INTERface
towards promoting accountability

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fmsf

Justice in our Times

Once John Ruskin said " the entire objective of true education is to make people not merely do the right things, but enjoy them; to make them not merely industrious, but to love industry; not merely learned, but to love knowledge; not merely pure, but to love purity; not merely just, but to hunger and thirst after justice".

Yes, it is one thing to be " just" but completely another to hunger and thirst after "Justice". There is a common parlance "Justice delayed is justice denied". The fact of the matter is that justice is at the heart of every civil society. Therefore as people involved in the social processes, we must be always hungry and thirsty for justice. The question that logically comes up is "Justice for whom"? Naturally it is for everybody but more specifically for the poorest of the poor. The person who is oppressed and marginalised should be at the centre of our Justice orientation.

We face injustice all around us and all the time. Many times, we feel too insignificant in the face of the injustice that faces us. Does my act make a difference anyway? I read a story about a person walking on the sea beach. Due to high tide the previous evening, there were thousands of starfish who were lying on the beach and as the water had receded back, were waiting to die. This man was painstakingly picking up one starfish after another and throwing them back to the sea. Another person watching the whole activity, asked "Does it really make a difference ? The man looked back, picked up yet one more starfish and replied "at least to this one , it does" ! Therefore, let us not be tired of being hungry and thirsty for justice.

Let us unitedly work for justice to roll on like a river and righteousness like a never failing stream.

In solidarity

Sanjay Patra

Point of View

Impact of Finance Act, 2002 on Voluntary Organisations

The Finance Act, 2002 has effected certain important changes which will have far reaching consequences, the amendments related with exemption available to voluntary organisations are, in brief, as under :

85% of income to be applied during the year

All voluntary organisations are now required to apply/ utilise at least 85% of their income for charitable purposes during the year. Earlier only 75% was required to be applied . Under the amended laws, voluntary organisations are entitled to accumulate upto 15% of their income. In this regard, it may be noted that the accumulation allowed under these sections is not required to be applied for charitable purposes in future. Organisations now have the liberty to accumulate only 15% of their income indefinitely. Though under the provisions of section 11(2), an organisation can still accumulate income in excess of 15% after taking consent from the Assessing Officer, but such accumulations will have to be applied for charitable purposes within a period of 5 years.

Donation to other voluntary organisations

Contribution or donation to other voluntary organisations has always been considered as valid application of funds provided the objects of the donee organisation are similar and acceptable. The Finance Act, 2002 has inserted an Explanation to sub-section 2 of section 11. This Explanation prohibits donations to other charitable organisations out of the accumulated funds. This amendment can have far reaching practical implications. The newly amended provisions puts restrictions for donations to other charities only on accumulated funds. In other words, funds once accumulated can only be applied for charitable purposes directly by the concerned organisation and any inter organisation transfer would not be possible. However inter-organisation donation are possible from current year's income. The newly amended provision will certainly create hurdles for organisations, which were used as conduit for funds of other organisations.

Withdrawal of Exemption

The Finance Act, 2002 has also inserted clause (d) to section 11(3) and a proviso to section 11(3A). Section 11(3) specifies the circumstances under which the exemption related with the accumulations made under section 11(2) would stand withdrawn. After the amendments made by the Finance Act, 2002, the following are the circumstances where the accumulated income would be deemed as the income of the organisation and exemptions will not be available :

(a) The accumulated income is applied to purposes other than the specified charitable or religious purposes, or cease to be accumulated or set apart for application.

(b) Ceases to remain invested in permissible investments as per section 11(5).

(c) The accumulated income is not utilised for the purpose for which it was accumulated within 5 years.

(d) Application in the form of donation to other charitable organisation is made out of the accumulated income.

By virtue of amendment made by Finance Act, 2002, any inter organization charity for contribution to other charitable organisation out of the accumulated income will not be possible.

