

Resource support on NGO Governance, Accounting and Regulations

Standards & NORMS

An initiative of FMSF & VANI

Legal Series Vol. IV, Issue 1, May 2011

For private circulation only

FCRA

ANALYSIS OF FOREIGN CONTRIBUTION (REGULATION) ACT 2010 & RULES 2011



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CONTENTS

INTRODUCTION	01
THE SCOPE OF FCRA EXPANDED	01
DOES FCRA APPLY TO COMMERCIAL OR BUSINESS ORGANISATIONS	01
WHAT IS FOREIGN CONTRIBUTION	01
PANCHAYAT HAS BEEN DEFINED AS LEGISLATURE	01
FC FROM RELATIVES OR SCHOLARSHIP, STIPEND ETC.	01
ORGANISATION OF THE POLITICAL NATURE	02
TRANSFER OF FUNDS TO FC REGISTERED ORGANISATIONS	02
TRANSFER OF FUNDS TO UNREGISTERED ORGANISATIONS	02
ADMINISTRATIVE EXPENSES	03
APPLICATION FOR REGISTRATION & PRIOR PERMISSION	04
POWERS FOR REJECTING AN APPLICATION	04
SUSPENSION OF REGISTRATION CERTIFICATE	05
CANCELLATION OF REGISTRATION CERTIFICATE	05
FOREIGN COMPANY & FOREIGN SOURCE	05
BUSINESS / CONSULTANCY INCOME OF AN NGO	06
PERSONS SPECIFICALLY DEBARRED FROM RECEIVING FOREIGN CONTRIBUTION	06
RENEWAL OF REGISTRATION EVERY 5 YEARS	07
POWER TO PROHIBIT SOURCES FROM WHICH FC CAN BE ACCEPTED	07
MULTIPLE BANK ACCOUNT	07
DISPOSAL OF FIXED ASSETS ON DISSOLUTION	08
SPECULATIVE ACTIVITIES	08
DISCLOSURE OF INFORMATION IF RECEIPTS EXCEED ₹ ONE CRORE	08
CUSTODY OF FUNDS AND ASSETS IN THE EVENT OF CANCELLATION	08
REPORTING BY BANKS	09
FILING OF RETURN & METHOD OF ACCOUNTING	09
WHICH RETURN SHOULD BE FILED FOR THE CURRENT YEAR	09
ADDITIONAL REQUIREMENT OF FILING FORM FC-7	10
PRESERVATION OF ACCOUNTING RECORDS FOR 6 YEARS	10
COMPOUNDING OF OFFENCE	10
ANNEXURE 1 LETTER SENT TO HOME MINISTRY FOR CLARIFICATION UNDER RULE 24	11
ANNEXURE 2 CLARIFICATION FROM HOME MINISTRY REGARDING SUBSEQUENT RECEIVER UNDER RULE 24	12

INTRODUCTION

1.1 The Foreign Contribution (Regulation) Act 2010 and The Foreign Contribution (Regulation) Rules 2011 have been enacted w.e.f. 01.05.2011. The old FCR Act and Rule, 1976 have been repealed. In this issue, we are discussing the major changes and the impact thereof.

THE SCOPE OF FCRA EXPANDED

2.1 The new FCRA, 2010 has a much broader applicability; it is applicable to individuals, Hindu Undivided Family (HUF), Association and a section 25 company. In the old Act, the term person was not defined and generally the Act referred to the term 'Association'. However, now it is very clear that FCRA applies to the above category of persons.

DOES FCRA APPLY TO COMMERCIAL OR BUSINESS ORGANISATIONS

3.1 Movement of foreign funds in the normal course of commerce and business is outside the purview of FCRA. Therefore, business organisations are not covered by FCRA 2010 also. However, the provision of Foreign Exchange Management Act, 1999, which is a financial legislation, would be applicable.

