

FOREIGN CONTRIBUTION (REGULATION) ACT, 1976

INTRODUCTION

Foreign Contribution (Regulation) Act, 1976 (FCRA) was enacted in the year 1976 with the prime objective of regulating the acceptance and utilization of foreign contribution and foreign hospitality by persons and associations working in the important areas of national life. The focus of this Act is to ensure that the foreign contribution and foreign hospitality is not utilized to affect or influence electoral politics, public servants, judges and other people working the important areas of national life like journalists, printers and publishers of newspapers, etc. The Act also seeks to regulate flow of foreign funds to voluntary organizations with objective of preventing any possible diversion of such funds towards activities detrimental to the national interest and to ensure that such individuals and organizations may function in a manner consistent with the values of sovereign democratic republic.

The organizations seeking foreign contributions for definite cultural, social, economic, educational or religious programmes may either obtain registration or prior permission to receive foreign contribution from Ministry of Home Affairs by making application in the prescribed format and furnishing details of the activities and audited accounts. The registration is granted only to such association, which has proven track record of functioning in the chosen field of work during last three years, and after registration, such organization is free to receive foreign contribution from any foreign source for stated objectives. Registration is granted only after thorough security vetting of the activities and antecedents of the organization and office bearers thereof. However, such organizations

Which are newly established and do not have proven track record of functioning may also receive foreign contribution for specific activities, for a specific purpose and from a specific source after seeking project based prior permission (PP) from the Ministry of Home Affairs.

In order to bring in transparency in the administration of the Foreign Contribution (Regulation) Act, 1976 and the Rules framed there under, improve the functioning, disseminate the information and enhance user friendliness of the various procedures the web-site is uploaded with all the FCRA forms, Citizens' Charter, list of registered associations, State-wise status of application for registration/ prior permission, etc. In our efforts to bring in further improvements in the system, the following additional charters/ materials are uploaded for information and guidance of all concerned:

- Citizens charter
- Charter for NGO/Associations applying for grant of Prior permission/ Registration under the FCRA.
- Charter for NGOs/Associations granted Prior permission/Registration under the FCRA.
- Charter for the Chartered Accountants.
- Charter for the Banks.
- Dealing officers

Citizens Charter

Receipt of Foreign Contribution

The provisions of the Foreign Contribution (Regulation) Act, 1976 regulate the receipt of foreign contribution in the country. The Foreign

Contribution (Regulation) Rules 1976 contain the various forms prescribed for this purpose.

What is Foreign Contribution

Foreign contribution means the donation, delivery or transfer, made by any foreign source of any,

- a) Article, not given to a person as a gift, for personal use, if the market value, in India, of such article exceeds one thousand rupees;
- b) Currency, whether Indian or foreign; or,
- c) Foreign security as defined in clause 2(i) of the Foreign Exchange Regulation

Act, 1973. **NOTE:** Contributions made by a citizen of India living in another country, from his personal savings, through the normal banking channels, is not treated as foreign contribution. It is advisable to obtain the passport details of the concerned citizen of India before accepting such contributions.

What is a Foreign Source

Foreign source means the government of any foreign country or territory or its agency; international agency; a foreign company; citizen of a foreign country. For more details see section 2(1)(e) of the Foreign Contribution (Regulation) Act, 1976.

Who cannot Receive Foreign Contribution

Foreign contribution cannot be accepted by a candidate for election; correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper; judge, government servant or employee of any corporation; member of any legislature; political party or office bearer thereof.

Who can Receive Foreign Contribution

An association having a definite cultural, economic, educational, religious or social programme can receive foreign contribution after it obtains the prior permission of the Central Government, or gets itself registered with the Central Government.

Forms Prescribed for this Purpose

An application for seeking prior permission to accept foreign contribution is to be made in Form FC – 1A and for grant of registration in Form FC – 8 respectively.

Designated Bank Account

An association granted prior permission or registration under the Act can receive the foreign contribution and subsequently utilized it using a single designated bank account, as intimated in the application form. Do not deposit any local funds in this bank account.

Maintenance of Accounts

An association granted prior permission or registration under the Act must maintain a separate set of accounts and records exclusively for the foreign contribution received and utilized in the prescribed manner. For more details see rule 8 of the Foreign Contribution (Regulation) Rules, 1976.

