FCRA IMPACT

ADMINISTRATIVE EXPENDITURE REDUCED TO 20%

Authors*:
Dr. Manoj Fogla, Advocate
Dr. Sanjay Patra, ED, FMSF
Suresh Kejriwal, Consultant
Sandeep Sharma, Director Program, FMSF

* The Authors can be contacted at mfogla@yahoo.com
## FCRA IMPACT

**ADMINISTRATIVE EXPENDITURE REDUCED TO 20%**

### CONTENTS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>IN NUTSHELL</td>
</tr>
<tr>
<td>2.</td>
<td>INTRODUCTION &amp; STATUTORY PROVISIONS</td>
</tr>
<tr>
<td>3.</td>
<td>OVERVIEW OF THE PROVISIONS PERTAINING TO ADMINISTRATIVE EXPENSES</td>
</tr>
<tr>
<td>4.</td>
<td>MEANING OF ADMINISTRATIVE EXPENSES</td>
</tr>
<tr>
<td>5.</td>
<td>PRECAUTION AN NPO SHOULD TAKE TO ADHERE TO THE REDUCED LIMIT OF 20%</td>
</tr>
<tr>
<td>6.</td>
<td>WHETHER ADMINISTRATIVE EXPENDITURE INCLUDES CAPITAL EXPENDITURE</td>
</tr>
<tr>
<td>7.</td>
<td>WHETHER ADMINISTRATIVE EXPENDITURES INCLUDE GRANT MADE TO OTHER FC REGISTERED ORGANISATION</td>
</tr>
<tr>
<td>8.</td>
<td>HOW TO CALCULATE AND APPLY FOR APPROVAL IF ADMIN EXPENDITURE EXCEEDS 20%</td>
</tr>
<tr>
<td>9.</td>
<td>IS SEPARATE ACCOUNTING NECESSARY FOR ADMINISTRATIVE EXPENDITURE AS PER FCRA</td>
</tr>
<tr>
<td>10.</td>
<td>IS ADMINISTRATIVE EXPENDITURE REQUIRED TO BE REPORTED TO FCRA AUTHORITIES</td>
</tr>
<tr>
<td>11.</td>
<td>CONSEQUENCES OF INCURRING ADMINISTRATIVE EXPENDITURE IN EXCESS OF SPECIFIED LIMIT OF 20%</td>
</tr>
<tr>
<td>12.</td>
<td>CAN THE VIOLATION PERTAINING TO ADMINISTRATIVE EXPENSES BE COMPOUNDED EVERY YEAR</td>
</tr>
<tr>
<td>13.</td>
<td>FAQs ISSUED BY FCRA THE DEPARTMENT</td>
</tr>
<tr>
<td>–</td>
<td>ANNEXURE 1 - NOTIFICATION REGARDING COMPOUNDING OF OFFENCE</td>
</tr>
</tbody>
</table>
IN NUTSHELL

1.01 Section 8 of the FCRA, 2010 provides a cap on administrative expenses of 20% [reduced from 50% w.e.f 29th September 2020 vide FCR (Amendment) Act 2020] of FC fund received during the year. The section also provides that the administrative expenses may exceed this limit of 20% with the prior approval of the Central Government.

1.02 The FCR (Amendment) Act 2020 (effective from 29th September 2020) has reduced the limit of 50% to 20% of the total foreign funds received in a particular year. In other words, a FC registered organization cannot spend more than 20% of the FC received in that particular year on administrative expenses.

1.03 The limit of 20% Administrative Expenses should apply on FC utilization w.e.f. 29/09/2020. Hence during FY 2020-21, the organisation can spend up to 50% on administrative Expenses up to 28.09.2020 and from 29.09.2020 the limit of 20% on administrative Expenses shall apply. However, this is subject to any further exemptions (regarding the applicability date of the amendments) through circulars under section 50 of FCRA 2010.

1.04 Rule 5 of FCRR 2011 provides specifically what shall be included under administrative expenses. It also provides certain exclusions.

1.05 As the rule specifies that the natural heads of expenses that shall be treated as Administrative expenses, therefore expenses under those specified heads even if related to program shall be treated as administrative expenditure, for the purpose of FCRA 2010.

1.06 Rule 5 of FCRR 2011 provides that salary in relation to management of the activity shall be included as administrative expenses. Therefore it implies that salary in relation to staff engaged in implementation of the program shall not be covered within Administrative expenses for FCRA 2010. Please refer 4.01 to 4.10.
1.07 The Administrative Expenditure as per Rule 5 of FCRR, 2011 does not include Capital Expenditure. However, such capital expenditure should be towards advancement of charitable objectives. Otherwise it shall be treated as either investment or applied for inadmissible purposes.