WHAT IS FOREIGN CONTRIBUTION

4.1 Foreign Contribution includes all kind of transfers from foreign sources. The new act retains the older definition which

In other words an NGO can receive consultancy or other commercial receipt from foreign sources even without having FC registrations.

includes any kind of *transfer, delivery or donation of currency, article or securities*. The notable change in the new act is that Foreign Contribution does not include commercial receipts. In other words, an NGO can receive consultancy or other commercial receipt from foreign sources even without having FC registrations. FC registered NGOs should receive such receipt in their domestic account and the commercial receipt are not required to be reported to the FCRA department.

PANCHAYAT HAS BEEN DEFINED AS LEGISLATURE

5.1 'Panchayat' has been included under the definition of '*Legislature*' under section 2(1)(k). The implication of this change is that a member of a Panchayat cannot receive any foreign contribution. Secondly, NGOs who are working closely with Panchayat will have to be careful and ensure that their activities are not interpreted as of political nature.

FC FROM RELATIVES OR SCHOLARSHIP, STIPEND ETC.

6.1 The term 'Relative' has been defined for the first time giving it the same meaning

as under section 2(41) of the Companies Act, 1956.

6.2 No permission is required to obtain foreign contribution from a relative under section 4 which is a relaxation. However, rule 6 provides that any gift from relatives above ₹ 1,00,000/- in one year shall be intimated to the FCRA department in Form FC-1. Therefore, the rules seems to be in contravention of the Act.

6.3 Similarly scholarship, stipend etc. received from foreign sources are excluded under section 4. This again is a relaxation over the old Act.

ORGANISATIONS OF POLITICAL NATURE

7.1 Organisations of political nature cannot accept foreign contributions which was possible under the old Act with prior permission. Elaborate Rules have been framed for notifying any organisation as an organisation of political nature.

7.2 Under Rule 3 the FCRA department may declare any organisation as an organisation political nature, if :

- It has political objectives in its memorandum.
- It is a trade union.
- It is a group of political nature.
- It is like Student Union, Worker Union, Youth Union and Women wing of Political party.
- Any organisation if any material evidence found to be engaged in political activity.
- Any organisation found to be engaged in political activity such as 'Bandh', 'Rasta Roko' 'Rail Roko' and 'Jail Bharo'.

It has been clarified that there is no need for obtaining prior approval for transfer of FC funds to organisations which are having FC registration

TRANSFER OF FUNDS TO REGISTERED ORGANISATIONS

8.1 The Act prohibits transfer of funds to any other organisation unless the recipient organisation also possesses FC registration. However, there is some confusing requirement under Rule 24(2) which requires filing of Form 10 for prior permission even for transfer to registered FC organisations. This issue has been clarified by the FCRA department in writing. (the letter to FCRA department and response is enclosed in *Annexure 1 & 2*). It has been clarified that there is no need for obtaining prior approval for transfer of FC funds to organisations which are having FC registration.

TRANSFER OF FUNDS TO UNREGISTERED ORGANISATIONS

9.1 The old Act prohibited transfer of funds to any other organisation unless the recipient organisation also possesses FC registration. However, the new Act allows of FC funds to even unregistered organisation.

9.2 Section 7 of FCRA 2010 provides that foreign contribution can also be transferred non FC organisation with prior

approval. Rule 23(4) provides that an organisation may apply in Form FC-10 for transfer of FC funds to unregistered organisations. Such transfer could be made to multiple recipients through one prior approval. However, the total amount of transfer to unregistered organisations shall not exceed 10% of the total foreign contribution received. Further, a recommendation from the District Magistrate have to be obtained. The aforesaid rule has practically defeated the purpose of this amendment as *prior permission* was in any case available to all organisations. Further, suppose a donor organisation wants to transfer funds to various districts, then certificate from District Magistrate would have to be obtained separately for each district. In other words, the purpose of this new provision will not be achieved and the small CBOs and registered SHGs will continue to be deprived of FC funds.

ADMINISTRATIVE EXPENSES

10.1 Under the new FCRA, 2010 there is a new provision which prohibits administrative expenses beyond 50%. The definition of administrative expenses includes various expenses such as rent, vehicles etc. which can also be incurred for programme purposes.

