

THE FOREIGN CONTRIBUTION (REGULATION) BILL, 2006

ARRANGEMENT OF CLAUSES

CHAPTER I

PRELIMINARY

CLAUSES

1. Short title, extent, application and commencement.
2. Definitions.

CHAPTER II

REGULATION OF FOREIGN CONTRIBUTION AND FOREIGN HOSPITALITY

3. Prohibition to accept foreign contribution.
4. Persons to whom section 3 shall not apply.
5. Procedure to notify an organisation of a political nature.
6. Restriction on acceptance of foreign hospitality.
7. Prohibition to transfer foreign contribution to other person.
8. Restriction to utilise foreign contribution for administrative purpose.
9. Power of Central Government to prohibit receipt of foreign contribution, etc., in certain cases.
10. Power to prohibit payment of currency received in contravention of the Act.

CHAPTER III

REGISTRATION

11. Registration of certain persons with Central Government.
12. Grant of certificate of registration.
13. Suspension of certificate.
14. Cancellation of certificate.
15. Management of foreign contribution of person whose certificate has been cancelled.
16. Renewal of certificate.

CHAPTER IV

ACCOUNTS, INTIMATION, AUDIT AND DISPOSAL OF ASSETS, ETC.

17. Foreign contribution through scheduled bank.
18. Intimation.
19. Maintenance of accounts.
20. Audit of accounts.
21. Intimation by candidate for election.
22. Disposal of assets created out of foreign contribution.

(ii)

CHAPTER V

INSPECTION, SEARCH AND SEIZURE

CLAUSES

23. Inspection of accounts or records.
24. Seizure of accounts or records.
25. Seizure of article or currency or security received in contravention of the Act.
26. Disposal of seized article or currency or security.
27. Seizure to be made in accordance with Act 2 of 1974.

CHAPTER VI

ADJUDICATION

28. Confiscation of article or currency or security obtained in contravention of the Act.
29. Adjudication of confiscation.
30. Procedure for confiscation.

CHAPTER VII

APPEAL AND REVISION

31. Appeal.
32. Revision of orders by Central Government.

CHAPTER VIII

OFFENCES AND PENALTIES

33. Making of false statement, declaration or delivering false accounts.
34. Penalty for article or currency or security obtained in contravention of section 10.
35. Punishment for contravention of any provision of the Act.
36. Power to impose additional fine where article or currency or security is not available for confiscation.
37. Penalty for offences where no separate punishment has been provided.
38. Prohibition of acceptance of foreign contribution.
39. Offences by companies.
40. Bar to prosecution of offences under the Act.
41. Composition of certain offences.

CHAPTER IX

MISCELLANEOUS

42. Power to call for information or document.
43. Investigation into cases under the Act.
44. Returns by prescribed authority to Central Government.
45. Protection of action taken in good faith.
46. Power of Central Government to give directions.
47. Delegation of powers.
48. Power to make rules.
49. Orders and rules to be laid before Parliament.
50. Power to exempt in certain cases.
51. Act not to apply to certain Government transactions.
52. Application of other laws not barred.
53. Power to remove difficulties.
54. Repeal and saving.

TO BE INTRODUCED IN THE RAJYA SABHA

Bill No. CXII of 2006

THE FOREIGN CONTRIBUTION (REGULATION) BILL, 2006

A

BILL

to consolidate the law to regulate the acceptance and utilisation of foreign contribution or foreign hospitality by certain individuals or associations or companies and to prohibit acceptance and utilisation of foreign contribution or foreign hospitality for any activities detrimental to the national interest and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Fifty-seventh Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Foreign Contribution (Regulation) Act, 2006.

(2) It extends to the whole of India, and it shall also apply to—

(a) citizens of India outside India; and

Short title,
extent,
application
and com-
mencement.

(b) associates branches or subsidiaries, outside India, of companies or bodies corporate, registered or incorporated in India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

Definitions.

2. (1) In this Act, unless the context otherwise requires, —

(a) “association” means an association of individuals, whether incorporated or not, having an office in India and includes a society, whether registered under the Societies Registration Act, 1860, or not, and any other organisation, by whatever name called; 21 of 1860.

(b) “authorised person in foreign exchange” means an authorised person referred to in clause (c) of section 2 of the Foreign Exchange Management Act, 1999; 42 of 1999.

(c) “bank ” means a banking company as referred to in clause (c) of section 5 of the Banking Regulation Act, 1949; 10 of 1949.

(d) “candidate for election” means a person who has been duly nominated as a candidate for election to any Legislature;

(e) “certificate” means certificate of registration granted under sub-section (3) of section 12;

(f) “company” shall have the meaning assigned to it under clause (17) of section 2 of the Income-tax Act, 1961; 43 of 1961.

(g) “foreign company” means any company or association or body of individuals incorporated outside India and includes—

(i) a foreign company within the meaning of section 591 of the Companies Act, 1956; 1 of 1956.

(ii) a company which is a subsidiary of a foreign company;

(iii) the registered office or principal place of business of a foreign company referred to in sub-clause (i) or company referred to in sub-clause (ii);

(iv) a multi-national corporation.

Explanation.— For the purposes of this sub-clause, a corporation incorporated in a foreign country or territory shall be deemed to be a multi-national corporation if such corporation, —

(a) has a subsidiary or a branch or a place of business in two or more countries or territories; or

(b) carries on business, or otherwise operates, in two or more countries or territories;

(h) “foreign contribution” means the donation, delivery or transfer made by any foreign source,—

(i) of any article, not being an article given to a person as a gift for his personal use, if the market value, in India, of such article, on the date of such gift, is not more than such sum as may be specified from time to time, by the Central Government by the rules made by it in this behalf;

(ii) of any currency, whether Indian or foreign;

(iii) security as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 and includes any foreign security as defined in clause (o) of section 2 of the Foreign Exchange Management Act, 1999. 42 of 1999.

Explanation 1.— A donation, delivery or transfer of any article, currency or foreign security referred to in this clause by any person who has received it from any foreign source, either directly or through one or more persons, shall also be deemed to be foreign contribution within the meaning of this clause.

Explanation 2.— The interest accrued on the foreign contribution deposited in any bank referred to in sub-section (1) of section 17 or any other income derived from the foreign contribution or interest thereon shall also be deemed to be foreign contribution within the meaning of this clause.

Explanation 3.— Any amount received, by any person from any foreign source in India, by way of fee (including fees charged by an educational institution in India from foreign student) or towards cost in lieu of goods or services rendered by such person in the ordinary course of his business, trade or commerce whether within India or outside India or any contribution received from an agent of a foreign source towards such fee or cost shall be excluded from the definition of foreign contribution within the meaning of this clause.

(i) “foreign hospitality” means any offer, not being a purely casual one, made in cash or kind by a foreign source for providing a person with the costs of travel to any foreign country or territory or with free boarding, lodging, transport or medical treatment.

(j) “foreign source” includes, —

(i) the Government of any foreign country or territory and any agency of such Government;

(ii) any international agency, not being the United Nations or any of its specialised agencies, the World Bank, International Monetary Fund or such other agency as the Central Government may, by notification, specify in this behalf;

(iii) a foreign company;

(iv) a corporation, not being a foreign company, incorporated in a foreign country or territory;

(v) a multi-national corporation referred to in sub-clause (iv) of clause (g);

(vi) a company within the meaning of the Companies Act, 1956, and more than one-half of the nominal value of its share capital is held, either singly or in the aggregate, by one or more of the following, namely:—

(A) the Government of a foreign country or territory;

(B) the citizens of a foreign country or territory;

(C) corporations incorporated in a foreign country or territory;

(D) trusts, societies or other associations of individuals (whether incorporated or not), formed or registered in a foreign country or territory;

(E) foreign company;

(vii) a trade union in any foreign country or territory, whether or not registered in such foreign country or territory;

(viii) a foreign trust or a foreign foundation, by whatever name called, or such trust or foundation mainly financed by a foreign country or territory;

(ix) a society, club or other association of individuals formed or registered outside India;

(x) a citizen of a foreign country;

- (k) “Legislature” means —
- (A) either House of Parliament;
- (B) the Legislative Assembly of a State, or in the case of a State having a Legislative Council, either House of the Legislature of that State;
- (C) Legislative Assembly of a Union territory constituted under the Government of Union Territories Act, 1963; 20 of 1963.
- (D) Legislative Assembly for the National Capital Territory of Delhi referred to in the Government of National Capital Territory of Delhi Act, 1991; 1 of 1992.
- (E) Municipal Corporations in metropolitan areas as defined in the Code of Criminal Procedure, 1973; 2 of 1974.
- (F) District Councils and Regional Councils in the States of Assam, Meghalaya, Tripura and Mizoram as provided in the Sixth Schedule to the Constitution; or
- (G) any other elective body as may be notified by the Central Government, as the case may be;
- (l) “notification” means notification published in the Official Gazette and the expression “notify” shall be construed accordingly;
- (m) “person” includes—
- (i) an individual;
- (ii) a Hindu undivided family;
- (iii) an association;
- (iv) a company registered under section 25 of the Companies Act, 1956; 1 of 1956.
- (n) “political party” means—
- (i) an association or body of individual citizens of India—
- (A) to be registered with the Election Commission of India as a political party under section 29A of the Representation of the People Act, 1951; or 43 of 1951.
- (B) which has set up candidates for election to any Legislature, but is not so registered or deemed to be registered under the Election Symbols (Reservation and Allotment) Order, 1968;
- (ii) a political party mentioned in column 2 of Table 1 and Table 2 to the notification of the Election Commission of India No.56/J&K/02, dated the 8th August, 2002, as in force for the time being;
- (o) “prescribed” means prescribed by rules made under this Act;
- (p) “prescribed authority” means an authority specified as such by rules made by the Central Government under this Act;
- (q) “registered newspaper” means a newspaper registered under the Press and Registration of Books Act, 1867; 25 of 1867.
- (r) “relative” has the meaning assigned to it in clause (41) of section 2 of the Companies Act, 1956; 1 of 1956.
- (s) “scheduled bank” shall have the meaning assigned to it under clause (e) of section 2 of the Reserve Bank of India Act, 1934; 2 of 1934.