1.08 Under the current scheme of reporting under FCRA 2010, administrative expenditure is required to be reported to the FCRA authorities under clause 3(ii) of Form FC 4.

1.09 Administrative expenses in excess of 20% without prior approval of Central Government shall constitute non-compliance under FCRA 2010 and the organization may be required to pay a compounding fees which shall be Rs.1 lacs or 5% of excess Administrative expenditure, whichever is higher. It may be noted that the penalty in any case cannot exceed the amount of foreign contribution involved in non compliance.

INTRODUCTION & STATUTORY PROVISIONS

2.01 FCRA, 2010 provides that administrative expenditure out of FC fund should not exceed 20% [reduced from 50% w.e.f 29th September 2020 vide FCR (Amendment) Act 2020] of FC fund received during a year. In this Issue we shall try to understand the meaning of Administrative Expenditure for the purpose of FCRA 2010 and the provisions in relation thereto.

2.02 The text of Section 8 of FCR (Amendment) Act 2020: Regarding restriction to utilize foreign contribution for administrative purpose is as under:

"Restriction to utilize foreign contribution for administrative purpose

(i) Every person, who is registered and granted a certificate or given prior permission under this Act and receives any foreign contribution,—

(a) shall utilise such contribution for the purposes for which the contribution has been received:

Provided that any foreign contribution or any income arising out of it shall not be used for speculative business;"
Provided further that the Central Government shall, by rules, specify the activities or business which shall be construed as speculative business for the purpose of this section.

(b) shall not defray as far as possible such sum, not exceeding twenty percent of such contribution, received in a financial year, to meet administrative expenses:

Provided that administrative expenses exceeding twenty per cent. of such contribution may be defrayed with prior approval of the Central Government.

(ii) The Central Government may prescribe the elements which shall be included in the administrative expenses and the manner in which the administrative expenses referred to in sub-section (1) shall be calculated.”

2.03 It may be noted that the limit was reduced to 20% by the FCR (Amendment) Act 2020; earlier it was 50%. Section 8 of the FCRA, 2010 provides a cap on administrative expenditure upto 20% FC fund received during the year. The section also provides that the administrative expenditure may exceed this limit of 20% with the prior approval of Central Government.

2.04 Rule 5 of FCRR 2011 provides specifically what shall be included under administrative expenditure. It also provides certain exclusions. The text of Rule 5 is as under:

“Administrative Expenses:—

(i) salaries, wages, travel expenses or any remuneration realised 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 organisation 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 organisation shall be excluded from the administrative expenses such as salaries to doctors of hospital, salaries to teachers of school etc.”

OVERVIEW OF THE PROVISIONS PERTAINING TO ADMINISTRATIVE EXPENSES

3.01 Section 8 of FCR (Amendment) Act 2020 prescribes that the administrative expenditure in any year should not exceed 20% of the total FC funds received in that year. It may be noted that Rule 5 of FCR Rules, 2011 includes many expenditures under administration which might be necessary for implementation of programs.

3.02 The FCR (Amendment) Act 2020 has reduced the above limit of 50% to 20% of the total FC funds received in a particular year. In other words, a FC registered organization cannot spend more than 20% of the FC received in that particular year on administrative expenditure.
3.03 However the option to spend more than 20% on administrative expenditure with prior approval of Central Government still remains.

3.04 **Context & Implications:** The erstwhile 50% limit may look on the higher side, but it is necessary to meet many expenditures in the nature of salary, rent, travel etc. which are actually incurred for programme purposes. Many NPOs have very high component of salaries and travel which are specifically towards programs. The Rule 5 also defines the meaning of administrative expenditure and what is covered within its ambit. Now bringing the threshold to 20% will effectively reduce the cushion for program management costs. Therefore, NPOs have to recalibrate their cost structure to adapt to these reduced thresholds. However, the problem arises when all expenditures pertaining to salaries, travel etc. are perceived as administrative expenditure. This amendment will increase litigations due to the lack of any acceptable standards and norms for determining what is “administrative expenditure.”

3.05 The limit of 20% of Administrative Expenditure should apply on FC utilization w.e.f. 29.09.2020. Therefore, during FY 2020-21 the organisation can spend up to 50% on administrative Expenditure up to 28.09.2020 and from 29.09.2020 the limit of 20% on administrative expenditure shall apply.

3.06 However, this is subject to any further exemption (from the applicability date of the amendments) through circulars under section 50 of FCRA 2010, which may be announced.