10.2 This amendment may cause hardship in interpreting the Rule 5 constituted in this regard. The definition of Administrative Expenditure briefly is as under :

- Remuneration and other expenditure to Board Members and Trustees
- Remuneration and other expenditure to persons managing activity.
- Expenses at the office of the NGO
- Cost of accounting and administration

The definition of administrative expenses includes various expenses such as rent, vehicles etc. which can also be incurred for programme purposes.

- Expenses towards running and maintenance of vehicle
- Cost of writing and filing reports
- Legal and professional charges
- Rent and repairs to premises

10.3 The Rule further provides that the following salaries shall not be considered as administrative in nature :

- Salaries of personnel engaged in training or for collection or analysis of field data of an association primarily engaged in research or training (1st proviso)
- Expenses related to activities for example salaries to doctors of hospital, salaries to teachers of school etc. (2nd proviso)

10.4 From the above definition of administrative expenses the followings issues need greater clarity :

- All kinds of vehicle expenditure has been considered as administrative in nature. However, the last proviso provides that expenses for furtherance of activity shall be excluded. Therefore, it should be expected that all programme related vehicle expenses and other expenditures are excluded from calculation of administrative expenses.

- The Rule includes the salaries of persons engaged in management of activity and at the same time the proviso as discussed above also applies. Therefore, it is expected that all direct programme salaries shall be excluded.
- In case of network organisations, the programme is implemented through partner organisations. In such cases, it is not clear how the admn. expenditure of the mother NGO shall be determined. It is expected that the programme expenses incurred by the subsequent organisation will be considered as a part of programme expenses of the mother NGO as well.

APPLICATION FOR REGISTRATION & PRIOR PERMISSION

11.1 Under section 11 of new Act, application for registration and prior permission is required to be made. There are no major changes under this provision and all the existing registered organisations will continue to remain valid for the next 5 years from the enactment of this Act. Other relevant issues in this regard are as under :

- All new registration and prior permission applications have to be made in Form FC-3 and FC-4 respectively. All applications should be made electronically followed by hard copies within 30 days of the electronical submission, otherwise the application will become void. A new application can only be made after 6 months of the cessation of the old application, both in the case of registration and prior permission.

Under section 12 of the FCRA department has to process all application for registration or prior permission within 90 days. The FCRA department shall also provide reasons for rejections.

- A new prior permission application can be made any time or simultaneously if it pertains to a different project.

11.2 In the old FCRA there was no time limit for processing an application for registration. Under section 12 of the FCRA 2010, applications have to be processed within 90 days. The FCRA department shall also provide reasons for rejections.

11.3 In case of prior permission, there is no provision which allows deemed approval as was the case in the old act.

POWERS FOR REJECTING AN APPLICATION

12.1 The FCRA 2010 has provided considerable powers to the authorities for rejecting an application for prior permission or registration. Under Section 12, various strict conditions have been provided which include that the applicant should not have been prosecuted or convicted for indulging in activities aimed at conversion or creating communal tension. It may be noted that the word 'prosecuted' has been used which implies that even if there is a Court proceeding pending, then also FCRA registration could be denied.

SUSPENSION OF REGISTRATION CERTIFICATE

13.1 Section 13 of the new Act allows the power to suspend the registration pending cancellation of certificate, for a period upto 180 days. During suspension the organisation cannot receive any foreign funds without prior approval. However, such organisation can utilise the existing foreign funds to the extent of 25%, that to with prior approval from FCRA department. Before suspending any organisation, the FCRA department shall record the reasons in writing. *One very important issue under this section is the absence of any provision for an opportunity of being heard, before suspension which seems to be very harsh and unfair.*

CANCELLATION OF REGISTRATION CERTIFICATE

14.1 Under section 14, the Central Government may cancel the registration certificate for various reasons. However, no certificate shall be cancelled unless reasonable opportunity of being heard is provided. The reasons for cancelling the certificate are :

- (i) Providing false information
- (ii) Violating the terms and conditions like filing of return, etc.
- (iii) Violating the Act or the Rules
- (iv) Acting against public interest
- (v) No reasonable activity for 2 years.

14.2 Once a registration certificate is cancelled, such person shall not be eligible for registration or prior permission for the next 3 years from the date of cancellation.