1 of 1956. (t) “subsidiary” and “associate” shall have the meanings, respectively assigned to them in the Companies Act, 1956;

16 of 1926. (u) “trade union” means a trade union registered under the Trade Unions Act, 1926;

43 of 1950. (2) Words and expressions used herein and not defined in this Act but defined in the Representation of the People Act, 1950 or the Representation of the People Act, 1951 or the Foreign Exchange Management Act, 1999 shall have the meanings respectively assigned to them in those Acts.
43 of 1951.
42 of 1999.

CHAPTER II

REGULATION OF FOREIGN CONTRIBUTION AND FOREIGN HOSPITALITY

3. (1) No foreign contribution shall be accepted by any—

Prohibition to accept foreign contribution.

(a) candidate for election;

(b) correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper;

(c) Judge, Government servant or employee of any corporation or any other body controlled or owned by the Government;

(d) member of any Legislature;

(e) political party or office-bearer thereof;

(f) organisation of a political nature as may be specified under sub-section (1) of section 5 by the Central Government;

(g) association or company engaged in the production or broadcast of audio news or audio visual news or current affairs programmes through any electronic mode, or any other electronic form as defined in clause (r) of sub-section (1) of section 2 of the Information Technology Act, 2000 or any other mode of mass communication;

21 of 2000.

(h) correspondent or columnist, cartoonist, editor, owner of the association or company referred to in clause (g).

Explanation.— In clause (c) and section 6, the expression “corporation” means a corporation owned or controlled by the Government and includes a Government company as defined in section 617 of the Companies Act, 1956.

1 of 1956.

(2) (a) No person, resident in India, and no citizen of India resident outside India, shall accept any foreign contribution, or acquire or agree to acquire any currency from a foreign source, on behalf of any political party, or any person referred to in sub-section (1), or both.

(b) No person, resident in India, shall deliver any currency, whether Indian or foreign, which has been accepted from any foreign source, to any person if he knows or has reasonable cause to believe that such other person intends, or is likely, to deliver such currency to any political party or any person referred to in sub-section (1), or both.

(c) No citizen of India resident outside India shall deliver any currency, whether Indian or foreign, which has been accepted from any foreign source, to—

(i) any political party or any person referred to in sub-section (1), or both; or

(ii) any other person, if he knows or has reasonable cause to believe that such other person intends, or is likely, to deliver such currency to a political party or to any person referred to in sub-section (1), or both.

(3) No person receiving any currency, whether Indian or foreign, from a foreign source on behalf of any person or class of persons, referred to in section 9, shall deliver such currency —

(a) to any person other than a person for which it was received, or

(b) to any other person, if he knows or has reasonable cause to believe that such other person intends, or is likely, to deliver such currency to a person other than the person for which such currency was received.

Persons to whom section 3 shall not apply.

4. Nothing contained in section 3 shall apply to the acceptance, by any person specified in that section, of any foreign contribution where such contribution is accepted by him, subject to the provisions of section 10,—

(a) by way of salary, wages or other remuneration due to him or to any group of persons working under him, from any foreign source or by way of payment in the ordinary course of business transacted in India by such foreign source; or

(b) by way of payment, in the course of international trade or commerce, or in the ordinary course of business transacted by him outside India; or

(c) as an agent of a foreign source in relation to any transaction made by such foreign source with the Central Government or State Government; or

(d) by way of a gift or presentation made to him as a member of any Indian delegation, provided that such gift or present was accepted in accordance with the rules made by the Central Government with regard to the acceptance or retention of such gift or presentation; or

(e) from his relative; or

(f) by way of remittance received, in the ordinary course of business through any official channel, post office, or any authorised person in foreign exchange under the Foreign Exchange Management Act, 1999:

42 of 1999.

Provided that in case any foreign contribution received by any person specified under section 3, for any of the purposes other than those specified under this section, such contribution shall be deemed to have been accepted in contravention of the provisions of section 3.

Procedure to notify an organisation of a political nature.

5.(1) The Central Government may, having regard to the activities of the organisation or the ideology propagated by the organisation or the programme of the organisation or the association of the organisations with the activities of any political party, by an order published in the Official Gazette, specify such organisation as an organisation of a political nature not being a political party, referred to in clause (f) of sub-section (1) of section 3.

(2) Before making an order under sub-section (1), the Central Government shall give the organisation in respect of whom the order is proposed to be made, a notice in writing informing it of the ground or grounds, on which it is proposed to be specified as an organisation of political nature under that sub-section:

Provided that the Central Government may, by rules made by it, specify the ground or grounds on which an organisation shall be specified as an organisation of a political nature.

(3) The organisation to whom a notice has been served under sub-section (2), may, within a period of thirty days from the date of the notice, make a representation to the Central Government giving reasons for not specifying such organisation as an organisation under sub-section (1):

Provided that the Central Government may entertain the representation after the expiry of the said period of thirty days, if it is satisfied that the organisation was prevented by sufficient cause from making the representation within thirty days.

(4) The Central Government may, if it considers it appropriate, forward the representation referred to in sub-section (3) to any authority to report on such representation.

(5) The Central Government may, after considering the representation and the report of the authority referred to in sub-section (4), specify such organisation as an organisation of a political nature not being a political party and make an order under sub-section (1) accordingly.

6. No member of a Legislature or office-bearer of a political party or Judge or Government servant or employee of any corporation or any other body owned or controlled by the Government shall, while visiting any country or territory outside India, accept, except with the prior permission of the Central Government, any foreign hospitality:

Restriction on acceptance of foreign hospitality.

Provided that it shall not be necessary to obtain any such permission for an emergent medical aid needed on account of sudden illness contracted during a visit outside India, but, where such foreign hospitality has been received, the person receiving such hospitality shall give, within one month from the date of receipt of such hospitality an intimation to the Central Government as to the receipt of such hospitality, and the source from which, and the manner in which, such hospitality was received by him.

7. No person who —

(a) is registered and granted a certificate or obtained prior permission under this Act; and

(b) receives any foreign contribution,

shall transfer such foreign contribution to any other person unless such other person is also registered and granted the certificate or obtained the prior permission under this Act.

Prohibition to transfer foreign contribution to other person.

8. (1) Every person, who is registered and granted a certificate or given prior permission under this Act and receives any foreign contribution,—

Restriction to utilise foreign contribution for administrative purpose.

(a) shall utilise such contribution for the purposes for which the contribution has been received:

Provided that any foreign contribution or any income arising out of it shall not be used for speculative business;

(b) shall not defray as far as possible such sum, not exceeding fifty per cent. of such contribution, received in a financial year, to meet administrative expenses:

Provided that administrative expenses exceeding fifty per cent. of such contribution may be defrayed with prior approval of the Central Government.

(2) The Central Government may prescribe the elements which shall be included in the administrative expenses and the manner in which the administrative expenses referred to in sub-section (1) shall be calculated.

9. The Central Government may—

(a) prohibit any person or organisation not specified in section 3, from accepting any foreign contribution;

(b) require any person or class of persons, not specified in section 6, to obtain prior permission of the Central Government before accepting any foreign hospitality;

Power of Central Government to prohibit receipt of foreign contribution, etc., in certain cases.

(c) require any person or class of persons not specified in section 11, to furnish intimation within such time and in such manner as may be prescribed as to the amount of any foreign contribution received by such person or class of persons as the case may be, and the source from which and the manner in which such contribution was received and the purpose for which and the manner in which such foreign contribution was utilised;

(d) without prejudice to the provisions of sub-section (1) of section 11, require any person or class of persons specified in that sub-section to obtain prior permission of the Central Government before accepting any foreign contribution;

(e) require any person or class of persons, not specified in section 6, to furnish intimation, within such time and in such manner as may be prescribed, as to the receipt of any foreign hospitality, the source from which and the manner in which such hospitality was received:

Provided that no such prohibition or requirement shall be made unless the Central Government is satisfied that the acceptance of foreign contribution by such person or class of persons, as the case may be, or the acceptance of foreign hospitality by such person, is likely to affect prejudicially —

(i) the sovereignty and integrity of India; or

(ii) public interest; or

(iii) freedom or fairness of election to any Legislature; or

(iv) friendly relations with any foreign State; or

(v) harmony between religious, racial, social, linguistic or regional groups, castes or communities.

Power to prohibit payment of currency received in contravention of the Act.

10. Where the Central Government is satisfied, after making such inquiry as it may deem fit, that any person has in his custody or control any article or currency, whether Indian or foreign, which has been accepted by such person in contravention of any of the provisions of this Act, it may, by order in writing, prohibit such person from paying, delivering, transferring or otherwise dealing with, in any manner whatsoever, such article or currency save in accordance with the written orders of the Central Government and a copy of such order shall be served upon the person so prohibited in the prescribed manner, and thereupon the provisions of sub-sections (2), (3), (4) and (5) of section 7 of the Unlawful Activities (Prevention) Act, 1967 shall, so far as may be, apply to, or in relation to, such article or currency and references in the said sub-sections to moneys, securities or credits shall be construed as references to such article or currency.

37 of 1967.

CHAPTER III

REGISTRATION

Registration of certain persons with Central Government.

11. (1) Save as otherwise provided in this Act, no person having a definite cultural, economic, educational, religious or social programme shall accept foreign contribution unless such person obtains a certificate of registration from the Central Government:

Provided that any association registered with the Central Government under section 6 or granted prior permission under that section of the Foreign Contribution (Regulation) Act, 1976, as it stood immediately before the commencement of this Act, shall be deemed to have been registered or granted prior permission, as the case may be, under this Act and such registration shall be valid for a period of five years from the date on which this section comes into force.