**MEANING OF ADMINISTRATIVE EXPENSES**

4.01 Rule 5 of FCRA 2010 provides what shall constitute administrative expenditure and further provides a list of expenditure which shall be treated as administrative in nature.

4.02 It can be seen that the definition of administrative expenses includes various cost such as salaries, rent, vehicles etc. which are also incurred for programme
purposes. Therefore, the scope of the Rule is more important than the traditional understanding of administrative expenditure. In other words, some expenditure may have been incurred specifically for the programmes but for the purpose of FCRA 2010 they shall be treated as administrative expenditure, as per the list of expenditures defined in the Rule above.

4.03 The administrative expenditure shall briefly consist of:

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

4.04 For example, the salary of the *Programme Director* shall be treated as administrative expenditure, as a Program Director is a person responsible for the management of activities. The Rule 5(ii) is reproduced here:

> “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;”

4.05 In the light of the above Rule all the senior program management personnel are treated as administrative cost. This above rule has to be read in context of the following exclusions:

> “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 organisation shall be excluded from the administrative expenses such as salaries to doctors of hospital, salaries to teachers of school etc."

4.06 Now one has to understand that all salaries are first treated as administrative expenses and subsequently the above two exclusions are provided.

4.07 That means a research organisation can exclude “salaries or remuneration of personnel engaged in training or for collection or analysis of field data”.

4.08 Other organisations can exclude “expenses incurred directly in furtherance of the stated objectives of the welfare oriented organisation such as salaries to doctors of hospital, salaries to teachers of school etc.”

4.09 This exclusion is subject to interpretation but seems that only salaries of those persons who are technically qualified for programs such as Doctors, Nurses, Teachers, Health Workers, Experts in their respective fields such as environment, livelihood etc. In other words, the exclusions are too narrow and confusing and it seems that most of the salaries and other expenditure shall be covered under the category of “administrative expenditure”. Further, salaries of all such staff who are involved directly in implementation of program at the grassroot level shall also not be treated as administrative expenditure.

4.10 From the above exclusion, the following expenditures may be carefully examined whether they will fall under Administrative category. All kinds of vehicle expenditure have been considered as administrative in nature. However, the last proviso provides that expenses for furtherance of activity shall be excluded. Therefore, all direct programme related vehicle expenses and other expenditures are excluded from calculation of administrative expenses. All vehicle expenditure other than those which could be established as ‘directly incurred on activities’ shall be treated as administrative expenses.
PRECAUTION AN NPO SHOULD TAKE TO ADHERE TO THE REDUCED LIMIT OF 20%

5.01 The organisation should review all the budgets for the period starting from the effective date of the amended law and calculate the Administrative Expenditure. If it is found that the administrative component exceeds 20% then the following few options are available:

- It is not advisable to explore the possibility of meeting the administrative expenditure from local sources. However, under the Income Tax law also, the Assessing Officer may treat administrative expenditure as not applied towards charitable purposes. Normally, if there is a violation in one statute then the impugned amount cannot be claimed under another statute. The Supreme Court in the case of Maddi Venkatraman & Co. (P) Ltd. vs. CIT [(1998) 229 ITR 534] held that it is against the public policy to allow the benefit of deduction under one statute of any expenditure incurred in violation of the provisions of another statute and therefore, allowed the appeal filed by the Revenue to the said extent.

- The organisation may apply to the FCRA Department for prior approval against such excess expenditure.

- One may legally challenge the micro management made by FCRA Department, in the light of the following facts;
  
  (i) the genuineness of the expenditure is not disputed,
  
  (ii) the need and relevance of such expenditure is also not disputed,
  
  (iii) security threat to the country is not alleged
  
  (iv) FC funds being private money being incurred at the direction of the donors; it would be constitutionally beyond the mandate of FCRA Department to stop or micro manage such projects or programs.

However, legal challenge is subject to the judgement of the respective Courts.
WHETHER ADMINISTRATIVE EXPENDITURE INCLUDES CAPITAL EXPENDITURE

6.01 The Administrative Expenses as Rule-5 of FCRR, 2011 does not include Capital Expenditure.

6.02 It may be noted that Form FC-4 bifurcates total FC Utilization as under:

(a) Details of utilization of Foreign Contribution:
   i) Total utilization for projects as per aims and objectives of the association (Rs.)
   ii) Total Administrative expenses as provided in rule 5 of the Foreign Contribution (Regulations) Rules, 2011(Rs.)

(b) Total purchase of fresh assets (Rs.)

(c) FC transferred to other associations.

6.03 The above reporting requirements also consider Capital expenditure and Administrative Expenditure separately, for the purposes of FCRA 2010.

