BY SPEED POST

F.No.II/21022/52(0062)/2012-FCRA (MU)
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS
FOREIGNERS DIVISION (FCRA wing)

New Delhi, Date: 16th June’2016

ORDER under Section 14 of FCRA 2010

Whereas, the Sabrang Trust, Nirant, Juhu Tara Road, Juhu Mumbai, Association is registered under the Foreign Contribution (Regulation) Act, 2010 (FCRA 2010) vide Registration No. 083781099R;

Whereas, based on the information received from our sources and the scrutiny of records of the Association available with us, prima facie violations of various provisions of FCRA 2010 were noticed;

Whereas an on-site inspection of Books of accounts and records of the Association was conducted from 9th to 11th April, 2015 at the registered office at Nirant, Juhu Tara Road, Juhu, Mumbai;

Whereas, upon inspection of the same, it emerged that the Association had indulged in various such activities as would amount to violation of various provisions of the FCRA, 2010;

Whereas, a copy of the inspection report was served to the Association vide letter of even number dated June 05, 2015, inviting comments on the observations contained in the said report.

Whereas, the Association submitted its response on the inspection report vide its letter dated June 25, 2015.

Whereas, after careful examination of the above response to the said inspection report, the FCRA registration of the Association was suspended under section 13 of FCRA 2010 and a Show Cause Notice under section 14 of FCRA 2010 was issued vide letter No. II/21022/58(0047)/2013-FCRA (MU) dated September 09, 2015.

Whereas, the Association submitted its reply to the said Show Cause Notice vide its letter dated October 05, 2015. The reply given by the Association was carefully examined.

Whereas, the Association was again given an opportunity for personal hearing on 11 April, 2016, as requested by them.
Whereas, the reply of the Association alongwith the records made available by them as also that available with us was examined in detail and it was found that the same was not satisfactory; that the same did not provide adequate explanation vis-à-vis the violations found and pointed out and that the same did not contain any such material as would justify the withdrawal of the Show Cause Notice dated 09 September, 2015, and therefore, it has been decided to reject the same and proceed in accordance with law.

Whereas, in the course of adjudication of the Show Cause Notice dated September 09, 2015, having taken into consideration the defence/explanation/pleas/documents submitted by the Association, we have arrived at a conclusion to the effect that the following violations of sections 3, 7, 8(1)(a) & (b) and 17(1) of FCRA 2010 read with Rule 24 of Foreign Contribution (Regulation ) Rules, 2011 ( FCRR 2011 ) have been established to have thus been committed by the Association:

1. The Association has incurred more than 50% of the foreign contribution on administrative expenditure during 2010-11(64.23%) and 2011-12 (55.14%) without obtaining the prior approval of the Central Government, which is in violation of section 8(1) (b) of FCRA 2010.

2. Association has spent an amount of Rs. 50 Lakhs for Sabrang Communications and Publishing Pvt. Ltd. (a self owned media and publications company) clearly violating the mandate of the FCRA 2010. By this action, Association has not only unauthorizedly utilized the foreign contribution for the purposes of an unregistered entity under FCRA, 2010, but also that entity being self owned media and publication company, utilized that amount for activities totally prohibited by Section 3 of FCRA, 2010. It may be mentioned that during course of inspection, it was noticed that both, Ms. Teesta Setalvad and Mr. Javed Anand who are Chief Functionaries/Trustees of Association are also working as Directors, Co-editors, Printers and Publishers in the Company Sabrang Communication and Publishing Pvt. Ltd. Having RNI No. MAHEG/1993-1148 which published a magazine called “Communalism Combat”. Further both, from time to time keep on writing various articles in newspapers and magazines. It may be further mentioned that both entities are functioning from the same premises, utilizing staff, infrastructure and other resources interchangeably. Thus, the association has violated Sections 3 and 7, 8(1)(a) of FCRA 2010 read with Rule 24 of FCRR, 2011.

3. The Association has transferred an amount of Rs.2,46,954/- from its FC designated account to Sabrang Trust domestic account on 14.01.2011. This is the mixing of domestic and foreign funds by the association and is liable to be treated as misutilization of foreign contribution. Receipt, utilization and accounting of foreign contribution has to be separate, as provided in the FCRA, 2010. Thus Association has violated section 8(1) (a) and Section 17(1), of FCRA 2010.

4. The Association had made the payment to Sabrang Communications & Publishing Pvt. Limited for purchase of Bulk SMS from Sandesha Online services, 213, Master Mind IV, IT Park, Aarey Colony, Goregaon (E), Mumbai-65. This action of Association is non utilization of Foreign Contribution for the purpose for which it was received, further, it constitutes transferring of FC to non-registered Association engaged in media and publications, which is a prohibited activity
under FCRA, 2010. Thus, the association has violated the Sections 3, 7, 8(1)(a) and 17(1) of FCRA, 2010.

5. The Association has made direct payments of approx. Rs.12 Lakhs from FCRA designated account to Citi Bank and Union Bank of India on account of credit cards belonging to Ms. Teesta Setalvad and Mr. Javed Anand respectively. The cards are issued in the name of the individuals and the above mentioned payments of the Foreign Contribution shall be treated to have been used for personal gain. Besides, it has been seen from the accounts that the foreign contribution has been frequently used for items of personal expenses e.g. for dining in hotels, food takeaways ordered at their residence, cakes and sweets from premium outlets, purchase of purely personal items like earbuds, wet wipes, nail clippers, sanitary napkins by both Mrs. Teesta Setalvad and Mr. Javed Anand, etc. which have been reimbursed to the trustees from the FCRA account. This amounts to using the foreign contribution for the purpose not authorized as per provisions of FCRA, 2010. Thus, violation of Section 8(1) (a) of FCRA, 2010 has occurred.

6. Sabrang Trust was registered under FCRA, 1976 (repealed with FCRA, 2010) vide Registration No.083781099R under Nature of ‘Educational and Social’. On scrutiny of FC-3 (Now FC-6) return FY 2007-08 it was noticed that association has received Rs.1,52,593/- as foreign contribution under the nature ‘Cultural’. Further this amount has been reflected in FC-3 return in two different columns as Rs.1,02,593/- under ‘maintenance of place of historical & culture importance’ and Rs.50,000/- under ‘other expenses’. This indicated that the association has received the FC for purpose which is not permitted as per mandate of registration certificate and therefore, has violated the mandate of registration certificate.

Now therefore, in exercise of powers conferred by clauses (b), (c) and (d) of Sub-section (1) of Section 14 of the Foreign Contribution (Regulation) Act 2010 the Central Govt. hereby cancels the permanent registration of Sabrang Trust (FCRA Regn No. 083781099R), Nirant, Juhu Tara Road, Juhu Mumbai, with immediate effect.

This issues with the approval of Competent Authority.

(Deepak Kumar)
Under Secretary to the Govt. of India.

To

The Chief Functionary,
Sabrang Trust,
Nirant, Juhu Tara Raod,
Juhu, Mumbai (Maharashtra)