



**M/s PRANJAL JOSHI & CO**  
**CHARTERED ACCOUNTANTS**

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**Brief Note on Foreign Contribution Regulation Act (FCRA)**

**Objective –**

The objective of FCRA is to regulate the acceptance and utilisation of foreign contribution or foreign hospitality by certain persons or associations

**Important Definitions –**

A 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

A 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.

Contributions made by a citizen of India living in another country (i.e. Non-Resident Indian), from his personal savings, through the normal banking channels, is not treated as a 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.

**How to obtain Foreign Contribution –**

Particulars	Registration with Ministry of Home Affairs mode	Prior permission mode
Form in which application to be made	Form FC – 8	Form FC- 1A
Intimation of foreign contribution	Form FC-3 in duplicate by July	Form FC-3 in duplicate by July
Bank account	Foreign contributions should be received and utilised only through designated bank account	Foreign contributions should be received and utilised only through designated bank account
Time period of disposal	6 months	90 – 120 days
Application to be made to	Ministry of Home Affairs	Ministry of Home Affairs
Documents to be submitted	(i) Certified copy of registration certificate and Trust deed (ii) Details of activities during the last three years; (iii) Copies of audited statements for the past three years	(i) Certified copy of registration certificate and Trust deed (ii) Details of activities during the last three years; (iii) Copies of audited statements for the past three years .



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Additional documents required	-	Commitment letter from foreign donor specifying the amount of foreign contribution. A copy of the project for which foreign contribution was solicited/is being offered
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#### Accounting requirements by Registered Associations –

Section 13 of the Foreign Contribution (Regulation) Act, 1976 requires that every association, referred to in section 6, to maintain prescribed records of:

- ✓ an account of any foreign contribution received by it and a record as to the manner in which such contribution has been utilized by it.
- ✓ Rule 8 requires a separate set of accounts and records shall be maintained,
- ✓ exclusively for foreign contribution received and utilized.
- ✓ Form FC-6
- ✓ Cash book
- ✓ Ledger account on double entry basis
- ✓ Form FC-7

#### Routine compliances by Registered Associations –

- ✓ Foreign contributions should be received and utilised only through designated bank account
- ✓ Separate set of accounts and records should be exclusively for foreign contributions received and utilized
- ✓ These separate books should be maintained on double entry books basis for the period 1st April to 31st March (financial year basis)
- ✓ These separate books should be audited
- ✓ Audited financial statements – balance sheet and receipts/payments account – should be submitted to the Ministry along with FC-3 duly filled in, signed by the association and certified by the auditor should be submitted on or before 31st July every year for the preceding financial year
- ✓ In case articles are received by way of foreign contribution, separate records must be maintained in FC-6
- ✓ Change in name, address, aims and objects, changes in office bearers and bank should be intimated to ministry through form FC – 8.

#### Online FCRA services –

Ministry of Home Affairs has started certain services on online mode available at - <http://fcraonline.nic.in/register.aspx>

\* Source – ICAI publication (A study of Foreign Contribution Regulation Act, 1976)