Amendments to FCRA

Why in news?

The Foreign Contribution (Regulation) Amendment Bill, 2020 was passed in the Parliament.

What is the Bill about?

- The Foreign Contribution (Regulation) Amendment Bill, 2020 seeks to amend the Foreign Contribution (Regulation) Act, 2010.
- The Act regulates the **acceptance and utilisation** of foreign contribution by individuals, associations and companies.
- Foreign contribution is the donation or transfer of any currency, security or article (of beyond a specified value) by a foreign source.

What are the provisions of the amendment?

- **Aadhaar for registration:** The Act states that a person may accept foreign contribution (FC) if they have:

1. A certificate of registration from central government, or
2. Prior permission from the government to accept FC.

- The Bill adds that person seeking prior permission, registration or renewal must provide the Aadhaar number of all its office bearers, directors or key functionaries, as an identification document.
- In case of a foreigner, they must provide a copy of the passport or the Overseas Citizen of India card for identification.
- **Prohibition to accept foreign contribution:** Under the Act, certain persons are prohibited to accept any foreign contribution.
- These include: election candidates, judges, government servants, members of any legislature, and political parties, among others.
- The Bill adds public servants (as defined under the Indian Penal Code) to this list.
- **Transfer:** The Act states that FC cannot be transferred to any other person unless such person is also registered to accept it.
- They should have obtained prior permission under the Act to obtain FC.
- The Bill amends this to prohibit the transfer of FC to any other person.
- **FCRA account:** The Act states that a person can accept FC only in one

branch of a scheduled bank specified by them.
- But, they may open more accounts in other banks for utilising the FC.
- The Bill states that FC must be received only in an account designated by the bank as "FCRA account" in such branch of the SBI, New Delhi, as notified by the central government.
- No funds other than FC should be received or deposited in this account.
- The person may open another FCRA account in any scheduled bank of their choice for utilising the received contribution.
- **Restriction in utilisation:** Under the Act, if a person violates the provisions of the Act, the unutilised or unreceived FC may be utilised or received, only with the prior approval of the central government.
- The Bill adds that the government may restrict usage of unutilised FC for persons who have been granted prior permission to receive such FC.
- **Renewal of license:** Under the Act, every person must renew the certificate of registration within six months of expiration.
- The Bill provides that the government may conduct an inquiry before renewing the certificate of registration.
- **Reduction in use of FC for administrative purposes:** Under the Act, a person who receives FC must use it only for the purpose for which the contribution is received.
- Further, they must not use more than 50% of the contribution for meeting administrative expenses. The Bill reduces this limit to 20%.
- **Surrender of certificate:** The Bill allows the central government to permit a person to surrender their registration certificate.
- The government may do so if, post an inquiry, it is satisfied that such person has not contravened any provisions of the Act.

What is the concern?

- Amendments to the FCRA were drafted without consultation with stakeholders.
- They were passed with limited discussion in Parliament which further clips the wings of India's battered civil society.
- They put heavy conditions on civil society organisations, and educational and research institutions that have partnerships with foreign entities.
- The International Commission of Jurists said that the new law was incompatible with international obligations and India's constitutional provisions on rights.

What was the allegation?

- In Parliament, the ruling party alleged that the foreign money was being used for religious conversions.

- The debate on religious propagation and conversions must be delinked from the question of foreign funding.
- There are adequate laws against conversion by inducement.
- The right or wrong of it cannot be decided against the touchstone of the source of funds, native or foreign.
- Some of the restrictions appear well meaningful, but could impact NGOs besides showing up India to be overregulated.

What is needed?

- It could be true that a portion of such foreign assistance may be reaching the wrong hands.
- But, a presumption of guilt against the NGOs, followed by control, amounts to throwing the baby out with the bathwater.
- Seamless sharing of ideas and resources across national boundaries is essential to the functioning of a global community.
- This should not be discouraged unless there is reason to believe that the funds are being used to aid illegal activities.

Source: PRS India, The Hindu

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