Receipt of Scholarships etc

A citizen of India receiving any scholarship, stipend or any payment of a like nature from any foreign source is required to give, within thirty days of such a receipt, an intimation

to the Central Government as to the amount of the scholarship, stipend or other payment received; the foreign source from which and the purpose for which, such scholarship, stipend or other payment has been, or is being received. The intimation is to be given in Form FC – 5.

Time Taken to Dispose Application

An application for registration is normally disposed within six months. An application seeking prior permission is disposed within 90/120 days. It is advisable to obtain a certificate, in the format incorporated at the end of the application form, from any of the competent authority mentioned therein viz., Any concerned Collector of District; Department of the State Government; Ministry / Department of the Government of India.

Where should the Application be Sent

An application (one copy only) for seeking prior permission or registration is to be sent by registered post to the Secretary, Ministry of Home Affairs, Foreigners Division, Jaisalmer House, 26 Man Singh Road, New Delhi 110011.

Proper Filing of Application

Please familiarize yourself with the provisions of the Foreign Contribution (Regulation) Act, 1976 and the Foreign Contribution (Regulation) Rules, 1976 before making an application. Please fill the relevant application form with due care. Ensure that you furnish information exactly in the manner stated in the form. An incomplete application will be summarily rejected.

Filing of Returns

An association permitted to accept foreign contribution is required to submit an annual return, duly certified by a Chartered Accountant, giving details of the receipt and purpose-wise utilization of the foreign contribution. The return is to be filed for every year (1st April to 31st March) within a period of four months from the closure of the year i.e. by 31st July of each year. The return is to be submitted, in duplicate, in Form FC-3. It is to be accompanied with the balance sheet and statement of receipt and payment, duly certified by a Chartered Accountant, also in duplicate.

Availability of Forms

Please use the correct and current form. The forms can be obtained, free of cost, from the above-mentioned address. The forms are also available on the Ministry of Home Affairs' web site – <http://mha.nic.in/fore.htm>

Penalties for Violation

Whoever accepts, or assists any person, political party or organisation in accepting any foreign contribution or any currency from a foreign source, in contravention of the provisions of the Foreign Contribution (Regulation) Act, 1976, or the rules made there under, shall be punished with imprisonment for a term, which may extend to five years, or with fine or with both. "All the above services & commitments will be honored without the citizens having to pay any bribe."

Charter for Ngos/Associations Applying For Grant of Prior Permission /Registration under the Foreign Contribution (Regulation) Act, 1976.

- Any NGO wishing to receive Foreign Contribution (FC) must have a definite cultural, economic, educational, religious or social programme.
- It shall neither receive nor utilize any FC without obtaining either prior permission or registration from the Central Government.
- Details of FC received prior to obtaining either prior permission or registration should be mentioned clearly at the time of applying for prior permission or registration, as the case may be.
- An application for seeking prior permission to accept foreign contribution is to be made in Form FC- 1A, and for grant of registration in Form FC-8, respectively. The forms can be downloaded from Ministry of Home Affairs Web Site at [http:// mha.nic.in/ fcra.htm](http://mha.nic.in/fcra.htm)
- The application should be complete in all respects and no column should be left blank.
- Each Prior permission application should be sent for receiving a specific amount, for a specific purpose and from a specific donor. The donor's commitment letter specifying the amount of FC and copy of project for which FC is solicited should invariably be sent along with the FC-1A form.
- Copies of following documents are required to be sent along with FC-1A and FC-8 form.
 1. Copy of certificate of registration issued under the Societies Registration Act, 1860 or Trust deed,

as the case may be;

2. Details of activities during the last three years;
3. Copies of audited statement of accounts for the past three years (Asset and Liabilities, Receipt and Payment, Income and Expenditure);
4. If any printed work is brought out by the association, a certificate from the Press Registrar that the publication is not a newspaper in terms of section 1(1) of the Press Registration of Books Act, 1867.

Charter for Ngos / Associations Granted Prior Permission or Registration Under the Foreign Contribution (Regulation) Act, 1976.

