

B. Foreign Source

Q.1 What is a foreign source?

Ans. Foreign source, as defined in Section 2(1) (j) of FCRA, 2010 includes:-

- (i) the Government of any foreign country or territory and any agency of such Government;
- (ii) any international agency, not being the United Nations or any of its specialized agencies, the World Bank, International Monetary Fund or such other agency as the Central Government may, by notification, specify in this behalf;
- (iii) a foreign company;
- (iv) a corporation, not being a foreign company, incorporated in a foreign country or territory;
- (v) a multi-national corporation referred to in Section 2(g) sub-clause (iv) of FCRA, 2010;
- (vi) a company within the meaning of the Companies Act, 1956, and more than one-half of the nominal value of its share capital is held, either singly or in the aggregate, by one or more of the following, namely:- a. the Government of a foreign country or territory; b. the citizens of a foreign country or territory; c. corporations incorporated in a foreign country or territory; d. trusts, societies or other associations of individuals (whether incorporated or not), formed or registered in a foreign country or territory; e. Foreign company;
- (vii) a trade union in any foreign country or territory, whether or not registered in such foreign country or territory;
- (viii) a foreign trust or a foreign foundation, by whatever name called, or such trust or foundation mainly financed by a foreign country or territory;
- (ix) a society, club or other association or individuals formed or registered outside India;
- (x) a citizen of a foreign country;”

NOTE – A few bodies/ organisations of the United Nations, World Bank and some other International agencies/multilateral organisations are exempted from this definition, and are not treated as foreign source. Hence, the funds received from them are not considered as foreign contribution. List of such bodies/organisations, which are not treated as ‘foreign source’, are available on the website fcraonline.nic.in

Q.2 Whether an Individual of Indian Origin who has acquired foreign nationality is treated as foreign source?

Ans. Yes.

Q.3 What is a foreign company?

Ans. As per FCRA, 2010, Section 2(1)(g) foreign company means any company or association or body of individuals incorporated outside India and includes-

- a) a foreign company within the meaning of Section 591 of the Companies Act, 1956
- b) a company which is a subsidiary of a foreign company
- c) the registered office or principal place of business of a foreign company referred in (a) or company referred to (b) above
- d) a multi-national corporation

Q.4 What is a Multinational Corporation?

Ans. As per explanation given under clause (g) of sub-section 1 of Section 2 of FCRA, 2010 a corporation incorporated in a foreign country or territory shall be deemed to be a multi-national corporation if such corporation,-

- (a) has a subsidiary or a branch or a place of business in two or more countries or territories; or
- (b) carries on business, or otherwise operates, in two or more countries or territories;

Q.5 Whether a Company incorporated in India under the Companies Act, 1956 having its operations in 2 or more countries is to be treated as a MNC under FCRA, 2010?

Ans. No