14.3 The term "reasonable activity" has not been defined. It may so happen that an NGO may have activity from local

Registration may be cancelled for various reasons. However, no certificate shall be cancelled unless an reasonable opportunity of being heard is provided.

sources. Therefore, it is expected that reasonable activity whether from FC or local sources should be there for retaining FC registration.

FOREIGN COMPANY & FOREIGN SOURCE

15.1 The old FCRA 1976 considered Indian companies, where more than 50% of equity is held by foreigners, as foreign source. For example : companies like ICICI Bank, Infosys etc. were foreign source and donations can not be accepted from them without FCRA registration. Unfortunately this provision has been retained in the new FCRA 2010, though the stated intent of the Government was to exclude such companies. This provision could be a drafting error as the FCRA 2010 has defined a foreign company under clause (g) of Section 2, which does not include Indian Companies. This clause is apparently inserted to exclude Indian companies having more than 50% of Foreign equity holding. However section 2(j) which defines the term 'foreign source' includes an Indian company under the category of foreign source if more than 50% of its equity is held by foreigners.

15.2 This provision shall create problem in flow of funds from such organisations to various genuine NGOs as only FC registered NGOs can accept such contributions.

BUSINESS / CONSULTANCY INCOME OF AN NGO

16.1 As discussed earlier, the new Act excludes consultancy or commercial receipts from the purview of foreign contribution. This amendment was very necessary but it comes with a lot of potent controversies and trouble for the NGOs. As per the new provisions, any fee or cost against business, trade or commerce shall not be considered as foreign contribution. In other words, such receipts can be treated as local income. However the problem is that this provision is in contradiction with the amended section 2(15) of the Income Tax Act which prohibits trade or business related receipts beyond Rs.25 lakh. Therefore, NGOs should be careful in treating consultancy income and other receipts as local income even though it is now permissible under the proposed Act.

PERSONS SPECIFICALLY DEBARRED FROM RECEIVING FOREIGN CONTRIBUTION

17.1 Section 3 of FCRA 2010 specifies that the following persons cannot receive foreign contribution:

- (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.
- (d) member of any legislature
- (e) political party or office-bearer thereof.
- (f) Organisation of a political nature.
- (g) Association or company engaged in broadcast of audio or visual news.
- (h) Correspondent, columnist etc. related with the company referred in clause (g)

NGOs should be careful in treating consultancy income and other receipts as local income even though it is now permissible under the proposed Act.

17.2 it may be noted that the category of persons debarred from receiving foreign funds have been increased. The clause (f), (g) and (h) have been added by the FCRA 2010.

17.3 The above mentioned persons cannot receive foreign contribution subject to certain exceptions specified in section 4 which are as under:

- “(a) If they receive foreign funds by way of salary, wages or remuneration for services rendered. Or if they receive payment in ordinary course of business transaction in India by such foreign organisation or source.
- (b) If the funds are received in the course of international trade or commerce or in the ordinary course of business transacted outside India.
- (c) Payment is received as an agent of a foreign source of organisation in relation to any transaction made by such foreign organisation with the central or state government.
- (d) If the payment is received by way of gift or presentation as a part of any Indian delegation within the norms of acceptance described by Central Government.
- (e) From his / her relative.

- (f) By remittance under normal course under FEMA 1999.
- (g) By way of Scholarship, stipend etc.”

17.4 This section is more or less the same except the fact that remittance from specified person has not been restricted to Rs.8000/- as was under FCRA 1976.

RENEWAL OF REGISTRATION EVERY 5 YEARS

18.1 The FCRA 2010 provides for renewal of registration of NGOs every 5 years. However, the Act has provided relief to all the existing NGOs for the first 5 years from the date of enactment. In other words, all existing NGOs have to renew their registration at the end of the period of 5 years from the date of enactment of FCRA 2010. This implies that the renewal of all the existing NGOs will become due on 1st May 2016.

18.2 Rule 12 provides the procedure for renewal application. All NGOs have to apply in Form FC-5 six months before the due date. Therefore, all the existing NGOs have to file their FC-5 for renewal before 1st November 2015. The Rule further provides that NGOs implementing multi year projects shall be eligible to apply for renewal twelve months before the date of expiry of the certificate of registration.