- An association granted prior permission or registration under the Foreign Contribution (Regulation) Act, 1976 (FCRA) should receive the FC and subsequently utilize it using an exclusive designated bank account, as intimated in the application form. Do not deposit any local funds in this bank account.
- An association granted prior permission or registration under FCRA is required to carry out the activities, for which FC is received, in India only and the amount should not be utilized for purposes other than for which it is received.
- Any fixed asset acquired out of the FC and any article received in kind from the foreign source should be in the name of the association and not in the name of any individual in the association.
- Not more than 30% of the FC shall be defrayed to meet administrative expenses of the association.
- An association granted prior permission or registration under FCRA should

maintain a separate set of accounts and records, exclusively for foreign contribution received and utilized. i. In Form FC-6, where the FC relates only to articles; ii. In the cash book and ledger account on double entry basis, where the FC relates to currency received and utilized. iii. In Form FC-7, where the FC relates to foreign securities.

- Every account giving details of the receipt and purpose-wise utilization of the FC, including the interest earned on the FC amount, should be maintained on an yearly basis, commencing on the 1st day of April each year and every such yearly account, duly certified by a chartered accountant in Form FC-3 along with a balance sheet and statement of receipt and payment should be furnished in duplicate, within four months of the closure of the year i.e. before 31st July. Even if no FC is received during a year, a 'Nil' return is required to be fled with the Ministry of Home Affairs within the prescribed time limit.
- No FC should be transferred to an association, which has not obtained either prior permission or registration under FCRA or to any person or association, prohibited under FCRA from receiving any FC.
- Change of name, address, registration, nature of activities or aims and objectives of an association should be intimated to the Ministry of Home Affairs within 30 days of effecting the change, along with the documentary evidence effecting the change.
- Prior permission of Ministry of Home Affairs should be obtained for replacing 50% or more of the office bearers.

- Prior permission of Ministry of Home Affairs should be obtained for changing bank account for valid and convincing reasons.
- The forms can be downloaded from Ministry of Home Affairs Web Site at <http://mha.nic.in/fcra.htm>.

Charter for the Chartered Accountants

Since the FCRA Act, 1976 is national security legislation; NGOs are required to exercise extreme care and caution in dealing with foreign contribution from the time of its receipt to its final utilization. As the Chartered Accountants (CA's) audit the accounts of the NGOs and they certify the accounts before being submitted to the FCRA division, CA's are required to provide meaningful guidance to the NGOs.

- To verify whether the associations are eligible to receive foreign contribution
- To guide the applicant organization to apply to the Home Ministry for necessary registration / prior permission;
- To assist in the proper maintenance of prescribed books of accounts;
- To furnish the required certificate in the prescribed format after careful scrutiny of the accounts of the NGO;
- Before certifying the accounts of an association in FC-3 returns, the CA concerned must ensure that they have been prepared in accordance with the provisions of FC(R) Act, 1976 and Rules framed thereunder.

Charter for the Banks

- No bank should credit any foreign contribution to the account of an association/NGO unless it produces documentary evidence of having obtained registration/prior permission from the Central Government for the same.

- In case any foreign contribution is credited to the account of an NGO/ Association/Trust directly, the bank should not allow utilization of such fund and inform the NGO/ Association/ Trust concerned to obtain necessary permission/registration from the Central Government for the same. Simultaneously, the bank should inform the Deputy Secretary (FCRA), Ministry of Home Affairs, Govt. of India, New Delhi about such receipt.
- Non-compliance of the above by the bank will constitute a violation and will render the defaulting bank liable for appropriate action by the Reserve Bank of India.

Checklist for Ensuring Proper Submission of Applications, Under the Provisions of the Foreign Contribution (Regulation) Act, 1976, for Acceptance of Foreign Contribution

Eligible Category

An association with a definite cultural, economic, educational, religious or social programme.

Types of Permission

- (i) Registration under section 6(1)(a); and, (ii) Prior permission under section 6 (1A).

Application Form

- (i) For grant of registration in form FC- 8 and, (ii) For grant of prior permission in form FC-1A.

Essential Requirements

(A) Bank Account

Open a separate bank account for the receipt and utilization of foreign contribution in a bank of your choice and furnish particulars of the same at the appropriate place.

Note: Do not deposit any local funds, other than the essential initial deposit specified by the bank for opening an account, in this account.

(B) Documents

Remember to enclose copies of the following documents with your application –

- a) Certified copy of registration certificate or Trust deed, as the case may be;
- b) Details of activities during the last three years;
- c) Copies of audited statement of accounts for the past three years (Asset and Liabilities, Receipt and Payment, Income and Expenditure);
- d) Commitment letter from foreign donor specifying the amount of foreign contribution (only with prior permission application);
- e) Copy of project for which foreign contribution was solicited is being offered (only with prior permission application);
- f) If functioning as editor, owner, printer or publisher of a publication registered under the Press and Registration of Books Act, 1867, a certificate from the Press Registrar that the publication is not a newspaper in terms of section 1(1) of the said Act.

