



Ministry of Home Affairs

Amendment in FCRA

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It is a fact that political parties cannot receive contribution from any foreign source as defined under Clause (c) of Section 2 of the FCRA, 1976. Section 29 B of the Representation of the Peoples Act, 1951 also prohibits political parties from receiving foreign contributions.

Clause 217 of the Finance Bill, 2018 seeks to amend Section 236 of the Finance Act, 2016 which relates to amendment to sub-clause (vi) of the clause (i) of Sub-section (1) of Section 2 of the Foreign Contribution (Regulation) Act, 2010. The proviso to the said sub-clause inserted under the Finance Act, 2016 states that where the nominal value of share capital is within the limits specified for foreign investment under the Foreign Exchange Management Act, 1999 (42 of 1999), or the rules or regulations made there under, then, notwithstanding the nominal value of share capital of a company being more than one half of such value at the time of making the contribution, such company shall not be deemed to be a foreign source, if the foreign investment is within the limit specified under the Foreign Exchange Management Act, 1999 or the rules or regulations made there under.

The main purpose of the proposed amendment is to ensure that the definition of 'foreign source' remains consistent with the FDI Policy of the Government of India; and provisions of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. It is proposed to bring the said amendment with effect from the 5th August, 1976, the date of commencement of the Foreign Contribution (Regulation) Act, 1976, which was repealed and re-enacted as the Foreign Contribution (Regulation) Act, 2010.

This was stated by the Minister of State for Home Affairs, Shri Kiren Rijiju in written reply to a question in the Rajya Sabha today.

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