

# Acceptance and Utilization of Foreign Contribution

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## A. Acceptance

**Q1. From which association registered/granted prior permission under FCRA, 2010 can one accept the foreign contribution?**

Associations registered or granted prior permission under FCRA, 2010 should ensure that they received foreign contribution only from a legitimate foreign source and for activities as prescribed under the Act.

**Q2. Is it mandatory for existing NGOs to open an 'FCRA account' in SBI, Sansad marg, Main branch, New Delhi? How does one do this?**

FCRA registered NGO shall have to open an 'FCRA account' in SBI, Sansad marg, Main branch, New Delhi for receipt of foreign contribution. Organizations located anywhere in India can open and maintain a designated FCRA account at SBI, Main branch, New Delhi without visiting physically to New Delhi. In this regard, a detailed SOP of State Bank of India is available in public domain on the portal of SBI & FCRA.

### Q3. Can existing bank accounts other than SBI receive foreign contributions?

No, as per amendment under FCRA, 2010, no organization shall receive foreign contribution in any bank/ branch account other than SBI, Main branch, New Delhi.

### Q4. Are there any banned organizations from which foreign contributions cannot be accepted?

Yes. FCRA is meant to ensure that foreign contribution is received from legitimate sources and utilized for legitimate purposes by any person.

### Q5. Can the amount of foreign contribution for which prior permission has been granted be received by an association in instalments?

Yes. There is no bar on receiving such foreign contributions in installments. However, the aggregate amount should not exceed the specified total amount for which prior permission has been granted. The association shall have to submit the mandatory online return in FC-4 form for receipt and utilization of the foreign contribution on a yearly basis, till the amount of foreign contribution is fully utilized. Even if no transaction takes place during a year, a NIL return should be submitted.

## **B. Administrative Expenses**

### Q6. What are the administrative expenses as per FCRA,2010?

Rule 5 of FCRR, 2011 defines that administrative expenses include the following:

- (i) Salaries, wages, travel expenses or any remuneration realized 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 organization 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; Provided that the expenditure incurred on salaries or remuneration of personnel engaged in training or for collection or analysis of field data of an association primarily engaged in research or training shall not be counted towards administrative expenses: Provided further that the expenses incurred directly in furtherance of the stated objectives of the welfare-oriented organization shall be excluded from the administrative expenses such as salaries to doctors of hospital, salaries to teachers of school etc.

## C. Utilisation of funds

**Q7. Can foreign contributions be invested in Mutual Funds or other speculative investments?**

No. Speculative activities have been defined in Rule 4 of FCRR, 2011 as under:-

(a) any activity or investment that has an element of risk of appreciation or depreciation of the original investment, linked to market forces, including investment in mutual funds or in shares;

(b) participation in any scheme that promises high returns like investment in chits or land or similar assets not directly linked to the declared aims and objectives of the organization or association.

Every association shall maintain a separate register of investments. Every such register of investments maintained under sub-rule (3) shall be submitted for audit.

**Q8. Can capital assets purchased with the help of foreign contributions be acquired in the name of the office bearers of the association?**

No. Every asset purchased with foreign contribution should be acquired and possessed in the name of the association since an association has a separate legal entity distinct from its members.

**Q9. Can an association invest the foreign contribution received by it in profitable ventures and proceeds can be utilized for welfare activities?**

No. The associations are granted registration/Prior Permission under the FCRA Act 2010 for receiving FC for certain purposes/objectives. Accordingly FC should be utilized for the purpose only for which it is granted registration or prior permission.

**Q10. Can foreign contributions be received in and utilized from multiple bank accounts?**

The foreign contribution should be received only in the exclusive single “FCRA account” of New Delhi Main Branch of SBI (also called designated FC account), as mentioned in the order for registration or prior permission granted and shall be independently maintained by the associations. Besides this “FCRA Account”, the association may also open “another FCRA Account” in any scheduled bank of its choice & link these accounts for transfer of foreign contribution.

Also, one or more accounts (called Utilization Account) in one or more scheduled banks may be opened by the association for ‘utilizing’ the foreign contribution after it has been received in the designated FCRA bank account, provided that no fund other than foreign contribution shall be received or deposited in such account or accounts and in all cases of any change, intimation in FC-6D is to be given online within 45 days of opening of such account.

## **D. Transfer of Foreign Contribution**

Q11. Can an association having registration or prior permission transfer the FC received by it to another organization? If yes, then what is the process to do so? Is there any restriction on transfer of funds to other organizations?

Under the amended FCRA, 2010, no foreign contribution can be transferred by the recipient to any other NGO/person.

## **E. Maintenance of Accounts**

Q12. Can foreign contributions be mixed with local receipts?

No. Accounts and records relating to receiving and utilization of foreign contributions are to be maintained exclusively/ separately.

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