Miscellaneous

Furnish information exactly in the manner asked for in the form, especially the names and addresses of the members of the Executive Committee/Governing Council etc. The forms can be downloaded from Ministry of Home Affairs Web Site at <http://mha.nic.in/fcra/intro/forms.htm>

Chartered Accountants / Banks

Chartered Accountants, before certifying the accounts of an association in form FC – 3, must ensure that they have been prepared in accordance with the provisions of the Foreign Contribution (Regulation) Act, 1976 and the Rules framed thereunder.

No bank should credit any foreign contribution to the account of an association/ organisation unless it produces documentary proof of having obtained registration/prior permission from the Central Government for the same. Crediting of foreign contribution by a bank to the account of an association / organisation that has not obtained registration or prior permission from the Central Government constitutes a violation and will render the defaulting bank liable for action by the Reserve Bank of India.

Common Ground for Rejection of Application Under FCRA

To remove certain lacunae noticed during administration of the FCRA and the Rules made there under, certain guidelines were laid down for considering applications for grant of prior permission /registration under the Act. Some of the common grounds for rejection of applications are enlisted below as illustrations to bring in transparency and benefit the applicants in taking due care and caution:

- If the association is not registered under the Societies Registration Act, 1860 or Indian Trusts Act, 1882 or section 25 of the Companies Act, 1956.
- If any of the office bearers/trustees, including the chief functionary is a foreign national, other than of Indian origin.
- If the association has a single office bearer/member.
- If the association is found to have been formed for personal gain or for diversion of the funds for undesirable purposes.
- If the association is found to be fictitious or 'benami' in nature.
- If the credibility of any member of the governing body is in doubt.
- If the association has close links with another association, which has been refused registration under FCRA or prohibited under FCRA or violated the provisions of FCRA.
- If the association has links with any banned organization.
- If the principal office bearers of the association have been convicted by any court of law under any act or if a prosecution for any offence is pending against them.
- If the principal office bearers of the association have been found guilty of diversion or misutilisation of funds of the said association or any other association in the past.
- If the activities of the association are found to be aimed at conversion through inducement or force, either directly or indirectly, from one religious faith to another.
- If the association is found to be propagate sedition or to advocate violent methods to achieve its ends.

- If the association is found to be creating communal tensions or disharmony.
- If the office bearers of the association are also office bearers of another association and one of these association has come to adverse notice.
- If the association's printed work is not certified by the Press registrar of India not to be a newspaper in terms of section 1(1) of the Press Registration of Books Act, 1867.
- If the source of foreign contribution is found to be adverse to the interests of the country.
- If the acceptance of foreign contribution by the association is likely to be prejudicial to (a) the sovereignty and integrity of India; (b) free and fair election to any Legislature or House of Parliament; (c) public interest; (d) friendly relations with a foreign state; or (e) harmony between any religious, social, linguistic, regional groups, caste or community.
- If the association has not filed its annual FC-3 returns, of receipt and utilization of foreign contribution received with prior permission, within the stipulated period.
- If the association has violated any provisions of the Act or Rules in the preceding three years and the said violation has not been remedied or rectified.

Additional Grounds for Rejection of Applications for Registration

- If the association is not in existence for three years at least.
- If the association has not carried on any activity in chosen field during the last three years.
- If the association has not received foreign contribution with prior permission,

during the preceding three years.

- If the association has not made any substantial contribution, excluding expenditure on administration, (Rs.6, 00,000 over a period of three years or Rs.2, 00,000 per year) in its field of interest.

Additional Grounds for Rejection of Applications for Prior Permission

- If the application is not accompanied by the 'commitment letter' of the donor.
- If the application is not accompanied by the copy of project for which foreign contribution was solicited/is being offered.

Frequently Asked Questions (FAQs)

Q.1. What is foreign contribution?

A.1. Foreign contribution means the donation, delivery or transfer, made by any foreign source of any,

- a) Article, not given to a person as a gift for personal use, if the market value, in India, of such article exceeds one thousand rupees;
- b) Currency, whether Indian or foreign; or
- c) Foreign security

Q.2. What is foreign source?