18.3 In case an NGO fails to apply for renewal within the due date, its registration shall become invalid. However, the department may condone the delay if satisfactory reasons for not submitting the renewal application are provided. Such delay should not be for more than 4 months after the expiry of the original certificate of registration.

FCRA 2011 provides that multiple bank accounts can be opened for the purposes of utilisation provided only one bank account is maintained for receiving foreign contribution

POWER TO PROHIBIT SOURCES FROM WHICH FC CAN BE ACCEPTED

19.1 The Act provides power to the Central Government under section 11(3)(iv) to notify such source(s) from which foreign contribution shall be accepted with prior permission only. It implies that the Central Govt. may notify specific donors or countries from which foreign funds could not be received or shall be received with prior permission only.

MULTIPLE BANK ACCOUNT

20.1 Section 17 of FCRA 2010 provides that multiple bank accounts can be opened for the purposes of utilisation provided only one bank account is maintained for receiving foreign contribution. This amendment provides a great relief to all the NGOs which were struggling under the arbitrary disallowance of multiple bank accounts under FCRA, 1976.

20.2 Under Rule 9 it is provided that the NGOs may open one or more bank accounts for the purpose of utilisation. However, in all such cases an intimation in plain paper should be sent to the FCRA department within 15 days of the opening of such account.

DISPOSAL OF FIXED ASSETS ON DISSOLUTION

21.1 Section 22 of the FCRA 2010 provides that, in case of dissolution, the Central Govt. shall have the power to determine the process of disposal of FC assets. The Central Govt. may specify the manner and procedure in which such asset shall be disposed off.

SPECULATIVE ACTIVITIES

22.1 Rule 4 specifies the circumstances under which an investment could be treated as speculative in nature.

22.2 Rule 4(1)(a) prohibits investment in shares & stocks even through mutual fund. This provision is in conflict with section 11(5) of the Income Tax Act which provides investment in certain stock linked mutual funds.

22.3 Rule 4(1)(b) prohibits investment in high return schemes or in land if it is not directly linked to the declared aims and objectives of organisation. This provision may create needless controversies as it will be very difficult to make distinction between investment in land in relation to the objectives and otherwise. Infact, NGOs cannot invest anything beyond the objectives. All investments have to be towards fulfillment of the long term objectives.

DISCLOSURE OF INFORMATION IF RECEIPTS EXCEED ₹ ONE CRORE

23.1 Rule 12 provides that if the contributions received during the year exceed ₹ one crore, then the organisation has to keep in the public domain all data

Rule 4(1)(a) prohibits investment in shares & stocks even through mutual fund. This provision is in conflict with section 11(5) of the Income Tax Act

of receipts and utilisation during the year and also in the subsequent year. The rule also states that the Central Government will also upload such summary data through its website.

23.2 The manner of disclosure or meaning of 'public domain' has not been explained. It seems that all such organisations are required to have their own website where such data should be uploaded.

CUSTODY OF FUNDS AND ASSETS IN THE EVENT OF CANCELLATION

24.1 Rule 14 provides the procedure regarding the custody of foreign funds and assets in the event of cancellation of registration.

24.2 In case of available bank balances, the respective banking authority will become the custodian till the Central Government issues further directions.

24.3 If funds have been transferred to another NGO after cancellation, then the funds in the bank account of such NGO will also go to the custody of the banking authority.

24.4 All other assets of the organisation whose certificate has been cancelled or has become defunct shall go to the interim

custody of the District Magistrate or any other authority which the Central Government may direct. This provision seems unfair, because the direction for repossession of asset should only be issued when all appellate remedies are exhausted.

It seems due to the inclusion of Income and Expenditure account that the utilisation will be permissible on accrual basis also

REPORTING BY BANKS

25.1 Rule 15 provides that the bank should report to the FCRA department within 30 days under two circumstances :

- (i) if any foreign contribution is received without registration or prior permission,
- (ii) if foreign contribution is received in excess of ₹ one crore during a period of 30 days, this rule will apply to all FC funds received through valid registration or prior permission.