Restrictions on the discretionary powers of Assessing Officer

The Finance Act, 2002, has further added a proviso to section 11(3A). This section provides the option to the assessee to apply the accumulated income for such other purposes if due to circumstances beyond its control, the income could not be applied for the purposes for which it was accumulated.

Section 11(3A) provides the discretionary power to the Assessing Officer to allow an organisation to apply its accumulated income for such other purposes, on an application made to him in this behalf. The amended provisions now restricts the discretionary powers of the Assessing Officer to allow inter organisation charities or contribution to other charitable organisation as acceptable purposes for applying accumulated income.

Overall Summary

The Finance Act, 2002 requires application of income for charitable purposes in place of 75%. In effect now the voluntary organisations have the privilege of accumulating upto only 15% of the income without any preconditions or the need to utilise in the future. The liberty of using income for creating endowments and long term purposes has been restricted. The intent of the statute seems to be towards discouraging organisation from building various endowments and general funds from the money received for charitable purposes. The message and the rationale behind the amendment is pro-projects and pro-activities. Though under section 11(2) funds can still be accumulated, but for 5 years only, during these 5 years the accumulated amount has to be applied for charitable purposes.

The implication of the amendments can be explained by a hypothetical case as follows :-

Income	
i Donation toward corpus	1,00,000
ii Voluntary Contributions	4,00,000
iii Other incomes	3,00,000
Total	**8,00,000**
Application	
i Establishment Expenses*	2,00,000
ii Spent on Charitable Objects	3,00,000
Total	**5,00,000**

	Old Provisions	**Amended Provisions**
Income	8,00,000	8,00,000
Less: donation towards Corpus	1,00,000	1,00,000
Income after deduction	7,00,000	7,00,000
Less : establishment Expenses	2,00,000	2,00,000
Income for the purposes of Section 11(1)	5,00,000	5,00,000
Less : expenditure on Charitable Objects	3,00,000	3,00,000
Balance	2,00,000	2,00,000

It can be seen that the organisation has applied only 3,00,000 for the charitable purposes and Rs 2,00,000 still remains unapplied. The above situation is analysed under the old & amended provisions.

	Old Provisions	**Amended Provisions**
Amount Required to be applied in the year	3,75,000 (75%)	4,25,000
Amount actually applied	3,00,000	3,00,000
Shortfall in application	**75,000**	**1,25,000**
Options available		
(i) Accumulation under section 11(2)(a) & (b) for 5 year by applying to the AO**	75,000	1,25,000
(ii) Donation of the accumulated amount in subsequent year to other charitable organisations	Allowed	Not Allowed

* With regard to establishment expenses it may be noted that in CIT vs. Birla Janahit Trust (1994) 208 ITR 372 (Cal) it was held that expenses necessary for running and maintaining the properties held under trust for charitable purposes should be considered as application of funds for charitable purposes. Whether the establishment expenditure should be deducted in order to compute the net income for charitable purposes or it should be considered as application of income alongwith other applications, will depend on a circumstances of each case.

** Under the old provisions, the unspent balance of the Rs. 2,00,000 would be accumulated but only Rs. 75,000 will be subject to the conditions of application in the next five years. The remaining Rs. 1,25,000 are free from any restrictions and the organisation can use it for endowments or any other purpose. Under the amended provisions Rs. 2,00,000/- is permissible for accumulation but Rs. 1,25,000 would be subject to application within the next five years and only Rs. 75,000/- would be free from any restrictions of re-application. Further the accumulated income will not be allowed to be applied as donations to other charitable organisations.

Mr. Manoj Fogla
Chartered Accountant

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Salient Features of the Union Budget 2002 - Changes proposed in the Finance Bill 2002 affecting Individuals

Some Highlights .....

