

FOREIGN CONTRIBUTION (REGULATION) ACT, 2010

- Chaitanya S M

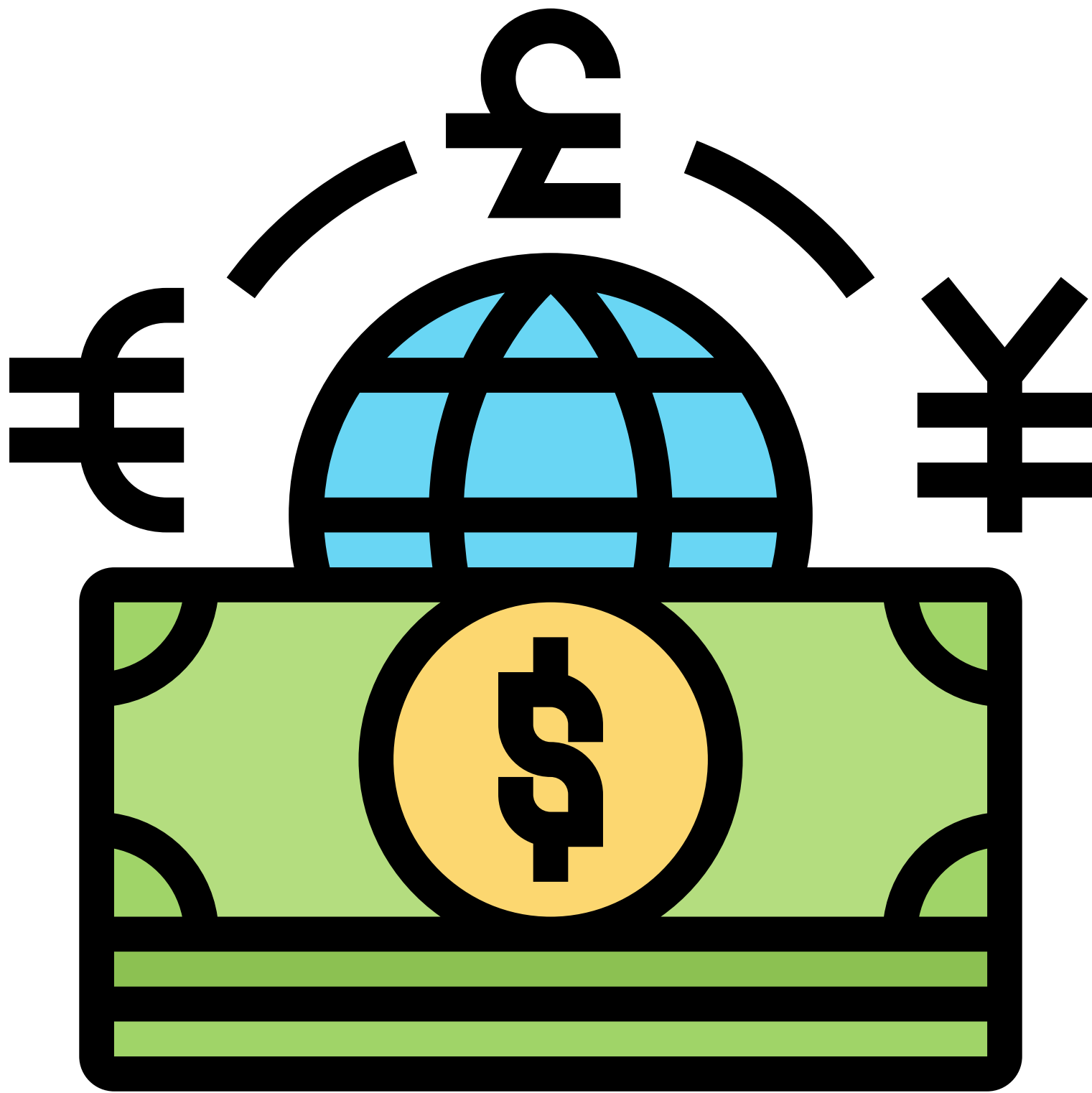
20/11/2025

FOREIGN CONTRIBUTION (REGULATION) ACT, 2010



The Foreign Contribution (Regulation) Act, 2010 (FCRA) is a central legislation enacted to regulate the acceptance and utilization of foreign contributions or foreign hospitality by individuals, associations, and companies, particularly those working in the charitable, social, educational, or cultural sectors.