A.2 Foreign source includes the Government of any foreign country or territory or its agency; an international agency; a foreign company; and citizen of a foreign country. Agencies of the United Nations, World Bank and some other International agencies/multilateral organisations are exempted from the definition of 'foreign source'. List of such exempted agencies/organisations is available on the website <http://mha.nic.in/fore.htm>

Q.3. Whether donation given by Non-Resident Indians (NRIs) is treated as 'foreign contribution'?

A.3. Contributions made by a citizen of India living in another country (i.e. Non-Resident Indian), from his personal saving through the normal banking channels, is not treated as foreign contribution. However, while accepting any donations from such NRI, it is advisable to obtain his passport details to ascertain that he/ she is an Indian passport holder.

Q.4. Whether donations by person of Indian Origin (PIO) Cardholder or Persons of Indian Origin (PIO) who hold other country's passports or registered Overseas Citizens of India (OCI) would be considered 'foreign source'?

A.4. Yes, because persons under all these three categories are foreign nationals and hold passports of the country of their nationality.

Q.5. Whether foreigners can be appointed as Executive Committee members?

A.5. Foreign nationals are generally discouraged from being appointed as member of Executive Committee by an association. However, foreign nationals, fulfilling the following conditions, may be appointed as Executive Committee members, after obtaining prior permission of the Central Government:

- a) The foreigner is married to an Indian citizen;
- b) The foreigner has been living and working in India for at least five years;
- c) The foreigner has made available

his/her specialised knowledge, especially in the medical and health related fields on a voluntary basis in India, in the past;

- d) The foreigner is part of the Board of Trustees/Executive Committee in terms of the provisions in an inter governmental agreement;
- e) The foreigner is part of the Board of Trustee/Executive Committee, in an ex-office capacity representing a multilateral body which is exempted from the definition of foreign source.

The need for such an appointment should, however, be adequately justified.

Q.6. Who can receive foreign contribution?

A.6. An association having a definite cultural, economic, educational, religious or social programme can receive foreign contribution after it obtains the prior permission of the Central Government, or gets itself registered with the Central Government. An illustrative but not exhaustive list of activities which are permissible and may be carried out by associations of different nature are available on the website [http:// mha.nic.in](http://mha.nic.in). in/fore. him

Q.7. Who cannot receive foreign contribution?

A.7. Foreign contribution cannot be accepted by:

- i. A candidate for election;
- ii. Correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper;

- iii. Judge, Government servant or employee of any Corporation;
- iv Member of any legislature;
- v Political party or office bearer thereof; and
- vi. Individuals or associations specifically notified under section 10 (a) of foreign contribution (Regulation) Act, 1976 who have been prohibited from receiving foreign contribution.

Q.8. Can foreign contribution be received in and utilized from multiple Bank Accounts?

A.8. No, All foreign contribution should be received in and utilized from same single Bank Account mentioned in the order for registration or prior permission granted by MHA. This account number is same as has been intimated by the organisation in their application for registration/ prior permission. Use of multiple bank accounts is legally prohibited.

Q.9. Can foreign contribution be mixed with local receipts?

A.9. No, foreign contribution should not be mixed with local funds being handled by the organisation.

Q.10. Can foreign contribution be received in rupees?

A.10 Yes. Any amount received from 'foreign source' in rupees or foreign currency is construed as 'foreign contribution' under law. Such transactions even in rupees term are considered foreign contribution.

Q.11. Will interest earned from foreign contribution be considered foreign contribution?

A.11. Yes.

Q.12. What is the Procedure for change of designated Bank Account?

A.12. For the change of Bank account, an application in prescribed form mentioning the details of the old bank account and the proposed new bank account along with justification for change may be submitted to MHA along with copy of resolution of the executive committee for such change. This form is available on website <http://mha.nic.in/fore.htm>. This new account may be made operational only after seeking MHA's approval.

Q.13. What are the eligibility criteria for registration?

A.13. An organisation in formative stage is not eligible for registration. Such organisation may apply for grant of prior permission under the law. For grant of registration, the association should:

- a) be registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882 or section 25 of the Companies Act, 1956;
- b) be in existence for at least three years and have made significant contribution in chosen area of activity. For this purpose, the association should have spent at least Rs. 6,00,000 over last three years on its activities, excluding administrative expenditure. Statement of Income

& Expenditure duly audited by Chartered Accountant for last three years may be enclosed to substantiate financial parameter.

