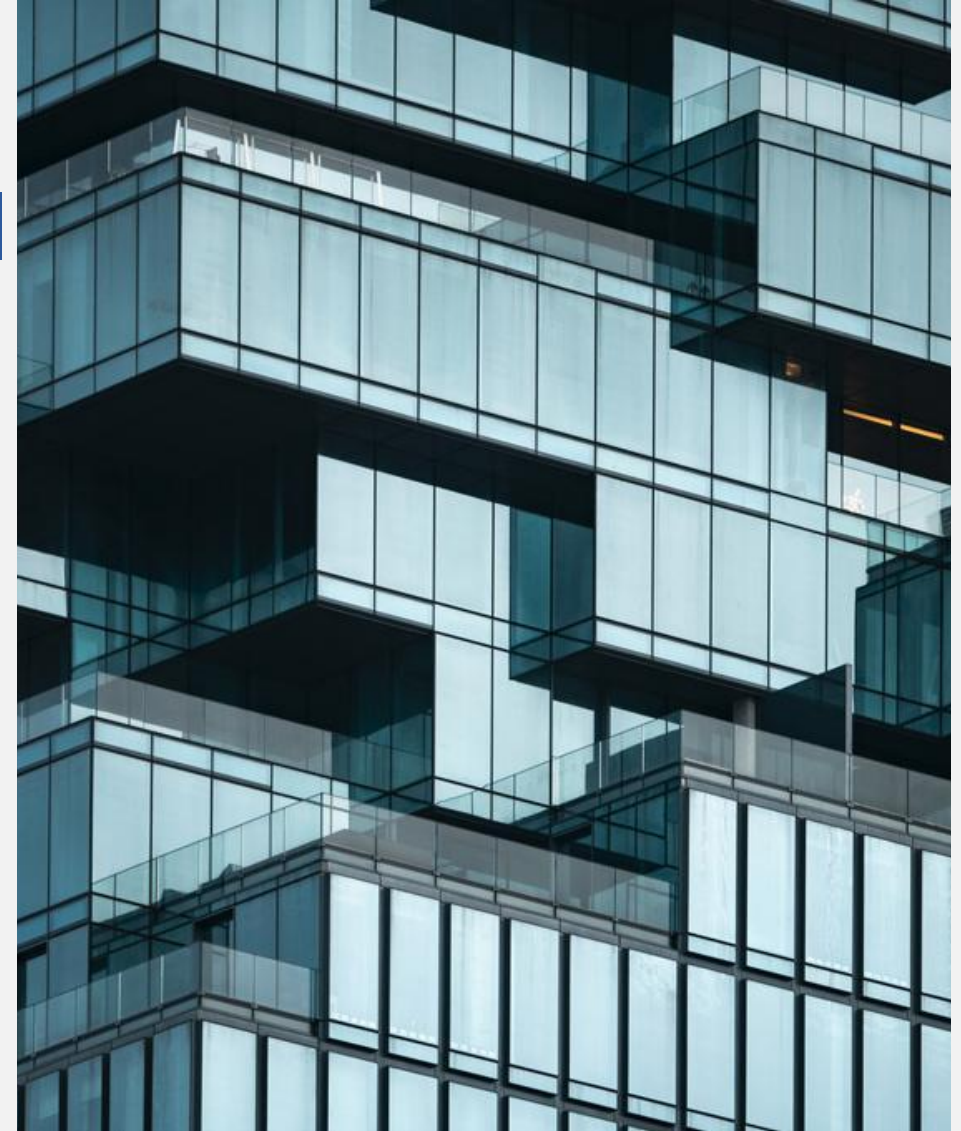


A large white hexagonal outline is centered on the page. Inside the hexagon, the text 'FOREIGN CONTRIBUTION (REGULATION) ACT, 2010' is written in white, bold, uppercase letters. The hexagon is surrounded by four smaller blue hexagons at the corners and one small orange hexagon on the left side.