The Act aims to ensure that foreign donations do not affect the sovereignty, integrity, or security of India and are utilized only for legitimate and declared purposes.



FCRA

APPLICABILITY

It extends to the whole of India, and it shall also apply to—

(a) citizens of India outside India; and

(b) associate branches or subsidiaries, outside India, of companies or bodies corporate, registered or incorporated in India.

WHO CAN RECEIVE A FOREIGN CONTRIBUTION UNDER FCRA?



Any “Person” can receive foreign contribution subject to the following conditions:-

- a) It must have a definite cultural, economic, educational, religious or social programme.
- b) It must obtain the FCRA registration/prior permission from the Central Government
- c) It must not be prohibited under Section 3 of FCRA, 2010.

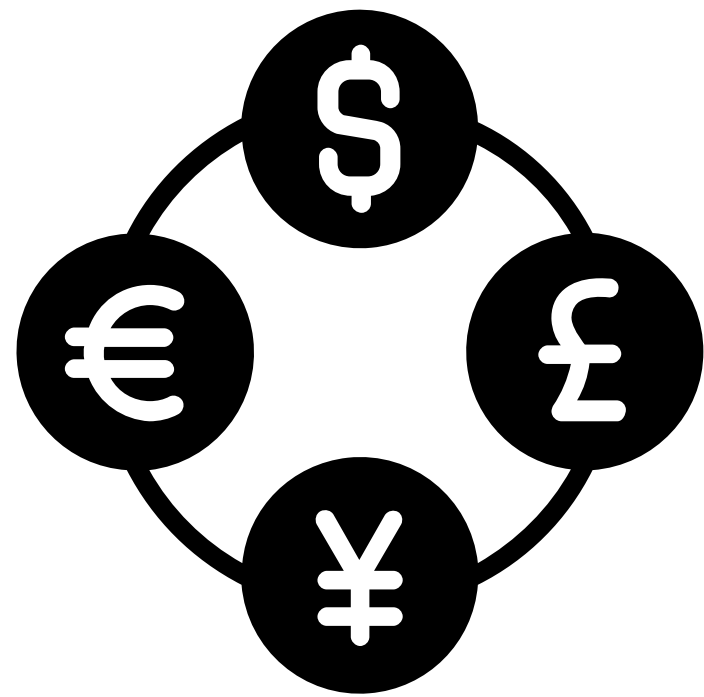
IMPORTANT DEFINITIONS

“person” includes –

- (i) an individual;
- (ii) a Hindu undivided family;
- (iii) an **association**;
- (iv) a company registered under section 25 of the Companies Act, 1956 (now Section 8 of Companies Act, 2013).

Association

Means an association of individuals, whether incorporated or not, having an office in India and includes a society, whether registered under the Societies Registration Act, 1860 (21 of 1860), or not, and any other organisation, by whatever name called;



Foreign Contribution (FC)

**Means Donation, Delivery or Transfer
By any foreign source
Of any article, currency or security**

Deemed FC

- 1) Donation, delivery or transfer by person who has received it from foreign source**
- 2) Any income derived from FC or any interest thereon**

Excludes

- 1) In the Ordinary Course of Business**
- 2) Trade or commerce or any contribution received towards such fee or cost**
- 3) If any article is received for personal use through gift from a relative and its market value does not exceed Rs. 10 Lakhs in any FY**

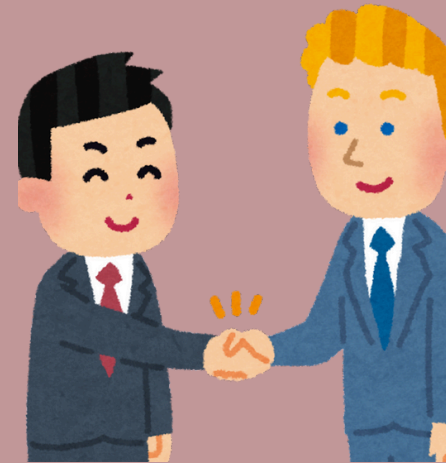
Govt of foreign country and any agency of such govt

Foreign Company

A citizen of foreign country

Any international agency (not IMF, world bank)