49 of 1976.

(2) Every person referred to in sub-section (1) may, if it is not registered with the Central Government under that sub-section, accept any foreign contribution only after

obtaining the prior permission of the Central Government and such prior permission shall be valid for the specific purpose for which it is obtained and from specific source:

49 of 1976.

Provided that if the person referred to in sub-sections (1) and (2) has been found guilty of violation of any of the provisions of this Act or the Foreign Contribution (Regulation) Act, 1976, the unutilised or unreceived amount of foreign contribution shall not be utilised or received, as the case may be, without the prior approval of the Central Government.

(3) Notwithstanding anything contained in this Act, the Central Government may, by notification in the Official Gazette, specify—

(i) the person or class of persons who shall obtain its prior permission before accepting the foreign contribution; or

(ii) the area or areas in which the foreign contribution shall be accepted and utilised with the prior permission of the Central Government;

(iii) the purpose or purposes for which the foreign contribution shall be utilised with the prior permission of the Central Government; or

(iv) the source or sources from which the foreign contribution shall be accepted with the prior permission of the Central Government.

12. (1) An application by a person, referred to in section 11 for grant of certificate or giving prior permission, shall be made to the Central Government in such form and manner and along with such fee, as may be prescribed.

Grant of certificate of registration.

(2) On receipt of an application under sub-section (1), the Central Government shall, by an order, if the application is not in the prescribed form or does not contain any of the particulars specified in that form, reject the application.

(3) If on receipt of an application for grant of certificate or giving of prior permission and after making such inquiry as the Central Government deems fit, it is satisfied that –

(a) the person making an application for registration or giving of prior permission under sub-section (1),—

(i) is not fictitious or benami;

(ii) has not indulged in activities aimed at conversion through inducement or force, either directly or indirectly, from one religious faith to another;

(iii) has not created communal tension or disharmony in any specified district or any other part of the country;

(iv) has not been found guilty of diversion or mis-utilisation of its funds;

(v) is not engaged or likely to engage to propagate sedition or advocate violent methods to achieve its ends;

(vi) is not likely to use the foreign contribution for personal gains or divert it for undesirable purposes;

(vii) has not contravened any of the provisions of this Act;

(viii) whose certificate has been suspended and such suspension of certificate continues;

(ix) was previously granted certificate which had been cancelled before three years from the date of the application for grant of certificate or registration;

(x) has not been prohibited from accepting foreign contribution;

(b) the person making an application for registration under sub-section (1) has undertaken meaningful activity in its chosen field for the benefit of the people for which the foreign contribution is proposed to be utilised; or

(c) the person making an application for giving prior permission under sub-section (1) has prepared a meaningful project for the benefit of the people for which the foreign contribution is proposed to be utilised;

(d) in case the person being an individual, such individual has neither been convicted under any law for the time being in force nor any prosecution for any offence pending against him;

(e) in case the person being other than an individual, any of its directors or office bearers has neither been convicted under any law for the time being in force nor any prosecution for any offence is pending against him;

(f) the acceptance of foreign contribution by the person referred to in sub-section (1) is not likely to affect prejudicially –

(i) the sovereignty and integrity of India; or

(ii) the security, strategic, scientific or economic interest of the State; or

(iii) the public interest; or

(iv) freedom or fairness of election to any Legislature; or

(v) friendly relation with any foreign State; or

(vi) harmony between religious, racial, social, linguistic, regional groups, castes or communities;

(g) the acceptance of foreign contribution referred to in sub-section (1),—

(i) shall not lead to incitement of an offence;

(ii) shall not endanger the life or physical safety of any person,

the Central Government may register such person and grant him a certificate or give him prior permission, as the case may be, subject to such terms and conditions as may be prescribed.

(4) Where the Central Government refuses the grant of certificate or does not give prior permission, it shall record the reasons for such refusal or for not giving of prior permission in its order made for such refusal or not giving prior permission and furnish a copy thereof to the applicant:

Provided that the Central Government may not communicate the reasons for refusal for grant of certificate or for not giving of prior permission to the applicant under this section in cases where there is no obligation to give any information or documents or records or papers under the Right to Information Act, 2005.

22 of 2005.

(5) The certificate granted under sub-section (3) shall be valid for a period of five years and the prior permission shall be valid for the specific purpose or specific amount of foreign contribution proposed to be received, as the case may be.

Suspension of certificate.

13. (1) Where the Central Government, for reasons to be recorded in writing, is satisfied that pending consideration of the question of canceling the certificate on any of the grounds mentioned in sub-section (1) of section 14, it is necessary so to do, it may, by order in writing, suspend the certificate for such period not exceeding one hundred and eighty days as may be specified in the order.

(2) Every person whose certificate has been suspended shall —

(a) not receive any foreign contribution during the period of suspension of certificate:

Provided that the Central Government, on an application made by such person, if it considers appropriate, allow receipt of any foreign contribution by such person on such terms and conditions as it may specify;

(b) utilise, in the prescribed manner, the foreign contribution in his custody with the prior approval of the Central Government .

14. (1) The Central Government may, if it is satisfied after making such inquiry as it may deem fit, by an order, cancel the certificate if — Cancellation of certificate.

(a) the holder of the certificate has made a statement in, or in relation to, the application for the grant of registration or renewal thereof, which is incorrect or false; or

(b) the holder of the certificate has violated any of the terms and conditions of the certificate or renewal thereof; or

(c) in the opinion of the Central Government, it is necessary in the public interest to cancel the certificate; or

(d) the holder of certificate has violated any of the provisions of this Act or rules or order made thereunder.

(2) No order of cancellation of certificate under this section shall be made unless the person concerned has been given a reasonable opportunity of being heard.

(3) Any person whose certificate has been cancelled under this section shall not be eligible for registration or grant of prior permission for a period of three years from the date of cancellation of such certificate.

15.(1) The foreign contribution and assets created out of the foreign contribution in the custody of every person whose certificate has been cancelled under section 14 shall vest in such authority as may be prescribed. Management of foreign contribution of person whose certificate has been cancelled.

(2) The authority referred to in sub-section (1) may, if it considers necessary and in public interest, manage the activities of the person referred to in that sub-section for such period and in such manner, as the Central Government may direct and such authority may utilise the foreign contribution or dispose of the assets created of it in case adequate funds are not available for running such activity.

(3) The authority referred to in sub-section (1) shall return the foreign contribution and the assets vested upon it under that sub-section to the person referred to in the said sub-section if such person is subsequently registered under this Act.

16.(1) Every person who has been granted a certificate under section 12 shall have such certificate renewed within six months before the expiry of the period of the certificate. Renewal of certificate.

(2) The application for renewal of the certificate shall be made to the Central Government in such form and manner and accompanied by such fee as may be prescribed.

(3) The Central Government shall renew the certificate subject to such terms and conditions as it may deem fit and grant a certificate of renewal for a period of five years:

Provided that the Central Government may refuse to renew the certificate in case where a person has violated any of the provisions of this Act or rules made thereunder.

CHAPTER IV

ACCOUNTS, INTIMATION, AUDIT AND DISPOSAL OF ASSETS, ETC.

17.(1) Every person who has been granted a certificate or given prior permission under section 12 shall receive foreign contribution in a single account only through such one of the branches of a bank as he may specify in his application for grant of certificate: Foreign contribution through scheduled bank.

Provided that such person may open one or more accounts in one or more banks for utilising the foreign contribution received by him:

Provided further that no funds other than foreign contribution shall be received or deposited in such account or accounts.

(2) Every bank or authorised person in foreign exchange shall report to such authority as may be specified —

(a) the amount of foreign remittance;

(b) the source and manner in which the foreign remittance was received;
and

(c) other particulars,

in such form and manner as may be prescribed.

Intimation. **18.(1)** Every person who has been granted a certificate or given prior approval under this Act shall give, within such time and in such manner as may be prescribed, an intimation to the Central Government, and such other authority as may be specified by the Central Government, as to the amount of each foreign contribution received by it, the source from which and the manner in which such foreign contribution was received, and the purposes for which, and the manner in which such foreign contribution was utilised by him.

(2) Every person receiving foreign contribution shall submit a copy of a statement indicating therein the particulars of foreign contribution received duly certified by officer of the bank or authorised person in foreign exchange and furnish the same to the Central Government along with the intimation under sub-section (1).

Maintenance of accounts. **19.** Every person who has been granted a certificate or given prior approval under this Act shall maintain, in such form and manner as may be prescribed,—

(a) an account of any foreign contribution received by him; and

(b) a record as to the manner in which such contribution has been utilised by him.

Audit of accounts. **20.** Where any person who has been granted a certificate or given prior permission, fails to furnish any intimation under this Act within the time specified therefor or the intimation so furnished is not in accordance with law or if, after inspection of such intimation, the Central Government has any reasonable cause to believe that any provision of this Act has been, or is being, contravened, the Central Government may, by general or special order, authorise such gazetted officer, holding a Group A post under the Central Government or any other officer or authority or organisation, as it may think fit, to audit any books of account kept or maintained by such person and thereupon every such officer shall have the right to enter in or upon any premises at any reasonable hour, before sunset and after sunrise, for the purpose of auditing the said books of account:

Provided that any information obtained from such audit shall be kept confidential and shall not be disclosed except for the purposes of this Act.

Intimation by candidate for election. **21.** Every candidate for election, who had received any foreign contribution, at any time within one hundred and eighty days immediately preceding the date on which he is duly nominated as such candidate, shall give, within such time and in such manner as may be prescribed, an intimation to the Central Government or prescribed authority or both as to the amount of foreign contribution received by him, the source from which, and the manner in which, such foreign contribution was received and the purposes for which and the manner in which such foreign contribution was utilised by him.

