

Voluntary Organisations receiving foreign grants are governed by the Foreign Contribution (Regulation) Act, 1976. Recently, the Government has released the Draft of the Foreign Contribution (Management & Control) Bill [FC(M&C)], 2005. This Draft Bill is uploaded in the web-site of the Ministry of Home Affairs. The Government has also invited public opinion on the proposals made in the Draft Bill. Presently, it is understood that the Bill is before the Group of Ministers.

As part of its Information Dissemination initiative, FMSF shared some of the key aspects of the proposals of the FC(M&C) Bill, 2005 with its partner NGOs network soon after the Draft Bill was released during July, 2005.

In response to the same, a Consultation on Foreign Contribution (Management & Control) Bill, 2005 was organized at New Delhi and in Bangalore. The objective of the consultation was to share the salient features of the Foreign Contribution (Management & Control) Bill, 2005 with the Voluntary Organisations associated with FMSF.

The Consultation in New Delhi was held on 27.10.2005 and was attended by 47 members representing various Voluntary Organisations and Donor Agencies based in New Delhi and the Consultation in Bangalore held on 07.11.2005 was attended by 44 representatives from various Voluntary Organisations in the Southern India and Donor Agencies based in Bangalore.



Consultations on Foreign Contribution (Management & Control) Bill, 2005

- A Brief Report

Since then, FMSF started receiving many queries from various organizations as well as from its partner organizations seeking more information on the proposals and implications of the FC(M&C) Bill, 2005 on the Voluntary Organisations.

Further, the Southern Regional members of the Forum for Ethics, Accountability and Transparency (FEAT) promoted by FMSF, also participated in this Consultation.

Mr. K. N. Gupta, an experienced Chartered Accountant involved in the

sector for many years was the chairperson for the New Delhi Consultation and Ms. Rosemary Viswanath, an experienced Development Consultant based in Bangalore and one of the trustees of FMSF was the chairperson for the Bangalore Consultation.

For the New Delhi Consultation, Mr. Sanjay Agrawal, Mr. K. Shivakumar and Mr. Manoj Fogla made presentations on “Analysis of the Foreign Contribution (Management & Control) Bill, 2005”. In the Bangalore Consultation, Mr. Sanjay Patra, Mr. Pradeep Esteves and Mr. Manoj Fogla shared about the proposed Bill.

It was stated that one of the main shifts that has taken place is from a “Regulatory” Act to a “Management & Control” Bill.

Salient Features of FC(M&C) Bill, 2005 from the presentations made :

- **Change in the Registration Authority** - Decentralisation of Registering Authority instead of only Delhi office.
- **Change in the Registration Procedure :**
 - Already registered organisations to migrate to the new Act within two years
 - Certificate of registration to be valid for five years
 - Appeal against refusal to grant registration
- **Prior Permission** – The time limit of 90 days has been dispensed with and

the Deemed Permission is withdrawn.

- **Fees for registration, Appeal etc** - Fees as applicable. Amount not specified.
- **Disposal of Assets created out of Foreign Funds** - Central Government will specify the assets and manner in which it is to be disposed off.
- **Bank Account & Interest Earned** - Foreign Contribution (FC) to be received in one Bank Account but an NGO can open other bank accounts for utilisation. The interest earned and any other income earned out of FC is part of FC.

The presentation was followed by an open discussion with the members present who expressed concern regarding the following:

- registration of the already registered organisations;
- the role of the bank ;
- the ceiling of 30% of Administration expense and what expenses will be constituted as “Administration Expenses” by the Govt.
- organisations of political nature, it was expressed that it gives scope for mis-interpretation.

It was also suggested that the sector needs to obtain more information on the context of this new Bill.

In conclusion, it was informed that the proceedings of these consultations will be compiled by FMSF and shared with Voluntary Action Network India (VANI) to take it forward.