**FOREIGN
CONTRIBUTION
(REGULATION)
ACT, 2010**

INTRODUCTION

- On 31st March, 1976, FCRA was enacted with an aim to regulate the utilization of foreign contributions/hospitality by individuals, associations to keep it consistent with the values of a sovereign, democratic republic.
- In 2010, the Act was repealed and a new Act with strict provisions was enacted.
- FCRA 2010 is a consolidating Act passed by the Government of India in the year 2010. It seeks to regulate foreign contributions or donations and hospitality (air travel, hotel accommodation etc) to Indian organizations and individuals and to stop such contributions which might damage the st.



FOREIGN CONTRIBUTIO N

“Foreign Contribution” means the donation, delivery or transfer made by any foreign source of,—

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

FOREIGN SOURCE

“foreign source” includes,—

- the Government of any foreign country or territory and any agency of such Government;
- any international agency, not being the United Nations or any of its specialized agencies, the World Bank, International Monetary Fund or such other agency as the Central Government may, by notification, specify in this behalf;
- a foreign company;
- a corporation, not being a foreign company, incorporated in a foreign country or territory;
- a multi-national corporation referred to in sub-clause (iv) of clause (g);
- a trade union in any foreign country or territory, whether or not registered in such foreign country or territory;
- a foreign trust or foundation, by whatever name called, or such trust or foundation mainly financed by a foreign country or territory;
- a society, club or other association of individuals formed or registered outside India;
- a citizen of a foreign country;

CAN NOT ACCEPT FOREIGN CONTRIBUTION ?

No foreign contribution shall be accepted by any—

- (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) organization 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,

RESTRICTION ON ACCEPTANCE OF FOREIGN HOSPITALITY

- **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 not accept any foreign hospitality except with the permission of the Central Government.

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, if the same is intimated to the Central Government within one month of receipt of such hospitality.

REGISTRATION WITH CENTRAL GOVERNMENT

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:

Every person who makes an application shall be required to open "FCRA Account" in the manner specified in section 17 and mention details of such account in his application.

On receipt of an application under sub-section (1), the Central Government shall either reject the Form or accept the same within 90 days from the date of receipt of application.

Provided that in case the Central Government does not grant, within the said period of 90 days, a certificate or give prior permission, it shall communicate the reasons therefor to the applicant:

Provided further that a person shall not be eligible for grant of certificate or giving prior permission, if his certificate has been suspended and such suspension of certificate continues on the date of making application.

ACCEPTANCE OF FOREIGN CONTRIBUTION BY WAY OF :

A) Registration

- **3 years track record**
Rs. 15 lacs expenses for attainment of the object for last three years
Is a blanket permission i.e. FC can be accepted from any person, any amount
Valid for 5 years

B) Prior Permission

- Not having 3 years of track record
- 3 years track record yes, but Rs. 15 lacs expenses not
- Permission for acceptance of FC from specific person for specified object and amount as submitted in the Prospect proposal

PROCEDURE

- **Darpan ID**
- **Opening of Bank Account with SBI Delhi**
- **Registration**
- **Prior Permission**

- **Online Submission**
- **IB Inspection**
- **Report of IB to MHA**
- **Accept / Reject application**

