

FCRA - Application / Prior Permission / Maintaining Books of Accounts

Speaker: According to the new FCRA law, there is a fee of Rs 2000 for registration and Rs 1000 for prior permission. The application should be made electronically through the online filing system followed by a hard copy. There is a time limit of 90 days within which the application needs to be processed. If the application is rejected the department will provide the reasons for rejection. Documents needed are:

- Hard copy of the online application form
- Certified copy of the organization's registration certificate
- Details of the activities conducted for the last 3 years
- Audited financial statements for the last 3 years
- Form is FC 3

Documents to be submitted along with the electronic application for prior permission are:

- Commitment letter from the donor is required.
- Form is FC 4
- A letter of intent stating that the donor will be able to provide you with funding to such an extent provided the organization gets FCRA permission
- Copy of a reasonable project
- Hard copy of the electronic application

If the application filed is invalidated then the person can be eligible to reapply only after 6 months from the date of cessation of the previous application. If it is rejected or it ceases, then the organization can only apply after 6 months. If your registration is cancelled, then there is a minimum of 3 years before you can apply again. Earlier in the previous law there was deemed approval, so if you are not having the FCRA prior permission then if you do not hear from the FCRA department for 120 days then you can assume that it is approved or deemed approved and you can receive foreign contribution. But in the new law this is not applicable. In the new law, after cancellation of certificate the central government will take charge of the all assets acquired through foreign contributions and will hold control.

Speaker: Under normal financial management principles a program fund should never be transferred into someone's personal bank account. Even FC funds should never go into an organizations' personal bank account. If there are subsequent or link-up bank accounts opened for utilisation purposes then that information needs to be intimated to the Ministry within 15 days of opening such bank accounts. The banks are also required to track if any organization receives any contribution of over Rs 1 Cr within 30 days and report to the RBI as well as FCRA department. They need to report even if foreign contribution is received without registration or prior permission. Separate books of funds for the FC funds need to be maintained. In case the foreign contribution exceeds Rs 1Cr in a year then the organization is liable to explain its expenditure in a public domain. The department has declared that the website of the organization can be considered as a public domain.