

# FCRA Amendment Bill, 2020

September 22, 2020

The Bill amends 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.

## Provisions of the Amendment Bill

### ▪ **Prohibition to Accept Foreign Contribution**

. Under the Act, certain persons are prohibited to accept any foreign contribution, such as election candidates, editor of a newspaper.

. The Bill **adds public servants** (as defined under the Indian Penal Code) to this list.

### ▪ **Transfer of Foreign Contribution**

. Under the Act, foreign contribution cannot be transferred to any other person unless such person is also registered to accept foreign contribution.

. The Bill amends this to **prohibit the transfer of foreign contribution to any other person**. The term person under the Act includes an individual, an association, or a registered company.

### ▪ **Aadhaar for Registration**

. The Act states that a person may accept foreign contribution if they have: obtained a certificate of registration from the central government, or not registered, but obtained prior permission from the government to accept foreign contribution.

. The Bill adds that any person seeking prior permission, registration or renewal of registration 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.

#### ▪ **FCRA Account**

. Under the Act, a registered person must accept foreign contributions only in a single branch of a scheduled bank specified by them. However, they may open more accounts in other banks for utilisation of the contribution.

. The Bill amends this to state that foreign contribution must be received **only in an account designated by the bank as FCRA account in such branch of the State Bank of India as notified by the central government.**

. No funds other than the foreign contribution should be received or deposited in this account. The person may open another FCRA account in any scheduled bank of their choice for keeping or utilising the received contribution.

#### ▪ **Renewal of License**

. Under the Act, every person who has been given a certificate of registration must renew the certificate within six months of expiration.

. The Bill provides that the government may **conduct an inquiry before renewing the certificate** to ensure that the person making the application:

1. is not fictitious or benami
2. has not been prosecuted or convicted for creating communal tension or indulging in activities aimed at religious conversion

3. has not been found guilty of diversion or misutilisation of funds, among others conditions

- **Usage of Foreign Contribution**

. Under the Act, a person who receives foreign contribution 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%.**

- **Suspension of Registration**

. Under the Act, the government may suspend the registration of a person for a period not exceeding 180 days.

. The Bill adds that such **suspension may be extended up to an additional 180 days.**