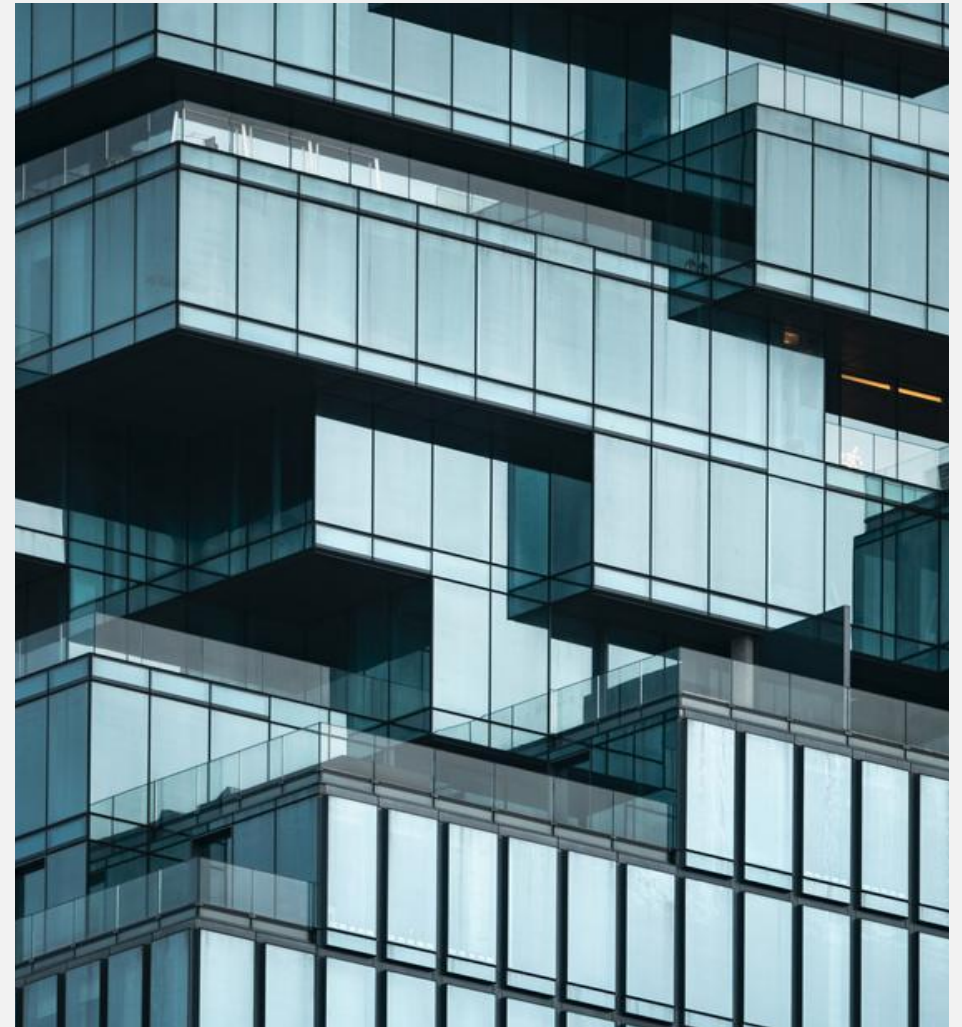
- **If rejected – Appeal to HC**

PROHIBITION TO TRANSFER FOREIGN CONTRIBUTION TO OTHER PERSON.

No person who-

- a) **Is registered and granted a certificate or has obtained prior permission under this Act and;**
- b) **Receives any foreign contribution**

Shall transfer such foreign contribution to any other person unless other person is Registered under FCRA



RESTRICTION TO UTILIZE FOREIGN CONTRIBUTION FOR ADMINISTRATIVE PURPOSE.

Every person registered and granted certificate:

- shall utilize such contribution for the purposes for which the contribution has been received except for **speculative business**,
- shall not defray as far as possible such sum, not exceeding **twenty per cent** of such contribution, received in a financial year, to meet **administrative expenses**.

WHAT IS ADMINISTRATIVE EXPENSES?

The following shall constitute administrative expenses:-

- (i) salaries, wages, travel expenses or any remuneration realised by the Members of the Executive Committee or Governing Council of the person;**
- (ii) all expenses towards hiring of personnel for management of the activities of the person and salaries, wages or any kind of remuneration paid, including cost of travel, to such personnel;**
- (iii) all expenses related to consumables like electricity and water charges, telephone charges, postal charges, repairs to premise(s) from where the organisation or Association is functioning, stationery and printing charges, transport and travel charges by the Members of the Executive Committee or Governing Council and expenditure on office equipment;**
- (iv) cost of accounting for and administering funds;**
- (v) expenses towards running and maintenance of vehicles;**
- (vi) cost of writing and filing reports;**
- (vii) legal and professional charges; and**
- (viii) rent of premises, repairs to premises and expenses on other utilities:**

CANCELLATION OF CERTIFICATE

Grounds of Cancellation -


- Application made for grant of certificate is incorrect or misleading; or
- the holder has violated any of the terms and conditions of the certificate or renewal thereof; or
- in the opinion of the Central Government, it is necessary in the public interest to cancel the certificate; or
- the holder of certificate has violated any of the provisions of this Act or rules or order made thereunder; or
- if the holder of the certificate has not been engaged in any reasonable activity in its chosen field for the benefit of the society for two consecutive years or has become defunct.