- *Rebate under section 88 on investments restricted to Gross Total Income. Reduced from 20% to 15% if GTI exceeds Rs.1.5 lacs.*
- *Surcharge increased from 2% to 5%..*
- *Tax paid by the employer on the perquisites of the employee not to be treated as income in the hands of the employee.*

Budget is an annual exercise undertaken by the Finance Minister to present the estimates of receipts and expenditure for the next financial year. Linked to this is the presentation of Finance Bill every year. Through this Finance Bill every year, a large number of amendments are carried out in various central taxation laws particularly in Income Tax Act, 1961. This year is no exception.

The Finance Bill 2002 has proposed some changes in the Income Tax Act, 1961 affecting the individuals. The changes, when passed by the Parliament, would be applicable for the Financial Year 2002-03 (Assessment Year 2003-04) unless other wise stated.

TAX RATES

1. Surcharge Increased

Surcharge on income tax has been increased from 2% to 5% for all assesses except in case of Individual, Hindu Undivided Family, Association Of Persons, Body Of Individuals , whose total income does not exceed Rs.60,000.

SALARY INCOME

1. Tax paid by the employer on the perquisites of the employee not to be treated as income in the hands of the employee.

The Finance Bill, 2002 has introduced a new scheme whereby an option has been given to the employer to pay tax on the income of the employee provided to him in the nature of perquisites but not by way of monetary payments. The tax so paid by the employer will not be considered income in the hands of the employee. However, the tax paid by the employer will not be considered as expenditure eligible for deduction.

2. Perquisites received by employees having income from salaries upto Rs.1 lac will not be taxed for Assessment Year 2002-03.

A small concession has been provided to employees whose income under the head 'Salaries' excluding the value of perquisites does not exceed Rs.1 lac. In such cases, the value of perquisites will not be added to salary income. This concession will be available for Assessment Year 2002-03 only.

3. Employee's income tax return through employer

In accordance with a scheme notified by the Board, the employees can now file the salary return to their employer. The employer in turn shall furnish all returns of income received by him from his employees before the due date in the manner to be prescribed in the scheme. Such returns can be filed electronically and may reduce a lot of paper work and burden on employees.

This amendment shall be applicable from the assessment year 2002-03 and as such return for the year ending on 31.03.2002 can be filed through the employer.

REBATES AND EXEMPTIONS

1. Rebate under section 88 of the Act being restricted

Under Section 88 of the Income Tax Act, 1961, an assessee was entitled to a deduction, from the income tax on his total income, of an amount equal to 20% of the aggregate of the amount deposited in long-term investments such as PF, PPF, ICICI Bonds, ULIP, LIC insurance etc. The maximum amount that can be invested is Rs.80,000 with atleast Rs.20,000 to be invested in infrastructure bonds.

This year Finance Bill, 2002 has amended the section and restricted the rebate depending on the gross total income of the taxpayer. In case, the gross total income of a taxpayer before deductions under Chapter VI (such as 80 D for payment of medical insurance premium, 80 L on interest income, etc.) exceeds Rs.150,000 but does not exceed Rs.5 lacs, the rebate shall be restricted to 15% of the long term savings as against 20 % presently available. In the case of a taxpayer whose gross total income is more than 5 lacs, then no rebate for long-term savings will be available.

Look at the impact of this amendment under the following circumstances where an individual having gross total income of Rs.1,51,000 and another individual having income of Rs.1,49,000 and each of these person contributing Rs.60,000 as life insurance premium and Rs.20,000 towards infrastructure bonds.

	Mr. A	Mr.B
Gross Total Income	1,51,000	1,49,000
Less : Deduction under Chapter VIA (say for payment of medical insurance premium)	3,000	1,000
Taxable Income	1,48,000	1,48,000

Tax on Taxable Income	18,600	18,600
Less : Rebate under Section 88	12,000	16,000
Net Tax	6,600	2,600
Add : surcharge @ 5%	330	130
Tax Payable	**6,930**	**2,730**

Difference in tax liability of Rs.4,200 with just Rs.2,000 difference in gross total income but same taxable income.