Corporation incorporated in Foreign Country



A multi national corporation

A trade union in foreign country whether registered or not

Foreign Source

A company in which more than one half of the nominal share capital is held by one or more of following either singly or in aggregate

- a) Govt of foreign country
- b) Citizens of foreign country
- c) Corporations incorporated in foreign country
- d) Trust, Societies or Association of Individuals registered in foreign country
- e) Foreign company

A society, club or association of individuals formed or regtd outside India

Foreign trust or such trust mainly financed by foreign country

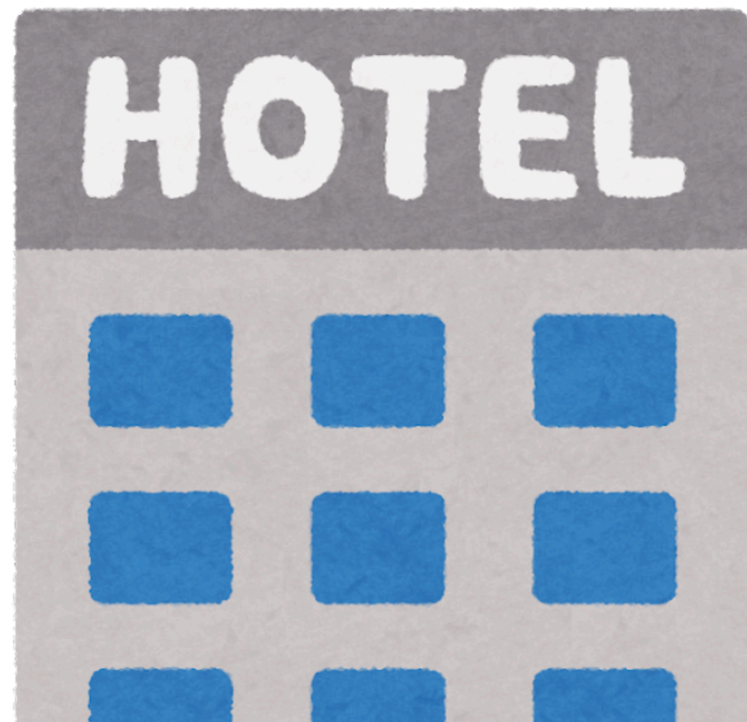
If the nominal value of share capital is within the limit specified under FEMA - not a foreign source

Foreign Hospitality



1

**An Offer not
being purely
casual one**

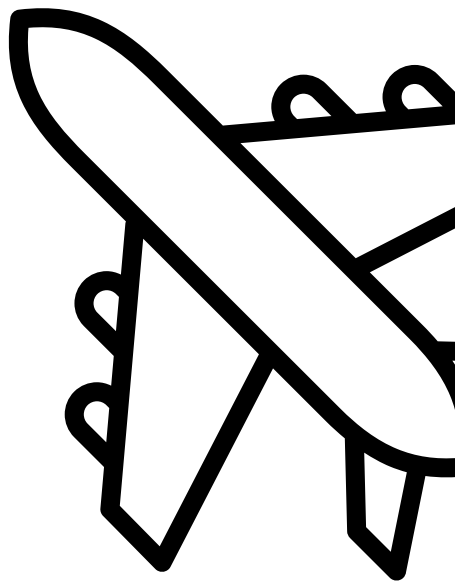


2

**Made in cash or
kind by Foreign
Source**

3

- Providing**
- **Cost of travel to
any foreign
country**
 - **Free boarding,
lodging, transport
or medical
treatment**



Prohibition for transfer of FC



No person who--

(a) is **registered and granted a certificate** or has obtained prior permission under this Act; and

(b) receives any foreign contribution, shall **transfer** such foreign contribution to any other person.