FILING OF RETURN & METHOD OF ACCOUNTING

26.1 Rule 16 provides that the annual return accompanied by Income and Expenditure statement, Receipt and Payment Account and Balance Sheet shall be submitted by 31st of December. The law regarding filing of returns remains, more or less unchanged. However, the notable changes are as under :

- The return shall be filed in Form FC-6 and not FC-3
- For the first time, FC rules are asking for submission of income and expenditure account
- A copy of bank statement certified by the bank has to be submitted
- A nil return is required to be filed if there is no activity

26.2 The FCRA 2010 and the Rules thereof

do not specify any method of accounting. Section 19 of the FCRA 2010 just provides that accounts with regard to FC receipt and utilisation should be maintained. In the past, it was assumed that FCRA required cash basis of reporting (if not accounting). However, with the new requirement of filing *Income and Expenditure account* raises the question whether accrual basis of accounting is also permissible. On a plain reading of section 19 of FCRA 2010, Rule 16 and Form FC-6, it seems that the requirement is to report FC funds received and utilised during the year. In other words, the receipt of funds shall be on cash basis only but there is no direction regarding utilisation on payment basis only. FCRA 2010 does not seem to be prescribing any fixed method of accounting. Any method of accounting may be followed by the organisation but the receipt of FC funds should be reported on cash basis only. It seems due to the inclusion of *Income and Expenditure account*, the utilisation will be permissible on accrual basis also if the organisation consistently follows accrual basis of accounting. However, the proposed Direct Tax Code (DTC) prescribes cash basis of computation only.

WHICH RETURN SHOULD BE FILED FOR THE CURRENT YEAR

27.1 The new Rules provide that the annual return shall be filed in Form FC-6.

However it is not clear which form shall be used for filing of return for the year 2010-11, as the act became effective from 1st May 2011. To our understanding all return should be filed in the new form FC-6.

ADDITIONAL REQUIREMENT OF FILING FORM FC-7

28.1 All NGOs are required to file Form FC-7 alongwith a certificate for Chartered Accountant, if they receive contribution in kind. In the old act, there was no such requirement for filing a separate return for foreign contribution received in kind. It may be noted that old Form FC-3 and the new Form FC-6 both have a column for contribution received in kind. Therefore, it was not necessary to have an additional requirement of filing Form FC-7. However, as it stands, FC-7 has to be filed in case of receipt of contribution in kind.

PRESERVATION OF ACCOUNTING RECORDS FOR 6 YEARS

29.1 The Rule 17(7) provides that

The Rule 17(7) provides that accounting statements shall be preserved for 6 years.

accounting statements shall be preserved for 6 years. This is a very welcome change. Earlier it was seen that the NGOs were asked to provide books and records for past 10-15 years which was practically not possible. This rule will provide a lot of relief to the existing NGOs.

COMPOUNDING OF OFFENCE

30.1 Section 41 read with Rule 21 provides that the Ministry of Home Affairs may compound any offence punishable under the FCR Act. When an offence is compounded, then such organisation is not prosecuted. This is also a positive change which will help in avoiding needless legal cases.

Standards & Norms aims to provide relevant informations and guidance on NGO governance, Financial Management and Legal Regulations. The informations provided are correct and relevant to the best of the knowledge of the author and contributor. It is suggested that the reader should cross check all the facts, law and contents before using them. The author or the publisher will not be responsible for any loss or damage to any one, in any manner.





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Letter Sent to Home Ministry for Clarification under Rule 24