Disposal of assets created out of foreign contribution. **22.** Where any person who was permitted to accept foreign contribution under this Act, ceases to exist or has become defunct, all the assets of such person shall be disposed of in accordance with the provisions contained in any law for the time being in force under which the person was registered or incorporated, and in the absence of any such law, the Central Government may, having regard to the nature of assets created out of foreign contribution received under this Act, by notification, specify that all such assets shall be disposed off by such authority, as it may specify, in such manner and procedure as may be prescribed.

CHAPTER V

INSPECTION, SEARCH AND SEIZURE

23. If the Central Government has, for any reason, to be recorded in writing, any ground to suspect that any provision of this Act has been or is being, contravened by—

Inspection of accounts or records.

- (a) any political party, or
- (b) any person, or
- (c) any organisation, or
- (d) any association,

it may, by general or special order, authorise such gazetted officer, holding a Group A post under the Central Government or such other officer or authority or organisation, as it may think fit (hereinafter referred to as the inspecting officer), to inspect any account or record maintained by such political party, person, organisation or association, as the case may be, and thereupon every such inspecting officer shall have the right to enter in or upon any premises at any reasonable hour, before sunset and after sunrise, for the purpose of inspecting the said account or record.

24. If, after inspection of an account or record referred to in section 23, the inspecting officer has any reasonable cause to believe that any provision of this Act or of any other law relating to foreign exchange has been, or is being, contravened, he may seize such account or record and produce the same before the court, authority or tribunal in which any proceeding is brought for such contravention:

Seizure of accounts or records.

Provided that the authorised officer shall return such account or record to the person from whom it was seized if no proceeding is brought within six months from the date of such seizure for the contravention disclosed by such account or record.

25. If any gazetted officer, authorised in this behalf by the Central Government by general or special order, has any reason to believe that any person has in his possession or control any article exceeding the value specified in sub-clause (i) of clause (h) of sub-section (1) of section 2 or currency or security whether Indian or foreign, in relation to which any provision of this Act has been or is being, contravened, he may seize such article or currency or security.

Seizure of article or currency or security received in contravention of the Act.

26.(1) The Central Government, may, having regard to the value of article or currency or security, their vulnerability to theft or any relevant consideration, by notification, specify such article or currency or security which shall, as soon as may be after their seizure, be disposed of by such officer and in such manner, as the Central Government may, from time to time, determine after following the procedure hereinafter specified.

Disposal of seized article or currency or security.

(2) The article or currency or security seized shall be forwarded without unnecessary delay to such officer as may be specified.

(3) Where any article or currency or security has been seized and forwarded to such officer, the officer referred to in sub-section (1), shall prepare an inventory of such article or currency or security containing such details relating to their description, value or such other identifying particulars as the officer referred to in that sub-section may consider relevant to the identity of the article or the currency or security and make an application to any Magistrate for the purposes of certifying the correctness of the inventory so prepared.

(4) Where an application is made under sub-section (2), the Magistrate shall, as soon as may be, allow the application.

(5) Notwithstanding anything contained in the Indian Evidence Act, 1872 or the Code of Criminal Procedure, 1973, every court trying an offence under this Act, shall treat the inventory, as certified by the Magistrate, as primary evidence in respect of such offence.

(6) Every officer acting under sub-section (3) shall forthwith report the seizure to the Court of Session or Assistant Session Judge having jurisdiction for adjudging the confiscation under section 29.

1 of 1872.
2 of 1974.

Seizure to be made in accordance with Act 2 of 1974.

27. The provisions of the Code of Criminal Procedure, 1973 shall apply in so far as they are not inconsistent with the provisions of this Act to all seizures made under this Act.

CHAPTER VI

ADJUDICATION

Confiscation of article or currency or security obtained in contravention of the Act.

28. Any article or currency or security which is seized under section 25 shall be liable to confiscation if such article or currency or security has been adjudged under section 29 to have been received or obtained in contravention of this Act.

Adjudication of confiscation.

29.(1) Any confiscation referred to in section 28 may be adjudged—

(a) without limit, by the Court of Session within the local limits of whose jurisdiction the seizure was made; and

(b) subject to such limits as may be prescribed, by such officer, not below the rank of an Assistant Sessions Judge, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

(2) When an adjudication under sub-section (1) is concluded by the Court of Session or Assistant Sessions Judge, as the case may be, the Sessions Judge or Assistant Sessions Judge may make such order as he thinks fit for the disposal by confiscation or delivery of seized article or currency or security, as the case may be, to any person claiming to be entitled to possession thereof or otherwise, or which has been used for the commission of any offence under this Act.

Procedure for confiscation.

30. No order of adjudication of confiscation shall be made unless a reasonable opportunity of making a representation against such confiscation has been given to the person from whom any article or currency or security has been seized.

CHAPTER VII

APPEAL AND REVISION

Appeal.

31.(1) Any person aggrieved by any order made under section 29 may prefer an appeal,—

(a) where the order has been made by the Court of Session, to the High Court to which such Court is subordinate; or

(b) where the order has been made by any officer specified under clause (b) of sub-section (1) of section 29, to the Court of Session within the local limits of whose jurisdiction such order of adjudication of confiscation was made,

within one month from the date of communication to such person of the order:

Provided that the appellate court may, if it is satisfied that the appellant was prevented by sufficient cause from preferring the appeal within the said period of one month, allow such appeal to be preferred within a further period of one month, but not thereafter.

(2) Any organisation referred to in clause (f) of sub-section (1) of section 3, or any person or association referred to in section 6 or section 9, aggrieved by an order made in pursuance of section 5 or by an order of the Central Government refusing to give permission under this Act, or by any order made by the Central Government under sub-section (2) or sub-section (4) of section 12, or sub-section (1) of section 14, as the case may be, may, within sixty days from the date of such order, prefer an appeal against such order to the High Court

within the local limits of whose jurisdiction the appellant ordinarily resides or carries on business or personally works for gain, or, where the appellant is an organisation or association, the principal office of such organisation or association is located.

5 of 1908.

(3) Every appeal preferred under this section shall be deemed to be an appeal from an original decree and the provisions of Order XLI of the First Schedule to the Code of Civil Procedure, 1908, shall, as far as may be, apply thereto as they apply to an appeal from an original decree.

32.(1) The Central Government, may, either of its own motion or on an application for revision by the person registered under this Act, for revision, call for and examine the record of any proceeding under this Act in which any such order has been passed by it and may make such inquiry or cause such inquiry to be made and, subject to the provisions of this Act, may pass such order thereon as it thinks fit.

Revision of orders by Central Government.

(2) The Central Government shall not of its own motion revise any order under this section if the order has been made more than one year previously.

(3) In the case of an application for revision under this section by the person referred to in sub-section (1), the application must be made within one year from the date on which the order in question was communicated to him or the date on which he otherwise came to know of it, whichever is earlier:

Provided that the Central Government may, if it is satisfied that such person was prevented by sufficient cause from making the application within that period, admit an application made after the expiry of that period.

(4) The Central Government shall not revise any order where an appeal against the order lies but has not been made and the time within which such appeal may be made has not expired or such person has not waived his right of appeal or an appeal has been filed under this Act.

(5) Every application by such person for revision under this section shall be accompanied by such fee, as may be prescribed.

Explanation.— An order by the Central Government declining to interfere shall, for the purposes of this section, be deemed not to be an order prejudicial to such person.

CHAPTER VIII

OFFENCES AND PENALTIES

33. Any person, subject to this Act, who knowingly, —

(a) gives false intimation under sub-section (c) of section 9 or section 18; or

(b) seeks prior permission or registration by means of fraud, false representation or concealment of material fact,

shall, on conviction by a court, be liable to imprisonment for a term which may extend to three years or with fine or with both.

Making of false statement, declaration or delivering false accounts.

2 of 1974.

34. If any person, on whom any prohibitory order has been served under section 10, pays, delivers, transfers or otherwise deals with, in any manner whatsoever, any article or currency or security, whether Indian or foreign, in contravention of such prohibitory order, he shall be punished with imprisonment for a term which may extend to three years, or with fine, or with both; and notwithstanding anything contained in the Code of Criminal Procedure, 1973, the court trying such contravention may also impose on the person convicted an additional fine equivalent to the market value of the article or the amount of the currency or security in respect of which the prohibitory order has been contravened by him or such part thereof as the court may deem fit.

Penalty for article or currency or Security obtained in contravention of section 10.

Punishment for contravention of any provision of the Act.

35. Whoever accepts, or assists any person, political party or organisation in accepting, any foreign contribution or any currency or security from a foreign source, in contravention of any provision of this Act or any rule or order made thereunder, shall be punished with imprisonment for a term which may extend to five years, or with fine, or with both.

Power to impose additional fine where article or currency or Security is not available for confiscation.

36. Notwithstanding anything contained in the Code of Criminal Procedure, 1973, the court trying a person, who, in relation to any article or currency or security, whether Indian or foreign, does or omits to do any act which act or omission would render such article or currency or security liable to confiscation under this Act, may, in the event of the conviction of such person for the act or omission aforesaid, impose on such person a fine not exceeding five times the value of the article or currency or security or one thousand rupees, whichever is more, if such article or currency or security is not available for confiscation, and the fine so imposed shall be in addition to any other fine which may be imposed on such person under this Act. 2 of 1974.

Penalty for offences where no separate punishment has been provided.

37. Whoever fails to comply with any provision of this Act for which no separate penalty has been provided in this Act shall be punished with imprisonment for a term which may extend to one year, or with fine or with both.

Prohibition of acceptance of foreign contribution.

38. Notwithstanding anything contained in this Act, whoever, having been convicted of any offence under section 35 or section 37, in so far as such offence relates to the acceptance or utilisation of foreign contribution, is again convicted of such offence shall not accept any foreign contribution for a period of three years from the date of the subsequent conviction.

