations have "over-bureaucratized the NGO eco-system in India". The changes to the law were made amid allegations that some of the organisations were misusing foreign donations.

While the FCRA has been tightened over the years - with the last round of restrictions included in 2020 - the statute owes its origin to the Emergency era. The aim was to defeat the 'foreign hand' plot to undermine political and parliamentary institutions, and ensure that institutions and individuals respect the values of the sovereign.

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