 <h2 style="margin: 0;">Voluntary Action Network India</h2> <p style="margin: 0;">(An Apex Body of Voluntary Organisations)</p> <p style="margin: 0; font-size: small;">VOICE OF THE VOLUNTARY SECTOR VANI</p>	
<p>Working Committee</p> <p>Office-bearers</p> <p>Chairperson Jayant Kumar CASA, New Delhi</p> <p>Treasurer Ashok Singh SSK, Uttar Pradesh</p> <p>Chief Executive Officer Harsh Jaitli VANI, New Delhi</p> <p>Working Committee Members</p> <p>Ajay S. Mehta NFI, New Delhi</p> <p>Anju Talukdar Shishu Sarothi, Assam</p> <p>Arun Chandan ERA, Himachal Pradesh</p> <p>Binoy Acharya UNNATI, Gujarat</p> <p>Farida Vahedi NSABI, New Delhi</p> <p>Gurinder Kaur Social Worker New Delhi</p> <p>H. Bedi DST, Maharashtra</p> <p>Jacob Thundyil PREM, Orissa</p> <p>K. Shivakumar Y. K. Foundation, Tamil Nadu</p> <p>Neelima Khatan Seva Mandir, Rajasthan</p> <p>Rakesh Mittal Chartered Accountant, Madhya Pradesh</p> <p>Sathyasree Goswami Social Worker, Karnataka</p> <p>Sehba Hussain Beli Foundation, Uttar Pradesh</p> <p>Sheelu Francis Women's Collective, Tamil Nadu</p> <p>Sukumar Singh Mass Education, West Bengal</p> <p>Y.V. Mallia Reddy Accion Fraterna, Andhra Pradesh</p>	<p style="text-align: right;">May 9, 2011</p> <p>Mr. G.V.V.Sarma, IAS JOINT Secretary (Foreigners) Ministry of Home Affairs Jaisalmer House, 26-Man Singh Road New Delhi-110011</p> <p>Dear <i>Sh. Samaji</i></p> <p>Greetings from VANI!</p> <p>VANI has started sharing the provisions of FCRA with the voluntary organizations. We have received quite positive response from numerous organizations.</p> <p>Sir, I am thankful to you for clarifying that Rule 24(2) shall not apply in case of transfer of funds to organizations having valid registration under FCRA.</p> <p>The text of the Rule 24(2) is as under for your reference.</p> <p><i>"The Central Government may permit the transfer in respect of a person who has been granted the certificate of registration or prior permission under section 11 of the Act, in case the recipient person has not been proceeded against under any provision of the Act".</i></p> <p>As, we understand that this rule applies only in case of those organizations that have been proceeded against under any provision of the FCR Act. For other FC registered organizations, there is no need for applying in Form FC-10 for prior permission.</p> <p>Sir, kindly confirm that our understanding and interpretation of the Rule 24 (2) as stated above is correct. Your early response will help me in sharing this information with VOs.</p> <p>Best wishes</p> <p style="text-align: right;">  Harsh Jaitli Chief Executive Officer </p> <p style="font-size: x-small; text-align: center;">BB-5, 1st Floor, Greater Kailash Enclave-II, New Delhi-110 048 • Tel. 91-11-29228127, 29226632, 29223644 Fax : 91-11-41435535 • E-mail : info@vaniindia.org • Website : www.vaniindia.org</p>

Clarification from Home Ministry regarding
Subsequent Receiver under Rule 24

MAY-12-2011 17:23 From: To: 41435535 Page: 1

Regd

F.No.II/21022/58(37)/2011-FC-I
Government of India
Ministry of Home affairs
FCRA-I Section

New Delhi, dated the 11th May, 2011

To

The Chief Functionary,
Voluntary Action Network India
BB-5, 1st Floor, Greater Kailash Enclave-II
NewDelhi-110048

Subject:- Transfer of funds to organizations having valid registration-clarification regarding.

Sir,

I am directed to refer to your letter dated 9th May, 2011 on the subject mentioned above and to say that in terms of Section 7 of Foreign Contribution (Regulation) Act, 2010, FCRA registered NGOs intending to transfer funds to other FCRA registered NGO do not need prior approval of the Central Government subject to the condition that the recipient association/NGO has not been proceeded against under any provision of the Act.

2. In all other cases, Rule 24 of the Foreign Contribution (Regulation) Rules, 2011 will apply and the 'person' concerned shall have to submit application in Form FC-10.

Yours faithfully,

[Signature]
(H.K. Kwaliienthang)
Under Secretary to the Govt. of India
Tel.No.23387436

ak

Ministry of Home Affairs
ISSUED
12 MAY 2011
Signature: *[Signature]*