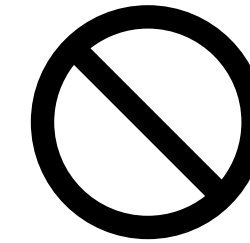
Restriction to utilize FC for administrative purpose

Permitted



For the purpose for which the FC was received

Prohibited



Speculative business

- Where there is risk of appreciation or depreciation
- Any scheme where there is promising returns

However, any debt based secure investment is not a speculative business

Limit for admin purpose



Not exceeding 20% of FC received in any FY

The limit can be increased with the prior approval of CG

Registrations and Prior Permissions



Type	Purpose	Eligibility	Form	Validity
FCRA Registration	To receive foreign contributions regularly	Entity should be in existence for at least 3 years and have undertaken reasonable activities in its chosen field	Form FC-3A	5 years
Prior Permission	For specific receipt from a specific donor for a specific purpose/project	For newly registered or short-term organizations	Form FC-3B	One-time (for specified purpose)
Renewal of Registration	To continue receiving foreign contributions	Renewal required every 5 years	Form FC-3C	5 years

Pre-requisites conditions for obtaining prior approval or registration certificate from CG

- ➡ Not engaged or likely to engage in propagating sedation or use violent methods to achieve its ends
- ➡ Not likely to use FC for personal use or diversion for undesirable purposes
- ➡ Not convicted or prosecuted for creating any communal tensions or disharmony
- ➡ Not prosecuted or convicted for religious conversions through force
- ➡ Not been found guilty for misutilization of funds
- ➡ Has not been prohibited from accepting FC
- ➡ Not contravened any provisions of FCRA Act
- ➡ Not fictitious or benami



Bank account requirement and compliances

Open separate bank
account designated as
“FCRA Account” with SBI,
New Delhi Parliament
Street Branch

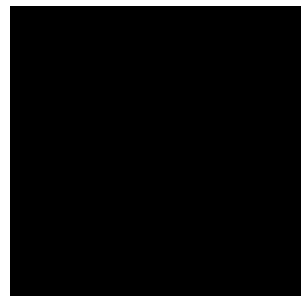
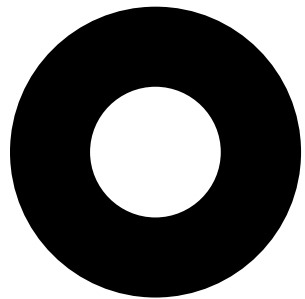
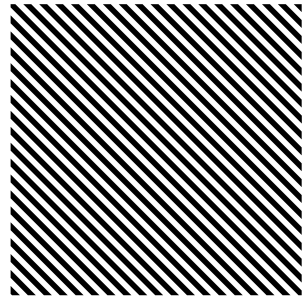