6.04 However, such capital expenditure should be towards advancement of charitable objectives otherwise, shall be treated as either investments or applied for inadmissible purposes.

WHETHER ADMINISTRATIVE EXPENDITURES INCLUDE GRANT MADE TO OTHER FC REGISTERED ORGANISATION

7.01 Administrative Expenditure does not include grant made to other FC registered organization even if there are approved budget for Administrative Expenditure for which grant is being made to other FC registered organization. Administrative Expenditure incurred out of the grant amount shall be reported by the donee organisation under FCRA. However, the FCR (Amendment) Act 2020 has also prohibited inter charity grant by amending section 7 and therefore, this issue becomes academic in nature.
HOW TO CALCULATE AND APPLY FOR APPROVAL IF ADMIN EXPENDITURE EXCEEDS 20%

8.01 Section 8 of the FCRA, 2010 provides a cap on administrative expenditure of 20% on total FC fund received during the year. The section also provides the administrative expenditure may exceed this limit of 20% with the prior approval of Central Government.

8.02 However, the FCRR 2011 has so far not prescribed any process for seeking approval for increase in administrative expenditure beyond 20% and therefore it appears that request for prior approval may be sent by email communication.

8.03 How to calculate: The limit of 20% of Administrative Expenditure is on the basis of Foreign Contribution received during the year instead of Foreign Contribution utilized and therefore it may have its impact when Foreign Contribution is received in advance in one year and expenditure is incurred in the subsequent year. In other words, the law states that 20% of the FC received during the year shall be allowed as administrative expenditure. Ideally it should have been 20% of the FC utilized during the year. Further, no distinction has been made for FC funds received specifically as corpus donation or for creation of specific assets. Such anomalies compound the problem of determination of administrative expenditure.

IS SEPARATE ACCOUNTING NECESSARY FOR ADMINISTRATIVE EXPENDITURE AS PER FCRA

9.01 The requirement of separate Books of Account is for FC fund received and utilised. Separate ledger or books for administrative expenditure are not required to be maintained. However, the organisation should be in a position to clearly segregate the expenditure, which is administrative in nature from the books of account maintained by them.
IS ADMINISTRATIVE EXPENDITURE REQUIRED TO BE REPORTED TO FCRA AUTHORITIES

10.01 Under the current law, the administrative expenditure is required to be reported to the FCRA authorities under clause 3(ii) of Form FC 4. It is a statutory compliance which the organisation has to follow.

CONSEQUENCES OF INCURRING ADMINISTRATIVE EXPENDITURE IN EXCESS OF SPECIFIED LIMIT OF 20%

11.01 Administrative expenditure in excess of 20% without prior approval of Central Government shall constitute non-compliance under FCRA 2010. In such cases, the person may have to go for compounding of this non-compliance under section 41 of FCRA 2010. As per the Notification dated 05.06.2018 providing for compounding fees, it is provided that for spending more than 20% of the Administrative Expenditure the compounding fees shall be Rs.1 lacs or 5% of excess expenditure on Administration whichever is higher. The copy of notification dt 5th June, 2018 is given in Annexure 1.

11.02 It may be noted that the penalty in any case cannot exceed the amount of foreign contribution involved in non compliance. For example if the administrative expenditure exceeds the 20% limit by Rs. 10,000/- then the total penalty will be only Rs. 10,000/- and not Rs. 1,00,000/-. 

CAN THE VIOLATION PERTAINING TO ADMINISTRATIVE EXPENSES BE COMPOUNDED EVERY YEAR

12.01 It may be noted that under section 41(2) an offence once compounded cannot be compounded again within a period of 3 years i.e. second or subsequent offences cannot be compounded within a block of 3 years. In other words a violation pertaining to administrative expenditure cannot be compounded
more than once in block of three years. The Act does not specifically provide for the penalty for second or third offence pertaining who administrative expenses, but it will be treated as a violation under the Act which may lead to non renewal or cancellation of the certificate of registration.

12.02 Nothing in sub-section 41(1) shall apply to an offence committed by an individual or association or its officer or other employee within a period of three years from the date on which a similar offence committed by it or him was compounded under this section.

12.03 “The amount of penalty computed under column (3) of the Table in respect of any offence or offences referred to in column (2) thereof shall not be more than the value of the foreign contribution involved.”

FAQs ISSUED BY THE FCRA DEPARTMENT

13.01 The FAQ’s issued in relation to Administrative Expenditure Under FCRA are as follows:

Q.1 What are the administrative expenditure as per FCRA, 2010?