Q.14. Whether recommendation of District Collector, etc. is mandatory?

A.14. No, Submission of verification certificate from the District Collector, etc. is not mandatory. However, in certain cases, if the area of activity of an association is in non-border/coastal/tribal region and amount applied for prior permission is less than Rs.50 lakhs, submission of such a certificate assists in speedy clearance of the application

Q.15. What are the eligibility criteria for grant of prior permission?

A.15. Prior permission is granted for receipt of specific amount from specific donor for carrying out specific activities/ projects. For this purpose, the association should:

A.15. a) be registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882 or section 25 of the Companies Act, 1956;

b) submit commitment letter from the donor; and

c) submit copy of project for which foreign contribution is solicited/is being offered.

Q.16. What are the documents to be enclosed with the application?

A.16. i. Following documents should be enclosed with the application for grant of registration:

a) Certified copy of registration certificate or Trust deed, as the case

may be;

b) details of activities during last three years;

c) copies of audited statement of accounts for the past three years (Assets and Liabilities, Receipt and Payment, Income and Expenditure);

d) if functioning as editor, owner, printer or publisher of a publication registered under the Press and Registration of Books Act, 1867, a certificate from the Press Registrar that the publication is not a newspaper in terms of section 1(1) of the said Act.

ii. Following documents should be enclosed with the application for grant of prior permission:

a) Certified copy of registration certificate or Trust deed, as the case may be;

b) commitment letter from foreign donor specifying the amount of foreign contribution;

c) copy of project for which foreign contribution was solicited/is being offered;

d) if functioning as editor, owner, printer or publisher of a publication registered under the Press and Registration of Books Act, 1867, a certificate from the Press Registrar that the publication is not a newspaper in terms of section 1(1) of the said Act.

Q.17. Is there any restriction on transfer of funds to other organizations?

A.17. Yes, No foreign contribution can be transferred from an association granted registration or prior permission under FCRA to another association unless the

letter has also obtained either registration or prior permission under FCRA.

Q.18. How to find the status of pending application for registration/prior permission?

A.18. Status of pending application for grant of registration or prior permission may be checked on line from the Ministry of Home Affairs website <http://mha.nic.in/fore.htm>. One needs to fill in the numbers on acknowledgement letter or any correspondence from MHA (Foreigners Division) in the blank format, which pops on the screen after selection of status enquiry icon (registration/prior permission, as the case may be).

Q.19. What is the procedure to be followed by a Liaison Office to receive foreign contribution?

A.19. Prior permission under FCRA is required by a Liaison Office of a foreign company for receiving remittances from its Head Office abroad for conducting conferences or carrying out other activities/ programmes, etc. in India.

Q.20. What is the procedure for filing of FC-3 returns ?

A.20. An association permitted to accept foreign contribution is required under law to maintain separate set of accounts and records exclusively for the foreign contribution received and utilized and submit an annual return, duly certified by a Chartered Accountant, giving details of the receipt and purpose-wise utilization of the foreign contribution. The return is to be filed for every financial year (1st April to 31st March) within a period of four months from

the closure of the year i.e. by 31st July of the year. Submission of even a 'Nil' return if there is no receipt/utilization of foreign contribution during the year, is mandatory, under law. The return is to be submitted, in prescribed Form FC-3, duly accompanied with the balance sheet and statement of receipt and payment, which is certified by a Chartered Accountant. The form is available on MHA's website – <http://mha.nic.in/fore.htm>

Q.21. What is foreign hospitality?

A.21. Foreign hospitality means any offer, not being a purely casual one, made by a foreign source for providing a person with the cost of travel to any foreign country or territory or with free board, lodging, transport or medical treatment.

Q.22. Who cannot accept foreign hospitality without prior approval of MHA ?

A.22. No member of a legislature, office bearer of a political party, judge, Government servant or employee of any corporation shall, while visiting

Q.23. How one can seek permission of the Government for receiving foreign hospitality?

A.23. Application form (form FC-2) for his purpose is available on MHA's website – <http://mha.nic.in/fore.htm>. One must apply on this form through the controlling officer at least three weeks in advance to seek prior approval of the Government for receiving foreign hospitality.

Q.24. Where should the applications be sent?