Only this
account to be
used for
receiving FC

May open FCRA
accounts in other
scheduled banks



For keeping and
utilizing the FC



FILING OF ANNUAL RETURN - FC-4 FORM



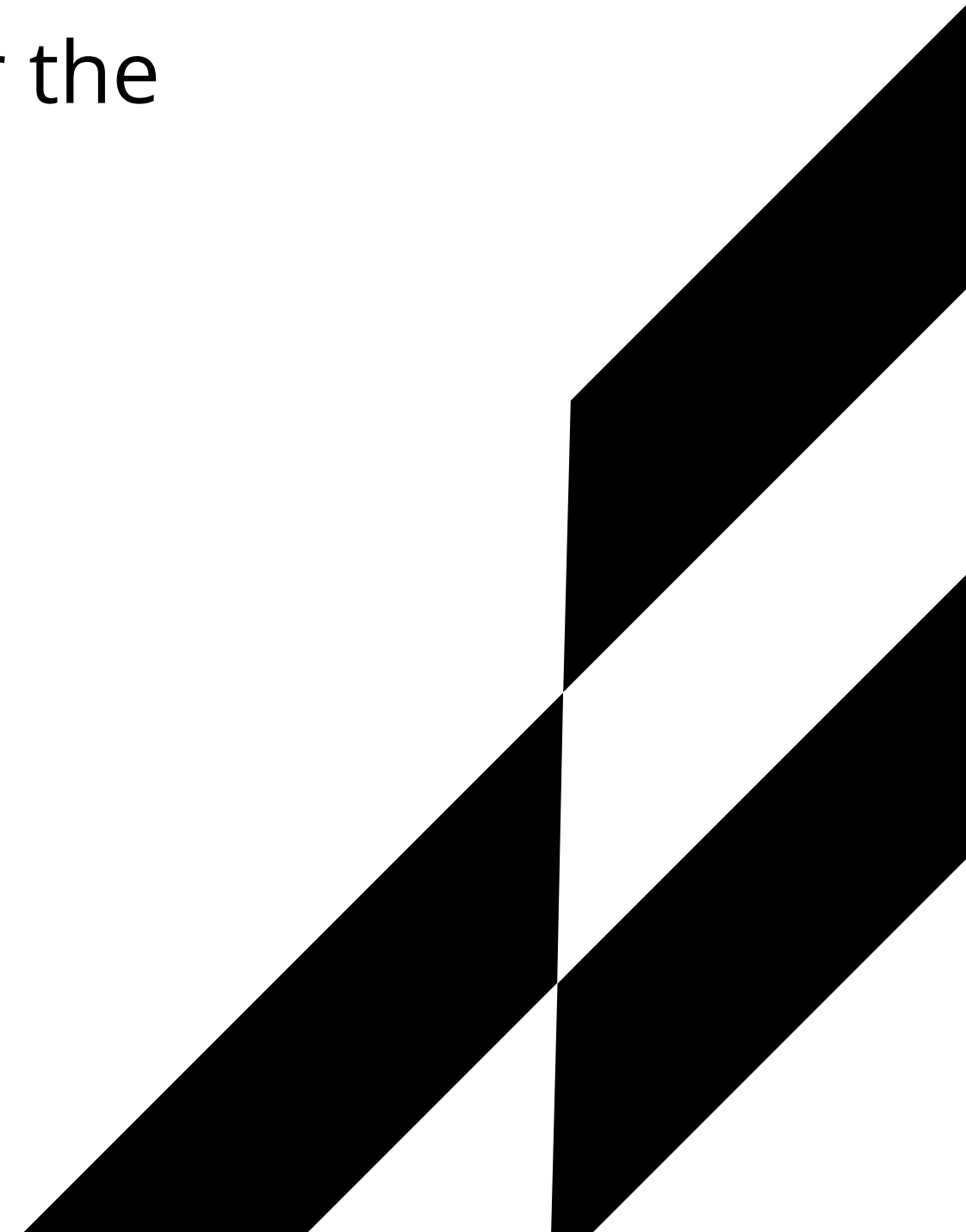
To be submitted electronically in form FC-4

Income and Expenditure statement, receipt and payment account and balance sheets are to be attached

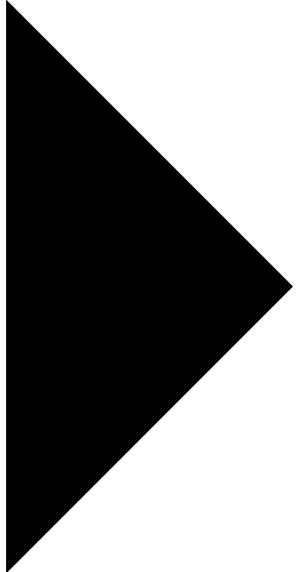
To be filed within 9 months from the end of financial year

Miscellaneous compliances

- Maintain a separate set of accounts exclusively for the foreign contribution received and utilized
- Mandatory annual audit by Chartered Accountants
- The records must be preserved for 6 years



LIST OF FORMS TO BE FILED BY PERSON RECEIVING FC

- 
- FC-1** Application for Intimation to the Central Government of receipt of foreign contribution by way of gift from relative by an Individual exceeding Rs. 10 Lakhs
 - FC-3A** Application for FCRA registration
 - FC-3B** Application for FCRA prior permission
 - FC-3C** Application for renewal of FCRA registration
 - FC-4** Annual return
 - FC-6A** Intimation - Change of name and/ or address within the State of the Association
 - FC-6B** Intimation - Change of nature, aims and objects and registration with local/relevant authorities in respect of the association
 - FC-6C** Intimation - Change of designated bank/ branch/ bank account number of designated FC receipt-cum-utilisation bank account
 - FC-6D** Intimation - Opening of additional FC-utilisation Bank Account for the purpose of utilisation of foreign contribution
 - FC-6E** Intimation - Change in original Key members of the association
 - FC-7** Application for surrender of certificate of registration

Landmark judgement -

Noel Harper v. Union of India (2022)



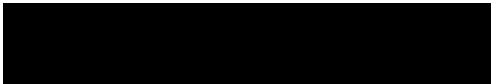
The Judgement

- SC (Justices Khanwilkar, Maheshwari, Ravikumar) upheld the 2020 FCRA Amendment.
- Held that receiving foreign funds is not a fundamental right.
- State can impose strict controls to protect national security and public order.
- Court accepted Union's view that foreign funds may influence India's socio-economic structure and polity.