Offences by companies.

39.(1) Where an offence under this Act or any rule or order made thereunder has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render such person liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act or any rule or order made thereunder has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.— For the purposes of this section,—

(a) “company” means any body corporate and includes a firm, society, trade union or other association of individuals; and

(b) “director”, in relation to a firm, society, trade union or other association of individuals, means a partner in the firm or a member of the governing body of such society, trade union or other association of individuals.

Bar to prosecution of offences under the Act.

40. No court shall take cognizance of any offence under this Act, except with the previous sanction of the Central Government or any officer authorised by that Government in this behalf.

Composition of certain offences.

41.(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, any offence punishable under this Act (whether committed by an individual or association or any officer or employee thereof), not being an offence punishable with imprisonment only, may, before the institution of any prosecution, be compounded by such officers or authorities and for such sums as the Central Government may, by notification in the Official Gazette, specify in this behalf. 2 of 1974.

(2) Nothing in sub-section (1) shall apply to an offence committed by an individual or association or its officer or other employee within a period of three years from the date on which a similar offence committed by it or him was compounded under this section.

Explanation.— For the purposes of this section, any second or subsequent offence committed after the expiry of a period of three years from the date on which the offence was previously compounded, shall be deemed to be a first offence.

(3) Every officer or authority referred to in sub-section (1) shall exercise the powers to compound an offence, subject to the direction, control and supervision of the Central Government.

(4) Every application for the compounding of an offence shall be made to the officer or authority referred to in sub-section (1) in such form and manner along with such fees as may be prescribed.

(5) Where any offence is compounded before the institution of any prosecution, no prosecution shall be instituted in relation to such offence, against the offender in relation to whom the offence is so compounded.

(6) Every officer or authority referred to in sub-section (1) while dealing with a proposal for the compounding of an offence for a default in compliance with any provision of this Act which requires by an individual or association or its officer or other employee to obtain permission or file or register with, or deliver or send to, the Central Government or any prescribed authority any return, account or other document, may, direct, by order, if he or it thinks fit to do so, any individual or association or its officer or other employee to file or register with, such return, account or other document within such time as may be specified in the order.

CHAPTER IX

MISCELLANEOUS

42. Any inspecting officer referred to in section 23 who is authorised in this behalf by the Central Government may, during the course of any inspection of any account or record maintained by any political party, person, organisation or association in connection with the contravention of any provision of this Act, —

Power to call for information or document.

(a) call for information from any person for the purpose of satisfying himself whether there has been any contravention of the provisions of this Act or rule or order made thereunder;

(b) require any person to produce or deliver any document or thing useful or relevant to such inspection;

(c) examine any person acquainted with the facts and circumstances of the case related to the inspection.

2 of 1974.

43. Notwithstanding anything contained in the Code of Criminal Procedure, 1973, any offence punishable under this Act may also be investigated into by such authority as the Central Government may specify in this behalf and the authority so specified shall have all the powers which an officer-in-charge of a police station has while making an investigation into a cognizable offence.

Investigation into cases under the Act.

44. The prescribed authority shall furnish to the Central Government at such time and in such form and manner such returns and statements as may be prescribed.

Returns by prescribed authority to Central Government.

45. No suit or other legal proceedings shall lie against the Central Government or the authority referred to section 44 or any of its officers in respect of any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of the provisions of this Act or, any rule or order made thereunder.

Protection of action taken in good faith.

Power of Central Government to give directions. **46.** The Central Government may give such directions as it may deem necessary to any other authority or any person or class of persons regarding the carrying into execution of the provisions of this Act.

Delegation of powers. **47.** The Central Government may, by notification, direct that any of its powers or functions under this Act, except power to make rule under section 22, shall, in relation to such matters and subject to such conditions, if any, may be specified in the notification, be exercised or discharged also by such authority as may be specified.

Power to make rules. **48.(1)** The Central Government may, by notification, make rules for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the value of the article which may be specified under sub-clause (i) of clause (h) of sub-section (1) of section 2;

(b) the authority which may be specified under clause (p) of sub-section (1) of section 2;

(c) acceptance or retention of gift or presentation under clause (d) of section 4;

(d) ground or grounds on which an organisation may be specified as an organisation of political nature under sub-section (2) of section 5;

(e) the manner in which the administrative expenses shall be calculated under sub-section (2) of section 8;

(f) the time within which and manner in which any person or class of persons or an association may be required to furnish intimation regarding the amount of foreign contribution received under clause (c) of section 9;

(g) the time within which and manner in which any person or class of persons may be required to furnish intimation regarding foreign hospitality under clause (e) of section 9;

(h) the manner in which the copy of the order of the Central Government shall be served upon any person under section 10;

(i) the form and manner in which the application for grant of certificate of registration or giving of prior permission under sub-section (1) of section 12;

(j) the fee to be accompanied by the application under sub-section (1) of section 12;

(k) the terms and conditions for granting a certificate or giving prior permission under clause (g) of sub-section (3) of section 12;

(l) the manner of utilising the foreign contribution under clause (b) of sub-section (2) of section 13;

(m) the authority with whom the foreign contribution to be vested under sub-section (1) of section 15;

(n) the period within which and the manner in which the foreign contribution shall be managed under sub-section (2) of section 15;

(o) the form and manner in which the application for a renewal of certificate of registration shall be made under sub-section (2) of section 16;

(p) the fee to be accompanied by the application for renewal of certificate under sub-section (2) of section 16;

(q) the form, and manner in which the foreign remittance received in any of the accounts of the bank or authorised person in foreign exchange which shall be reported under sub-section (2) of section 17;

(r) the time within which and manner in which the person who has been granted certificate of registration or given prior permission under this Act shall give intimation under section 18;

(s) the form and manner in which account of any foreign contribution and the manner in which such contribution has been utilised shall be maintained under section 19;

(t) the time within which and manner in which a candidate for election shall give intimation under section 21;

(u) the manner and procedure to be followed in disposing of the assets under section 22;

(v) the limits subject to which any confiscation may be adjudged under clause (b) of sub-section (1) of section 29;

(w) the fee to be accompanied along with every application for revision under sub-section (5) of section 32;

(x) the form and manner for making of an application for compounding of an offence and the fees therefor under sub-section (4) of section 41;

(y) the form and manner in which and the time within which returns and statements to be furnished by the prescribed authority under section 44;

(z) any other matter which is required to be, or may be prescribed.

49. Every order made under section 5 and every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the order or rule or both Houses agree that the order or rule should not be made, the order or rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that order or rule.

Orders and rules to be laid before Parliament.

50. If the Central Government is of opinion that it is necessary or expedient in the interests of the general public so to do, it may, by order and subject to such conditions as may be specified in the order, exempt any person or association or organisation (not being a political party), or any individual (not being a candidate for election) from the operation of all or any of the provisions of this Act and may, as often as may be necessary, revoke or modify such order.

Power to exempt in certain cases.

51. Nothing contained in this Act shall apply to any transaction between the Government of India and the Government of any foreign country or territory.

Act not to apply to certain Government transactions.

52. The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force.

Application of other laws not barred.

53.(1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Power to remove difficulties.

Provided that no order shall be made under this section after the expiry of two years from the commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

Repeal and
saving.

54.(1) The Foreign Contribution (Regulation) Act, 1976 (hereafter referred to as the repealed Act) is hereby repealed. 49 of 1976.

(2) Notwithstanding such repeal,—

(a) anything done or any action taken or purported to have been done or taken under the repealed Act shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act;

(b) any organisation of a political nature, not being a political party, to whom the prior permission was granted under section 5 of the repealed Act, shall continue to be the organisation of a political nature, not being a political party, under clause (f) of sub-section (1) section 3 of this Act, till such permission is withdrawn by the Central Government;

(c) permission to accept foreign hospitality granted under section 9 of the repealed Act shall be deemed to be the permission granted under section 6 of this Act until such permission is withdrawn by the Central Government;

(d) any association prohibited from accepting any foreign contribution under clause (a) of section 10 of the repealed Act, in so far as it is not inconsistent with the provisions of this Act, shall be deemed to be an association prohibited from accepting any foreign contribution under section 9 of this Act;

(e) permission obtained under clause (b) of section 10 of the repealed Act shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to be the permission until such permission is withdrawn by the Central Government;

(f) any order issued under section 12 of the repealed Act shall be deemed to be an order issued under section 10 of this Act;

(g) any order issued under section 31 of the repealed Act exempting any association or any individual shall be deemed to be an order under section 50 of this Act till such order is varied or revoked.

(3) Save as provided in sub-section (2), mention of particular matters in that sub-section shall not be held to prejudice or affect the general application of section 6 of the General Clauses Act, 1897, with regard to the effect of repeal.

10 of 1897.

STATEMENT OF OBJECTS AND REASONS

The Foreign Contribution (Regulation) Act, 1976 was enacted to regulate the acceptance and utilisation of foreign contribution or hospitality with a view to ensuring that our parliamentary institutions, political associations, academic and other voluntary organisations as well as individuals working in important areas of national life may function in a manner consistent with the values of a sovereign democratic republic. The Act was amended in 1984 to extend the provisions of the Act to cover second and subsequent recipients of foreign contribution and to the members of higher judiciary, besides introducing the system of grant of registration to the associations receiving foreign contribution.

2. Significant developments have taken place since 1984 such as change in internal security scenario, an increased influence of voluntary organisations, spread of use of communication and information technology, quantum jump in the amount of foreign contribution being received, and large scale growth in the number of registered organisations. This has necessitated large scale changes in the existing Act. Therefore, it has been thought appropriate to replace the present Act by a new legislation to regulate the acceptance, utilisation and accounting of foreign contribution and acceptance of foreign hospitality by a person or an association.