However, a marginal relief has been provided to the person having gross total income more than Rs.150,000 to make investments up to Rs. 100,000 (earlier Rs.60,000) out of which at least Rs.30,000 (earlier Rs.20,000) are to be invested in infrastructure bonds.

Tax Deduction at Source

1. Credit for tax deduction at source can be claimed within 2 years.

In order to claim credit for tax deducted at source, the T.D.S. certificate was required to be attached with the Income Tax Return. Now with a new provision in the Finance Bill, 2002, it has been provided that credit shall be given at the time such certificate is produced, by passing rectification order, provided such certificate is produced within 2 years from the end of the Assessment Year in which such income is assessable and the income from which TDS has been deducted is disclosed in the return of income for that assessment year.

PENALTIES

1. Penalty for not applying for Permanent Account Number (PAN) and quoting false PAN.

There will now be penalty for not only for applying for PAN, but also for intimating false PAN. Penalty shall be Rs.10,000. However, an opportunity of being heard would be given before levy of penalty.

2. Penalty for late filing of return covered by one of the six schemes only on delay beyond the end of the assessment year.

A penalty is leviable on failure to file the return before 31st July of the Assessment Year, by the persons who are required to file the Income Tax return under section 139 (1) proviso i.e. who are covered by one of the six criteria's. Now the penalty shall be levied if the person fails to file the return before the end of the assessment year i.e. 31st March.

Purnima Wadhawan
Project Monitoring Officer

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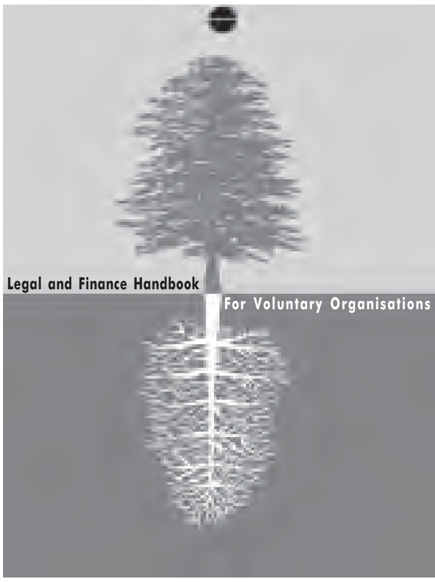

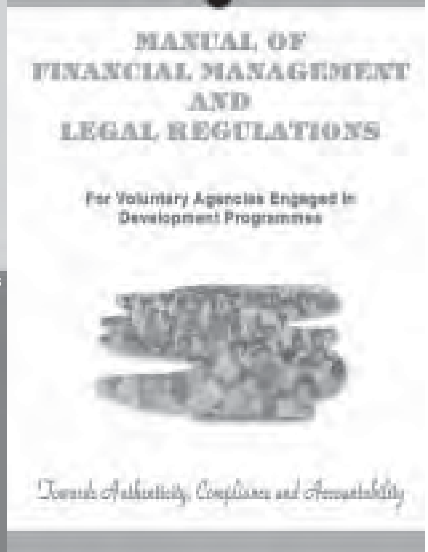

Window

South Central India Network for Development Alternatives SCINDeA

A climate needs to be created for NGOs in the South Central India region to come together informally for the purpose of working together towards a common goal of development. As we know, 'development' does not take place until it becomes a people's movement; it is only through collective activity that long-term change can be brought about. It is important that NGOs do not continue to develop policies and programmes in isolation. Partnership will allow the quality of development programmes to be improved and the giver/receiver model to be replaced by one of sharing. With this perspective in mind some of the NGOs who have been already working in the region decided to come together on common problems employing innovative methodologies to work towards mutual sharing and caring with an overall vision for people based participatory development. This collective is called the South Central India Network for Development Alternatives (SCINDeA).

South Central India Network for Development Alternatives (SCINDeA) is a Network of 15 field based NGOs initiated in March 1993 and working among the women, quarry workers, youth, children, tribals, dalits, fisherfolk and slum workers. Of the 15 partner organisations 5 are headed by women.