A.24. All applications be sent to the Secretary, Ministry of Home Affairs, Foreigners, Division, Jaisalmer House, 26, Man Singh Road, New Delhi – 110011. The forms can be downloaded from the web-site– <http://mha.nic.in/fore.htm>.

Q.25. What is the procedure for seeking change in the name/address of the association?

A.25. For seeking change in the name/ address of the association, one should use the prescribed form available on MHA's web-site – <http://mha.nic.in/fore.htm>.

Q.26. Who should be contacted for any information on FCRA?

A.26. Names of the officers, their contact details including telephone numbers are available on MHA's web-site – <http://mha.nic.in/fore.htm>.

Q.27. Which other materials on FCRA are available on the MHA's website?

A.27. Following material on FCRA are available on MHA's web site – <http://mha.nic.in/fore.htm>.

1. Foreign Contribution (Regulation) Act, 1976
2. Foreign Contribution (Regulation) Rules, 1976
3. Citizens charter, Charter for NGOs/ Associations applying for grant of prior permission/ registration under FCRA
4. Charter for NGOs/ Associations granted prior permission/ registrations under FCRA
5. Charter for the Chartered Accountants
6. Charter for the Banks
7. Illustrative programmes permitted to

be carried out by association having different nature.

8. Check List for ensuring proper submission of applications
9. Agencies not covered by the definition of 'foreign source'
10. Common grounds for rejection of applications
11. Details of registered associations
12. On-Line status of pending applications
13. Annual summary on FCRA, FC forms
14. List of associations placed in prohibited category/prior permission category u/s 6(1), 10 (a) and 10 (b) of the Act
15. Directory of officers dealing with FCRA.

Q.28. Can an organization, whose violation under FCRA has been condoned, apply for registration/ prior permission?

A.28. After the violation committed by an association has been condoned, the association can apply for prior permission (PP) only by submitting an application in form FC 1-A. Once the PP has been granted and foreign contribution received for specific purpose has been fully/partially utilized and organisation has submitted annual FC3 returns and accounts in prescribed format pertaining to the PP, it becomes eligible for consideration of registration under FCRA. Registration would be granted under FCRA, if the association fulfills other parameters.

Q.29. Can NGOs use the foreign contributions for investment in Mutual Funds and other speculative investments?

A.29. No. The foreign contributions received after prior permission/grant of registration under the Act are to utilize for the purpose for which they have been received and they are not to be invested in any speculative investments. Further, it is clarified that foreign contributions can be received through a single Bank Account designated for the purpose under the order for registration/prior permission or changed thereafter with prior approval of the Government.

Q.30. Whether Capital Assets purchased with the help of foreign contributions can be acquired in the name of the office bearers of the association?

A.30. No. Every assets acquired out of foreign contributions should be acquired and possessed in the name of the association since association has a separate legal entity distinct from its members.

Q.31. Can the NGOs/Trusts invest in profitable ventures and proceeds can be utilized for welfare activities?

A.31. No. The NGOs/Trusts should utilize the funds for the welfare purpose or related activities for which it is received. The utilization should be in line with the objectives of the association. However, foreign contributions can be utilized for self-sustaining activities, not meant for commercial purposes.

Q.32. Whether interest earned out of foreign contribution be shown as fresh foreign contribution receipt during that year or not?

A.32. Yes, the interest earned out of such deposit should be shown as second/ subsequent foreign contribution receipt in the FC-3 returns during the year in which it is earned.

Q.33. Whether grant received from MNCs be treated as FC or not?

A.33. If the funds are received from an Indian Company incorporated under the Company Act, 1956 the same will not be treated as foreign contribution. But if the ownership and control rights of the company are vested in foreign source, it will be treated as foreign contribution.

Q.34. If an application for registration is submitted on-line by an NGO, does it need to submit the application in physical form also?

A.34. Yes. When an application is fled on-line, a printout of the same may be taken after submission and thereafter, it should be submitted along with the requisite enclosure, duly signed, to Ministry of Home Affairs.

Q.35. Can the fee paid by the Foreign delegates/participants attending/ participating in a conference/ seminar etc. be termed as foreign contribution and thus require permission from FCRA?

A.35. Foreign delegates/participants paying "delegate & participation fees" in foreign currency for participation in a conference, seminar which is utilized for the purpose of meeting the expenditure of hosting the conference/seminar is not treated as foreign contribution and as such no permission under FCRA is required.