3. The Foreign Contribution (Regulation) Bill, 2006 provides, *inter alia*, to —

- (i) consolidate the law to regulate, acceptance and utilisation of foreign contribution or foreign hospitality and prohibit the same for any activities detrimental to the national interests;
- (ii) prohibit organisations of political nature, not being political parties from receiving foreign contribution;
- (iii) bring associations engaged in production or broadcast of audio news or audio visual news or current affairs through any electronic mode under the purview of the Bill;
- (iv) prohibit the use of foreign contribution for any speculative business;
- (v) cap administrative expenses at fifty per cent. of the receipt of foreign contribution;
- (vi) exclude foreign funds received from relatives living abroad;
- (vii) make provision for intimating grounds for refusal of registration or prior permission under the Bill;
- (viii) provide arrangement for sharing of information on receipt of foreign remittances by the concerned agencies to strengthen monitoring;
- (ix) make registration to be valid for five years with a provision for renewal thereof, and also to provide for cancellation or suspension of registration;
- (x) make provision for compounding of certain offences.

4. The Bill seeks to achieve the above objects.

NEW DELHI;
The 12th December, 2006.

SHIVRAJ V. PATIL.

Notes on Clauses

Clause 2.— This clause defines various expressions occurring in the Bill.

Clause 3.— This clause, *inter alia*, provides for prohibition to accept foreign contribution by certain persons or associations, namely, candidate for election, correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper, Judge, Government servant or employee of any corporation, or any other body controlled or owned by the Government, member of any Legislature, political party or office-bearer thereof, organisation of a political nature as may be specified by the Central Government; or association or a company engaged in the production or broadcast of audio news or audio visual news or current affairs programmes through any electronic mode or any other electronic form as defined in clause (r) of sub-section (I) of section 2 of the Information Technology Act, 2000; or any other mode of mass communication; or correspondent or columnist, cartoonist, editor, owner of the said association or the company. This clause further prohibits acceptance of any foreign contribution or any foreign currency on behalf of any political party or a person referred to in sub-clause (i) of this clause. It is further provided that any currency whether Indian or foreign which has been accepted from any foreign source shall not be delivered to any person if such person intends, or is likely, to deliver such currency to any political party or any of the aforesaid person.

Clause 4.— This clause provides that the prohibition to accept foreign contribution under clause 3 shall not apply in case where such contribution is accepted by way of salary, wages or other remuneration from any foreign source or by way of payment in the ordinary course of business transacted in India by the foreign source; or by way of payment in the course of international trade or commerce or in the ordinary course of business transacted outside India or as an agent of foreign source in relation to any transaction made by such foreign source with the Central Government; or State Government or by way of gift or presentation made to him as a member of any Indian delegation if such gift or present was in accordance with the rules made by the Central Government with regard to the acceptance or retention of such gift or presentation; or by way of remittance received in the ordinary course of business through any official channel, post office or any authorised person in foreign exchange under the Foreign Exchange Management Act, 1999; or by way of payment received from the relative of any person referred to in clause 3. However, in case any foreign contribution received by any person specified under clause 3 of the Bill for any of the purposes other than those specified under this clause, such contribution shall be deemed to have been accepted in contravention of the provisions of clause 3.

Clause 5.— Item (f) of sub-clause (I) of clause 3 prohibits acceptance of foreign contribution by any organisation of a political nature specified by the Central Government. This clause lays down the procedure to notify an organisation of a political nature referred to in the said item (f). This clause provides that the Central Government may, having regard to the activities of the organisation or the ideology propagated by the organisation or the programme of the organisation or the association of the organisations with the activities of any political party, by an order published in the Official Gazette, specify such organisation as an organisation of a political nature not being a political party. Before making an order, the Central Government shall give the organisation in respect of whom the order is proposed to be made a notice in writing informing it of the ground or grounds, on which it is proposed to be specified an organisation of a political nature. However, the Central Government may, by rules made by it, specify the ground or grounds on which an organisation shall be specified as an organisation of a political nature. The organisation to whom a notice has been served may, within a period of thirty days from the date of the

notice, make a representation to the Central Government giving reasons for not specifying such organisation as an organisation of a political nature. The Central Government may forward the representation to any authority to report on such representation. The Central Government shall, after considering the representation and the report of the authority, specify such organisation as an organisation of a political nature not being a political party.

Clause 6.— This clause provides for restriction on acceptance of foreign hospitality. It provides that no member of a Legislature or office-bearer of a political party or Judge or Government servant or employee of any corporation shall, while visiting any country or territory outside India, accept, except with the prior permission of the Central Government any foreign hospitality. However, it shall not be necessary to obtain any such permission for an emergent medical aid needed on account of sudden illness contracted during a visit outside India. Where such foreign hospitality has been received, the person receiving such hospitality shall give, within one month from the date of receipt of such hospitality, an intimation to the Central Government as to the receipt of such hospitality, and the source from which, and the manner in which such hospitality was received by him.

Clause 7.— This clause prohibits the transfer of foreign contribution to any other person. It provides that no person who is registered or has obtained prior permission under the proposed legislation and receives any foreign contribution, shall transfer such foreign contribution to any other person unless such other person is also registered or obtained prior permission under the proposed legislation.

Clause 8.— This clause contains restriction to utilise foreign contribution for administrative purposes. This clause provides that every person, who is registered or has obtained prior permission under the proposed legislation and receives any foreign contribution, shall utilise such contribution for the purposes for which the contribution is received and any foreign contribution or any income arising out of it shall not be used for speculative business. It further provides that such person shall not defray as far as possible such sum, not exceeding fifty per cent. thereof received in a financial year to meet administrative expenses. However, any sum exceeding fifty per cent. of such contribution may be defrayed with prior approval of the Central Government. This clause also confers power upon the Central Government to prescribe the expenses which shall be included in the administrative expenses and the manner in which the administrative expenses referred to in sub-section (1) shall be calculated.

Clause 9.— This clause confers power upon the Central Government to (a) prohibit any person or organisation not specified in clause 3 from accepting any foreign contribution; (b) require any person or class of persons not specified in clause 11, to furnish intimation within such time and in such manner as may be prescribed as to the amount of any foreign contribution received by such person or class of persons and the source from which and the manner in which such contribution was received and the purpose for which and the manner in which such foreign contribution was utilised; (c) require any person or class of persons not specified in clause 6 to obtain prior permission of the Central Government before accepting any foreign hospitality; (d) require any person or class of persons specified in sub-clause (1) of clause 11 to obtain prior permission of the Central Government before accepting any foreign contribution; (e) require any person or class of persons, not specified in clause 6, to furnish intimation, within such time and in such manner as may be prescribed, as to the receipt of any foreign hospitality, the source from which and the manner in which such hospitality was received. However, no such prohibition or requirement shall be made unless the Central Government is satisfied that the acceptance of foreign contribution by such person or class of persons or the acceptance of foreign hospitality by such person, is likely to affect prejudicially the sovereignty and integrity of India; or the public interest; or freedom or fairness of election to any Legislature; or friendly relations with any foreign State; or harmony between religious, racial, social, linguistic or regional groups, castes or communities.

Clause 10.— This clause confers power upon the Central Government to prohibit payment of currency received in contravention of the proposed legislation. It provides

that where the Central Government is satisfied, after making such enquiry as it may deem fit, that any person has in his custody or control of any article or currency, whether Indian or foreign which has been accepted by such person in contravention of any of the provisions of the proposed legislation, it may, by order in writing, prohibit such person from paying, delivering, transferring or otherwise dealing with, in any manner whatsoever, such article or currency save in accordance with the written orders of the Central Government and a copy of such order shall be served upon the person so prohibited in the prescribed manner, and thereupon the provisions of sub-sections (2), (3), (4) and (5) of section 7 of the Unlawful Activities (Prevention) Act, 1967 shall, so far as may be, apply to, or in relation to, such article or currency and references in the said sub-clauses to moneys, securities or credits shall be construed as references to such article or currency.

Clause 11.— This clause contains provisions relating to registration of certain persons with the Central Government. This clause provides that no person having a definite cultural, economic, educational, religious or social programmes shall accept foreign contribution unless such person obtains a certificate of registration from the Central Government. However any association registered with the Central Government under section 6 or granted prior permission under that section of the Foreign Contribution (Regulation) Act, 1976, as it stood immediately before the commencement of this Act, shall be deemed to have been registered or granted prior permission, as the case may be, under this Act and such registration shall be valid for a period of five years from the date on which this section comes into force.

However, if a person referred to in this sub-clause is not registered with the Central Government, such person may accept any foreign contribution only after obtaining the prior permission from the Central Government and such prior permission shall be valid for the specific purpose for which it is obtained and for specific source from which it is obtained. If the person referred to in sub-clause (1) or sub-clause (2) has been found guilty of violation of any provisions of this Act or the Foreign Contribution (Regulation) Act, 1976, the unutilised or unreceived amount of foreign contribution shall not be utilised or received, as the case may be, without the prior approval of the Central Government.

This clause also confers powers upon the Central Government to specify by a notification in the Official Gazette, a person or class of persons who, the area or areas in which, the purpose or purposes for which, the source or sources from which, the foreign contribution shall be accepted and utilised only after obtaining its prior permission.

Clause 12.— This clause contains provisions relating to procedure for grant of certificate of registration. It provides that every application, for grant of certificate or giving prior permission, shall be made to the Central Government in such form and manner and accompanied by such fee as may be specified in rules made by the Central Government. The Central Government shall, if the application is not in the prescribed form or does not contain any of the particulars specified in that form, reject the application. If on receipt of an application for registration and after making such inquiry as the Central Government deems fit, it is satisfied that the applicant fulfils the requirements mentioned in items (a) to (g) of sub-clause (3) of this clause, it may register such person and grant him a certificate of registration or give prior permission subject to such terms and conditions as it may deem fit. The conditions in said clauses (a) to (g) of said sub-clause (3), *inter alia*, provides that the acceptance of foreign contribution by the person is not likely to affect prejudicially (i) the sovereignty and integrity of India; or (ii) the security, strategy, scientific or economic interest of the State; or (iii) the public interest; or (iv) freedom or fairness of election to any Legislature; or (v) friendly relation with any foreign State; or (vi) harmony between religious, racial, social, linguistic, regional groups, castes or communities and the acceptance of foreign contribution, shall not lead to incitement of an offence; or shall not endanger the life or physical safety of any person.