SCINDeA as an Networking NGO and a Network of NGOs is a registered society having is own identity and character. As NGOs we have come together to strengthen and support each other in the common goal of promoting peoples development. While empowering and enabling the most under privileged sections of our society to actively participate in their own development, SCINDeA believes in members working together in order to draw strength and support from one another thus enabling its partners to be transparent and accountable.

Geographical Area of Operation

The field based NGOs are geographically located between Chittor and West Godavari districts of the south west of Andhra Pradesh, Bangalore district in the south east of Karnataka and 8 districts of northern Tamil Nadu. In all the three states the Network covers a total of 15 districts, 20 blocks, 18 taluks, 40 panchayats, 267 villages and a population of 1, 47, 528.

Vision

SCINDeA envisions a society based on a just social order which helps to create economically and ecologically sustainable and self reliant communities; promotes a harmonious relationship between human beings and nature ; re-establishes the rights of the marginalised and excluded people (women, Dalits and indigenous communities) so as to promote their integration into the total community and process and where decisions are enhanced at the local level thus providing a climate for people's participation in the development process.

Mission

The mission of SCINDeA is to organise the marginalised and excluded people (women, Dalit and indigenous communities), initiate local level programmes to counter poverty and under development, evolve alternate development initiatives for the empowerment of communities through peoples's participation and network with like minded NGOs on common issues of concern.

Objectives

- To promote programmes of sustainable development - planned, implemented and reported through a participatory process.
- To strive for the elimination of oppression, exploitation, dehumanization of women, children, dalits and environment through social & economic empowerment.
- To support economic empowerment programmes and training that provide employment opportunities.
- To build women's leadership skills and opportunities to lead movements and communities.
- To train and empower people - staff and the community in development alternatives.
- To establish effective and sustainable indigenous systems of health care.
- To collectively raise the needed resources for the programmes.
- To network among NGOs and to avail government and other resources to meet the objectives.

Activities

Though the Network is multi-sectoral in nature the major programme components common to all members include:

- Movement building through People's Organisation.
- Women's empowerment through Self Help Groups.
- Community health programmes through allopathy and indigenous systems of health care.
- Eco-development.
- Education programme.
- Skill trainings.
- Income generation programmes.
- Human resources development.
- Network campaigning on issues of common concerns.

Financial Management

The Network has developed its own programme and financial monitoring systems. The Secretariat headed by the Executive Secretary channels funds to partner organisations and is responsible for the calling of funds. Every six months each NGO makes a request, to the Secretariat for transfer of funds based on programme needs and balance of money available. The funds are released to the members only after they submit their narrative reports and unaudited/ audited statements once in 3 months.

Dr Sheila Benjamin

Executive Secretary

Fine(ance) Print

Specific Requirements for Submission of Final Reports to EED

As the saying goes "Where there is a beginning there is also an end" This also applies to all EED projects, which are usually completed in a period of three years. During the implementing period the partner organization forwards half yearly audited financial report along with the corresponding progress report as per the project agreement entered with EED. The audited financial and progress reports prepared by the partner organization after the completion of the planned activities of the project are termed as the final reports of the said project. In fact the final reports generally cover the last six months of the project.

Final Financial Report

Check points for the preparation of the final financial report :