Key Amendments Upheld

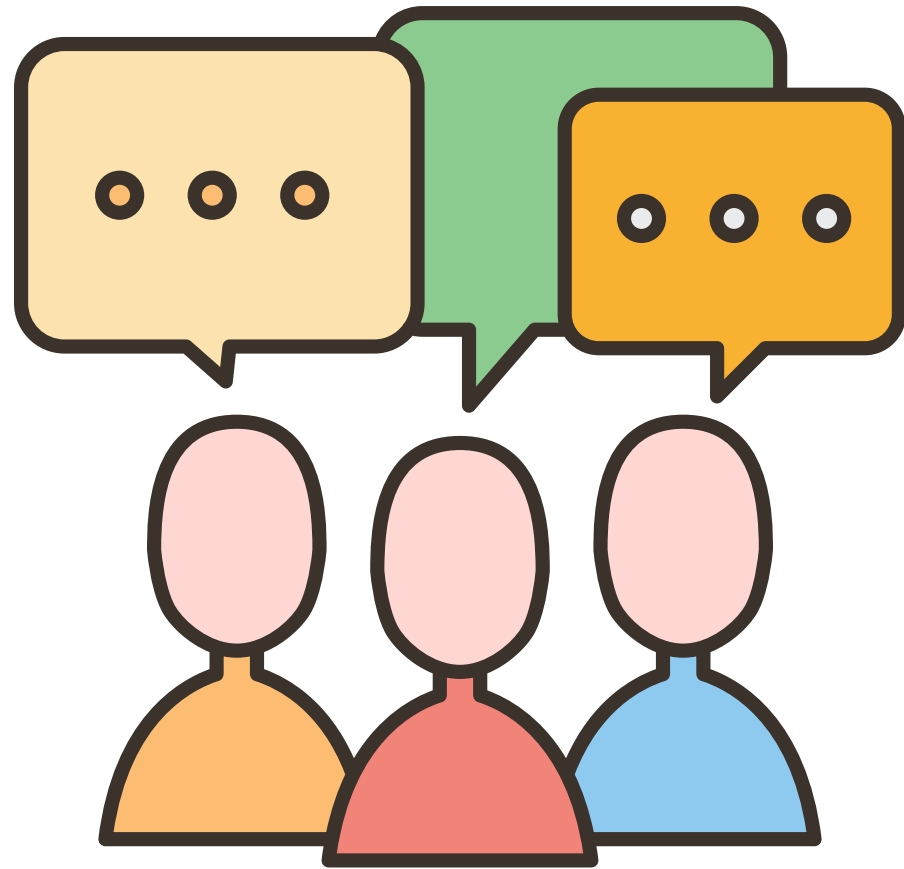
- No sub-granting: NGOs cannot transfer foreign funds to other NGOs.
- Admin cap cut to 20% (from 50%).
- Mandatory SBI Delhi account for receiving all foreign contributions.
- Court viewed these as necessary to track misuse and ensure transparency.



Concerns & Impact

- Smaller, grassroots NGOs lose vital sub-grants; many cannot access foreign donors directly.
- Restrictions undermine advocacy, rights-based work, movement building, which need administrative support.
- Domestic funding (esp. CSR) is uneven, sector-biased, and often avoids marginalised communities.

Questions for discussions



- 01 Whether earnings from foreign client(s) by a person in lieu of goods sold or services rendered by it is treated as foreign contribution?
- 02 Whether donation given by Non-Resident Indians (NRIs) is treated as 'foreign contribution'?
- 03 Can an association invest the foreign contribution received by it in profitable ventures and proceeds can be utilized for welfare activities?
- 04 Whether the amount of foreign contribution for which prior permission has been granted can be received by an association in installments?
- 05 Can a private limited company or a partnership firm get registration or prior permission under FCRA, 2010?
- 06 A Subsidiary of a foreign company in India, sets up a trust and donates Rs. 1,00,00,000 to run its CSR program to comply with section 135 of the Companies Act, 2013. Whether FCRA is applicable?
- 07 For how many years an association which has been granted prior permission to receive foreign contribution should file the mandatory annual return?

THANK YOU