This clause also provides that where the Central Government refuses registration or does not give prior permission, it shall record the reasons for such refusal or for not giving of prior permission and furnish a copy thereof to the applicant. However, the Central

Government may not communicate the reasons for refusal or giving of prior permission to the applicant under this clause in cases where there is no obligation to give any information or papers under the Right to Information Act, 2005. The certificate of registration shall be valid for a period of five years and the prior permission shall be valid for the specific purpose or specific amount of foreign contribution proposed to be received, as the case may be.

Clause 13.— This clause contains provisions relating to suspension of certificate of registration. The clause confers power upon the Central Government to suspend the certificate of registration up to one hundred and eighty days, as may be specified in the order. Every person whose certificate has been suspended shall not receive any foreign contribution during the period of the suspension of the certificate and shall utilise the foreign contribution in his custody with the prior approval of the Central Government. However, the Central Government, on an application made by such person, may allow receipt of any foreign contribution on such terms and conditions as it may specify.

Clause 14.— This clause contains provisions relating to cancellation of certificate of registration. The Central Government, may, if it is satisfied, after making such inquiry as it may deem fit, by order, cancel the certificate if the holder of the certificate has made a statement in the application for the grant of certificate or renewal thereof, which is incorrect or false; or violated any of the terms and conditions of the certificate or renewal thereof; or violated any of the provisions of proposed legislation or rules or order made thereunder. No order of cancellation of certificate shall be made unless the person concerned has been given a reasonable opportunity of being heard. Any person whose certificate has been cancelled shall not be eligible for registration or grant of prior permission for a period of three years from the date of cancellation of such certificate.

Clause 15.— This clause contains provisions relating to management of foreign contribution of every person whose certificate has been cancelled. It provides that the foreign contribution and assets created out of the foreign contribution in the custody of every person whose certificate has been cancelled shall vest in such authority as may be specified by rules made by the Central Government. The authority may, if it considers necessary and in public interest, manage the activities of the person and such authority may utilise the foreign contribution or dispose of the assets created of it in case adequate funds are not available for running such activity. The authority referred to in sub-clause (1) of this clause shall return the foreign contribution and the assets vested upon it under that sub-clause to the person referred to in the said sub-clause if such person is subsequently registered under this Act.

Clause 16.— This clause contains provisions relating to renewal of certificate. It provides that every person who has been granted a certificate of registration shall renew his certificate within six months before the expiry of the period of the certificate. The application for renewal of certificate shall be made to the Central Government in such form and manner and accompanied by such fee as may be prescribed. The Central Government may renew the certificate of registration subject to such terms and conditions as it may deem fit and grant a certificate of renewal for a period of five years. The Central Government may refuse to renew the certificate in case where a person has violated any of the provisions of proposed legislation or the rules made thereunder.

Clause 17.— This clause contains provisions relating to foreign contribution through scheduled bank. It provides that every person who has been granted a certificate or given prior permission under clause 12 shall receive foreign contribution in a single account only through such one of the branches of a bank as he may specify in his application for grant of certificate. However, such person may open one or more accounts in one or more banks for utilising the foreign contribution received by him. No funds other than foreign contribution shall be received or deposited in such account or accounts.

This clause also provides that every bank or authorised person in foreign exchange

shall report to such authority as may be specified, (a) the amount of foreign remittance; (b) the source and manner in which the foreign contribution was received; and (c) other particulars, in such form and manner as may be specified by rules made by the Central Government.

Clause 18 — This clause contains provisions relating to giving of intimation to the Central Government, and such other authority as may be specified by the Central Government. Every person who has been granted a certificate of registration or given prior approval under the proposed legislation shall give an intimation, within such time and in such manner as may be prescribed, to the Central Government, and such other authority as may be specified by the Central Government giving details of the amount of each foreign contribution received by him, the source from which and the manner in which such foreign contribution was received, and the purposes for which, and the manner in which such foreign contribution was utilised by him.

It further provides that every person receiving contribution shall submit a copy of a statement duly certified by officer of the bank or authorised person in foreign exchange to the Central Government along with the intimation under section 18.

Clause 19.— This clause contains provisions relating to maintenance of accounts by every person who has been granted a certificate of registration or given prior permission under the proposed legislation. Every such person shall maintain, in such form and manner as may be prescribed, an account of any foreign contribution received by him and a record as to the manner in which such contribution has been utilised by him.

Clause 20.— This clause contains provisions relating to audit of accounts. It provides that where any person who has been granted a certificate of registration or given prior permission fails to furnish any intimation under the proposed legislation within the time specified therefor or the intimation so furnished is not in accordance with law or if, after inspection of such intimation, the Central Government has any reasonable cause to believe that any provision of proposed legislation has been, or is being, contravened, the Central Government may, by general or special order, authorise such gazetted officer, holding a Group A post under the Central Government or any other officer or authority or organisation, as it may think fit, to audit any books of account kept or maintained by such person and thereupon every such officer shall have the right to enter in or upon any premises at any reasonable hour before sunset and after sunrise, for the purpose of auditing the said books of account. Any information obtained from such audit shall be kept confidential and shall not be disclosed except for the purposes of the proposed legislation.

Clause 21.— This clause contains provisions relating to intimation by candidate for election. This clause requires every candidate for election, who had received any foreign contribution, at any time within one hundred and eighty days immediately preceding the date on which he is duly nominated as such candidate, to give, within such time and in such manner as may be prescribed, an intimation to the Central Government or the prescribed authority or both as to the amount of foreign contribution received by him, the source from which, and the manner in which, such foreign contribution was received and the purposes for which and the manner in which such foreign contribution was utilised by him.

Clause 22.— This clause contains provisions relating to disposal of assets created out of foreign contribution. This clause provides that where any person who was permitted to accept foreign contribution, ceases to exist or has become defunct, all the assets of such person shall be disposed off in accordance with the provisions contained in any law for the time being in force and in the absence of any such law, the Central Government may, having regard to the nature of assets created out of foreign contribution received under the proposed legislation, by notification, specify that all such assets shall be disposed off by such authority, as it may specify, in such manner and procedure as may be prescribed.

Clause 23.— This clause contains provisions relating to inspection of accounts or records. It provides that if the Central Government suspect on the ground that any provision

of the proposed legislation has been or is being, contravened by (a) any political party; or (b) any person, or (c) any organisation, or (d) any association, it may authorise such gazetted officer holding a Group A post under the Central Government or such other officer or authority or organisation as it may think fit to inspect any account or record maintained by such political party, person, organisations or association, as the case may be, and thereupon every such authorised officer shall have the right to enter in or upon any premises for the purpose of inspecting the said account or record.

Clause 24.— This clause contains provisions relating to seizure of accounts or records. It provides that if, after inspection of an account or record, the authorised officer has any reasonable cause to believe that any provision of proposed legislation or of any other law relating to foreign exchange has been, or is being contravened, he may seize such account or record and produce the same before the court, authority or tribunal in which any proceeding is brought for such contravention. However, the authorised officer shall return such account or record to the person from whom it was seized if no proceeding is brought within six months from the date of such seizure for the contravention disclosed by such account or record.

Clause 25.— This clause contains provisions relating to seizure of article or currency or security received in contravention of the proposed legislation. It provides that if any gazetted officer, authorised in this behalf by the Central Government, has any reason to believe that any person has in his possession or control any article exceeding the value specified, or currency or security whether Indian or foreign, in relation to which any provision of the proposed legislation has been or is being, contravened, he may seize such article or currency or security.

Clause 26.— This clause contains provisions relating to disposal of seized article or currency or security. It provides that the Central Government may, having regard to the value of article or currency or security, their vulnerability to the theft or any other relevant consideration, by notification, specify such article or currency or security which shall, as soon as may be after their seizure, be disposed of by such officer and in such manner, as the Central Government may, from time to time, determine after following the procedure specified in the said clause.

Clause 27.— This clause provides that the provisions of the Code of Criminal Procedure, 1973 shall apply in so far as they are not inconsistent with the provisions of this Act to all seizures made under the proposed legislation.

Clause 28.— This clause contains provisions relating to confiscation of article or currency or security obtained in contravention of the proposed legislation. Any article or currency or security which is seized under clause 25 shall be liable to confiscation if such article or currency or security has been adjudged under clause 29 to have been received or obtained in contravention of the proposed legislation.

Clause 29.— This clause contains provisions relating to adjudication of confiscation. Any confiscation referred to in clause 28 may be adjudged without limit, by the Court of Session within the local limits of whose jurisdiction the seizure was made; and subject to such limits as may be prescribed, by such officer, not below the rank of an Assistant Sessions Judge, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

Clause 30.— This clause contains provisions relating to procedure for confiscation. This clause provides that no order of adjudication of confiscation shall be made unless a reasonable opportunity of making a representation against such confiscation has been given to the person from whom any article or currency or security has been seized.

Clause 31.— This clause contains provisions relating to appeal. This clause, *inter alia*, provides that any person aggrieved by any order made under clause 29 may prefer an appeal, where the order has been made by the Court of Session, to the High Court to which such Court is subordinate or where the order has been made by any officer specified under sub-clause (b) of clause 29, to the Court of Session within the local limits of whose jurisdiction such order of adjudication of confiscation was made.