Ans. Rule 5 of FCRR, 2011 defines that administrative expenditure constitute the following:

(i) Salaries, wages, travel expenses or any remuneration realised 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 organisation 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 organisation shall be excluded from the administrative expenses such as salaries to doctors of hospital, salaries to teachers of school, etc.
NOTIFICATION REGARDING
COMPOUNDING OF OFFENCE

Section 41, read with section 35, of the Foreign Contribution (Regulation) Act, 2010 - Certain offences - Composition of - Notified officer - Supersession of Notification No. SO 2133(E) [F.No. II/21022/23(052)2014/FCRA-III], dated 16-6-2016

NOTIFICATION NO. SO 2291(E), DATED 5-6-2018*

In exercise of the powers conferred by sub-section (1) of section 41 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010) and in supersession of the notifications of the Government of India in the Ministry of Home Affairs numbers S.O. 1976(E), dated the 26th August, 2011 and S.O. 2133(E), dated the 16th June, 2016, published in the Gazette of India, Extraordinary, Part II, section 3, Sub-section (ii), except as respects things done or omitted to be done before such supersession, the Central Government hereby specifies the officer in column (4) of the Table, who may, before institution of any prosecution under the Act, compound the offences specified in column (2), on payment of the amount specified in column (3), of the said table, namely:—

TABLE

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Offence</th>
<th>Amount of Penalty compounding</th>
<th>Officer competent for</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>1.</td>
<td>Offence punishable under section 35 for accepting any hospitality in contravention of section 6 of the Act.</td>
<td>Rs. 10,000</td>
<td>Director, or as the case may be, the Deputy Secretary in-charge of the section responsible for the administration of the Act.</td>
</tr>
<tr>
<td>2.</td>
<td>Offence punishable under section 37 for transferring any foreign contribution to any other personin contravention of section 7 of the Act or any rule made thereunder.</td>
<td>Rs. 1,00,000 or 10% of such transferred foreign contribution, whichever is higher.</td>
<td>Director, or as the case may be, the Deputy Secretary in-charge of the section responsible for the administration of the Act.</td>
</tr>
</tbody>
</table>
### Sl.No. | Offence | Amount of Penalty compounding | Officer competent for compounding
--- | --- | --- | ---
3. | Offence punishable under section 37 for defraying of foreign contribution beyond fifty per cent of the contribution received for administrative expenses in contravention of section 8 of the Act. | Rs. 1,00,000 or 5% of such foreign contribution so defrayed beyond the permissible limit, whichever is higher. | Director, or as the case may be, the Deputy Secretary in-charge of the section responsible for the administration of the Act. |
4. | Offence punishable under section 35 for accepting foreign contribution in contravention of section 11 of the Act. | Rs. 1,00,000 or 10% of the foreign contribution received, whichever is higher. | Director, or as the case may be, the Deputy Secretary in-charge of the section responsible for the administration of the Act. |
5. | Offences punishable under section 37 read with section 17 of the Act for- (a) receiving foreign contribution in any account other than specified account in his application for grant of certificate; (b) non-reporting the prescribed amount of foreign remittance or source and manner of such remittance by banks and authorised persons. (c) receiving & depositing any fund other than foreign contribution in the account or accounts opened for receiving foreign contribution or for utilizing the foreign contribution. | Rs. 1,00,000 or 5% of the foreign contribution received in such account, whichever is higher; Rs. 1,00,000 or 3% of the foreign contribution received or deposited in such account, whichever is higher. Rs. 1,00,000 or 2% of such deposit, whichever is higher. | Director, or as the case may be, the Deputy Secretary in-charge of the section responsible for the administration of the Act. |
6. | Offence punishable under section 37 for non-furnishing of intimation of the amount of each foreign contribution received and the source from which and in the manner in which, such foreign contribution is received as required under section 18 of the Act. | Rs. 1,00,000 or 5% of the foreign contribution received during the period of non-submission, whichever is higher. | Director, or as the case may be, the Deputy Secretary in-charge of the section responsible for the administration of the Act. |
2. The amount of penalty computed under column (3) of the Table in respect of any offence or offences referred to in column (2) thereof shall not be more than the value of the foreign contribution involved.

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Offence</th>
<th>Amount of Penalty compounding</th>
<th>Officer competent for compounding</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.</td>
<td>Offence punishable under section 37 for not maintaining the account and records of foreign contribution received and manner of its utilisation on required section 19 of the Act.</td>
<td>Rs. 1,00,000 or 5% of the foreign contribution during the relevant period of non-maintenance of accounts, whichever is higher.</td>
<td>Director, or as the case may be, the Deputy Secretary in-charge of the section responsible for the administration of the Act.</td>
</tr>
</tbody>
</table>