No such order shall be made unless the concerned person has been given reasonable opportunity of being heard.

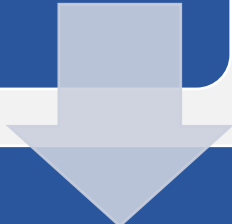
Once cancelled, the person shall not be eligible for registration for a period for 3 years from the date of such cancellation.

SUSPENSION OF CERTIFICATE

Where Central Government is satisfied that pending consideration of the question of cancelling the certificate on any of the grounds mentioned above, it is necessary to suspend the certificate, may suspend.



The central government may suspend the certificate for a *period of 180 days, or such further period, not exceeding 180 days, as may be specified*



Every person whose certificate has been suspended shall—

- 1) not receive any foreign contribution during the period of suspension of certificate
- 2) utilise the contribution with the approval of the central government

AMOUNT TO BE SPENT IN CASE OF SUSPENSION

(a) In case the certificate of registration is suspended under sub-section (1) of section 13 of the Act, up to **25% of the unutilised amount may be spent**, with the prior approval of the Central Government, for the declared aims and objects for which the foreign contribution was received.

(b) The remaining **75% of the unutilized foreign contribution shall be utilised only after revocation of suspension** of the certificate of registration.

FORMS UNDER FCRA/FCRR

FORM	PURPOSE	TIME PERIOD
FC-1	Intimation of receiving foreign contribution from relatives	within thirty days from the date of receipt of such contribution.
FC – 2	for prior permission to accept such foreign hospitality.	
FC-3	Application for registration of a person for acceptance of foreign contribution	
FC-4	Annual Return	Within 9 months from the end of the financial year
FC-5	Renewal of Registration Certificate	six months before the date of expiry of the certificate of registration
FC-7	Application for surrender of certificate	

REPORTING BY BANKS OF RECEIPT OF FOREIGN CONTRIBUTION.

Every bank shall report to Central Government within 30 days of any transaction in respect of receipt of foreign contribution by any person who is required to obtain a certificate of registration or prior permission under the Act, but who was not granted such certificate or prior permission as on the date of receipt of such remittance.

The report referred to in sub-rule (1) shall contain the following details:-

- (a) Name and address of the donor:**
- (b) Name and address of the recipient:**
- (c) Account number:**
- (d) Name of the Bank and Branch:**
- (e) Amount of foreign contribution (in foreign currency as well as Indian Rupees):**
- (f) Date of receipt:**
- (g) Manner of receipt of foreign contribution (cash/cheque/electronic transfer etc.):**

IN THE EVENT OF RECEIPT OF FOREIGN CONTRIBUTION IN EXCESS OF ONE CRORE RUPEES IN A FINANCIAL YEAR.

In case a person who has been granted a certificate of registration or prior permission receives foreign contribution in excess of one crore rupees, or equivalent thereto, in a financial year, he/it shall place the summary data on receipts and utilisation of the foreign contribution pertaining to the year of receipt as well as for one year thereafter in the public domain.

Besides, the Central Government shall also display or upload the summary data of such persons on its website for information of the general public.

TRANSFER OF FOREIGN CONTRIBUTION TO OTHER INDIAN ASSOCIATION

FOREIGN CONTRIBUTION (ACCEPTANCE OR RETENTION OF GIFT OR PRESENTATION)



In case any person receives any gift or presentation, such person shall within a period of 30 days or receipt of such gift/presentation to inform to secretary of Government of India.

If value is in excess of **Rs. 5000/-/ 25,000/-**, the same is to be deposited.

THANK YOU

TNT & ASSOCIATES

COMPANY SECRETARIES

218-221, SAFFRON COMPLEX, FATEHGUNJ, VADODARA

CONTACT NO.: 98250 28079

BRANCH OFFICES AT AHMEDABAD AND NEW DELHI