Clause 32.— This clause contains provisions relating to revision of orders by the Central Government. This clause, *inter alia*, provides that the Central Government, may, either of its own motion or on an application for revision by the person registered under the proposed legislation, for revision, call for the record of any proceeding in which any such order has been passed by it and may make such inquiry or cause such inquiry to be made and, subject to the provisions of proposed legislation, may pass such order thereon as it thinks fit. The Central Government shall not of its own motion revise any order under this clause if the order has been made more than one year previously. In the case of an application for revision under this section by the person referred to in sub-clause (1), the application must be made within one year from the date on which the order was communicated to him or the date on which he otherwise came to know of it, whichever is earlier. However, the Central Government may, if it is satisfied that such person was prevented by sufficient cause from making the application within that period, admit an application made after the expiry of that period. The Central Government shall not revise any order where an appeal against the order lies but has not been made and the time within which such appeal may be made has not expired or such person has not waived his right of appeal. Every application by such person for revision under this clause shall be accompanied by such fee, as may be prescribed.

Clause 33.— This clause provides for punishment for making of false statement, declaration or delivering false accounts. It provides that any person, subject to the provisions of the proposed legislation, who knowingly, (a) gives a false intimation under clause 9 or clause 18; or (b) seeks prior permission or registration by means of fraud, false representation or concealment of material fact, shall, on conviction by a court, be liable to imprisonment for a term which may extend to three years or with fine or with both.

Clause 34.— This clause provides for penalty for article or currency or security obtained in contravention of clause 10. It provides that if any person, on whom any prohibitory order has been served under clause 10, pays, delivers, transfers or otherwise deals with, in any manner whatsoever, any article or currency or security, whether Indian or foreign, in contravention of such prohibitory order, he shall be punished with imprisonment for a term which may extend to three years, or with fine, or with both. The court trying such contravention may also impose on the person convicted an additional fine equivalent to the market value of the article or the amount of the currency or security in respect of which the prohibitory order has been contravened by him or such part thereof as the court may deem fit.

Clause 35.— This clause provides punishment for contravention of any provision of the proposed legislation. It provides that whoever accepts, or assists any person, political party or organisation in accepting any foreign contribution or any currency or security from a foreign source in contravention of any provision of the proposed legislation or any rule or order made thereunder, shall be punished with imprisonment for a term which may extend to five years, or with fine, or with both.

Clause 36.— This clause confers power upon the court to impose additional fine where article or currency or security is not available for confiscation.

Clause 37.— This clause provides for penalty for offences where no separate punishment has been provided under the proposed legislation.

Clause 38.— This clause prohibits acceptance of foreign contribution for a period of three years by any person in case of second or subsequent conviction under the proposed legislation.

Clause 39.— This clause contains provisions relating to offences by companies. Where an offence under the proposed legislation or any rule or order made thereunder has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the

offence and shall be liable to be proceeded against and punished accordingly. However, such person shall not be liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

It further provides that where an offence under the proposed legislation or any rule or order made thereunder has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Clause 40.— This clause contains provisions relating to bar on prosecution of offences under the proposed legislation. It provides that no court shall take cognizance of any offence under the proposed legislation, except with the previous sanction of the Central Government or any officer authorised by that Government in this behalf.

Clause 41.— This clause contains provisions relating to certain offences. It provides that any offence punishable under the proposed legislation (whether committed by an individual or association or any officer or employee thereof), not being an offence punishable with imprisonment only, may, before the institution of any prosecution, be, notwithstanding anything contained in the Code of Criminal Procedure, 1973, compounded by such officers or authorities and for such amount as the Central Government may, by notification in the Official Gazette, specify in this behalf.

It further provides that no offence shall be compounded if such offence is committed by an individual or association or its officer or other employee within a period of three years from the date on which a similar offence committed by it or him was compounded under this clause. It also provides that where any offence is compounded before the institution of any prosecution, no prosecution shall be instituted in relation to such offence, against the offender in relation to whom the offence is so compounded.

It also provides that every officer or authority referred to in sub-clause (1) of this clause while dealing with a proposal for the compounding of an offence for a default in compliance with any provision of proposed legislation which requires by an individual or association or its officer or other employee to obtain permission or file or register with, or deliver or send to, the Central Government or any prescribed authority any return, account or other document, may, direct, by order, if he or it thinks fit to do so, any individual or association or its officer or other employee to file or register with, such return, account or other document within such time as may be specified in the order.

Clause 42.— This clause confers power upon the inspecting officer referred to in clause 23 to call for information or require any person to produce or deliver any document as he thinks useful or relevant to the inspection under the proposed legislation. It also confers power upon the said officer to examine any person acquainted with the facts and circumstances of the case.

Clause 43.— This clause provides that any offence punishable under the proposed legislation may also be investigated into by such authority as the Central Government may specify in this behalf and the authority so specified shall have all the powers which an officer-in-charge of a police station has while making an investigation into a cognizable offence.

Clause 44.— This clause requires that the prescribed authority shall furnish to the Central Government at such time and in such form and manner such returns and statements as may be prescribed.

Clause 45.— This clause protects the action taken in good faith by the Central Government or the prescribed authority or any of its officers. It provides that no suit or other legal proceedings shall lie against the Central Government or the prescribed authority or any of its officers in respect of any loss or damage caused or likely to be caused by

anything which is in good faith done or intended to be done in pursuance of the provisions of proposed legislation or any rule or order made thereunder.

Clause 46.— This clause confers power upon the Central Government to give such directions as it may deem necessary to any other authority or any person or class of persons regarding the carrying into execution of the provisions of the proposed legislation.

Clause 47.— This clause contains provisions relating to delegation of powers. It provides that the Central Government may, by notification, delegate, subject to such conditions and limitations as may be specified in the notification, such of its powers and functions under the proposed legislation (except the power to make rules) as it may deem necessary to such authority as may be specified.

Clause 48.— This clause confers power upon the Central Government to make rules for carrying out the provisions of the proposed legislation, and in particular for matters specified in sub-clause (2) of the said clause.

Clause 49.— This clause requires laying of orders made under clause 5 and the rules made under the proposed legislation before each House of Parliament.

Clause 50.— This clause confers power upon the Central Government to grant exemption in certain cases. It provides that if the Central Government is of the opinion that it is necessary or expedient in the interests of the general public so to do, it may, by order and subject to such conditions as may be specified in the order, exempt any person or association or organisation (not being a political party), or any individual (not being a candidate for election) from the operation of all or any of the provisions of the proposed legislation and may, as often as may be necessary, revoke or modify such order.

Clause 51.— This clause provides that the provisions of the proposed legislation shall not apply to any transaction between the Government of India and the Government of any foreign country or territory.

Clause 52.— This clause provides that the provisions of the proposed legislation shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force.

Clause 53.— This clause confers power upon the Central Government to remove difficulties arising in giving effect to the proposed legislation. It provides that if any difficulty arises in giving effect to the provisions of the proposed legislation, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of the proposed legislation as may appear to be necessary for removing the difficulty. However, no order shall be made under this clause after the expiry of two years from the commencement of the proposed legislation. Every order made shall be laid, as soon as may be after it is made, before each House of Parliament.

Clause 54.— This clause proposes to repeal the Foreign Contribution (Regulation) Act, 1976 and save certain matters specified in sub-clause (2) of the said clause.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (1) of clause 5 of the Bill confers power upon the Central Government to issue orders to specify the organisation referred to in the clause as an organisation of a political nature not being a political party referred to in clause 3(1).

2. Clause 48 of the Bill confers power upon the Central Government to make rules for carrying out the provisions of the proposed legislation. The matters in respect of which rules may be made relate, *inter alia*, to, the value of the article and the authority which may be specified under clause 2(1); acceptance or retention of gift or presentation under clause 4; ground or grounds on which an organisation may be specified as an organisation of political nature under clause 5(2); the manner in which the administrative expenses shall be calculated under clause 8(2); the time within which and manner in which any person or class of persons or an association may be required to furnish intimation regarding the amount of foreign contribution received under clause 9; the time within which and manner in which any person or class of persons may be required to furnish intimation regarding foreign hospitality under clause 9; the manner in which the copy of the order of the Central Government shall be served upon any person under clause 10; the form and manner in which the application for grant of certificate of registration or giving of prior permission and fee therefor under clause 12(1); the terms and conditions for granting a certificate or giving prior permission under clause 12(3); the manner of utilising the foreign contribution under clause 13(2); the authority with whom the foreign contribution to be vested under clause 15(1); the period within which and the manner in which the foreign contribution shall be managed under clause 15(2); the form and manner in which the application for renewal of certificate of registration shall be made and the fees therefor under clause 16(2); the form and manner in which the foreign remittance received in any of the accounts of the bank or authorised person in foreign exchange which shall be reported under clause 17(2); the time within which and the manner in which the person who has been granted certificate of registration or given prior permission shall give intimation under clause 18; the form and manner in which account of any foreign contribution and the manner in which such contribution has been utilised shall be maintained under clause 19; the time within which and manner in which a candidate for election shall give intimation under clause 21; the manner and procedure to be followed in disposing of the assets under clause 22; the limits subject to which any confiscation may be adjudged under clause 29(1); the fee to be accompanied along with every application for revision under clause 32(5); the form and manner for making of an application for compounding of an offence and the fees therefor under clause 41(4); the form and manner in which and the time within which returns and statements to be furnished by the prescribed authority under clause 44; any other matter which is required to be, or may be, prescribed.

3. The matters in respect of which orders may be issued and the rules may be made by the Central Government are generally matters of procedure and administrative detail and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

RAJYA SABHA

A
BILL

to consolidate the law to regulate the acceptance and utilisation of foreign contribution or foreign hospitality by certain individuals or associations or companies and to prohibit acceptance and utilisation of foreign contribution or foreign hospitality for any activities detrimental to the national interest and for matters connected therewith or incidental thereto.

(*Shri Shivraj Vishwanath Patil, Minister of Home Affairs*)