- *The final audited financial report to be submitted needs to be essentially attached with the one page audit report of the auditor.*
- *While finalizing the total **income** of the respective project (Page 1) the following points should be ensured*
  - *that all EED remittances including the debit notes if any, are shown.*
  - *that the required ratio of Non EED contribution as per the EED letter of approval should be reflected and in case of any shortfall, the reasons for such shortfall should be included in the covering letter of the financial report.*
  - *that any bank interest earned if any,on EED funds and the non EED contribution (including contributions if any, from any other foreign sources) should be reflected in the final report, with an approximate bifurcation on the basis of the actual receipts of funds.*
  - *that no loans and advances are reflected on the Income page of the final financial report.*
- *Similarly while finalizing the total **Expenditure** (Page 2) of the respective project, the following points needs to be ensured:*
  - *that any excess cost incurred beyond the permissible limit of 30% above the approved budget is explained with reasons in detail in the respective covering letter*
  - *for any expense booked under the item ' Reserve' its breakdown is provided.*
  - *that all the debit notes have been duly taken into account*
- *While preparing the **Cash status** (Page 3) of the respective project, the following points needs to be ensured:*
  - *that the final report reflects the full utilization of the funds received for the implementation of project activities*
  - *the status of the project funds as per **Total A** is the difference between 'Total Income' as per page 1 and 'Total Expenditure' as per Page 2 of the final financial report*
  - *if there is a difference between the status of the project funds as per **Total A** and the actual cash and bank balance as per **Total B,** the difference should be explained as a reconciliation of the two balances in the space provided for it.*

Final Progress Reports

While finalizing the final progress report, please ensure that it:

- *provides a summary of the major activities undertaken with their results*
- *provides a comparison of the planned activities and the actual results and the objectives achieved so far.*
- *provides the donor agency with meaningful activity related photographs along with the statistical data so as to provide them with an insight of the activities undertaken.*
- *states the causes as to the delay of the construction project.*
- *The relevant photographs in case of construction projects relating to the construction are provided along with a statement confirming conformity of the construction undertaken with the approved plans and provide with reasons for any deviation, if any, has taken place.*
- *provides an appraisal of the impact of the programme on the beneficiaries, the region and the other development efforts undertaken by them.*

Adherence to the above-mentioned requirements,

- *Would facilitate the proper and timely closure of the project file at EED.*
- *Also it would enable processing of any final remittance without any delay after the receipt of the final reports.*
- *It would also avoid any carry over of the balance of the EED funds to the subsequent phase, if any that follows. Though the subsequent phase is a continuation of the current phase, budgets of EED are separate for each phase. It is therefore essential to avoid any carry over from the previous phase.*

Pooja Grover & Rahul Khanna
Project Monitoring Officers

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Action & Reflection

Report on Workshop on Fund Management and Related Governance for Development Organisations held on 4th and 5th February, Rajam, Andhra Pradesh

FMSF, being an organization involved in the capacity building initiatives, has been organizing workshops and consultations for the partner organizations, primarily supported by EZE/ EED.

FMSF was for the first time invited to facilitate a workshop on Fund Management and Related Governance for Development Organisations wherein about 28 partner organizations participated. These organizations are from Andhra Pradesh. The workshop was organized by V.M.Charitable Trust and Mr. V.N.S.N. Murthy was the person primarily responsible in organizing the same at Rajam, Andhra Pradesh.

The workshop arrangements were made in a fabulous manner and was inaugurated by eminent persons from Rajam / Visakhapatnam.

Mr.Sanjay Patra, Mr. Manoj Fogla & Ms. S.P. Selvi were the resource persons for the workshop. The workshop was held on 4th & 5th February, 2002.

The expectations of the participants were made under major classifications which were under Financial Management, Legal Aspects, Resource Development, Project Proposal. The other major topics that came as expectations from the participants were Networking, Social Accountability, Capacity Building, Social Audit etc.,

The topic of Financial Management was facilitated by Mr. Sanjay Patra which included the essential components of Financial Management, Planning, Budgeting, Accounting, Cash Flow Statement, Reporting, Monitoring, Audit, Legal Aspects etc.,

The topic on Reporting and its importance was facilitated by Ms. S.P. Selvi.

The topic on Legal Aspects was facilitated by Mr. Manoj Fogla. The discussion on Legal Aspects which included details of FCRA & Income Tax brought in more queries from the participants. During the session, the participants also shared their experiences with the Income Tax authorities and with the Ministry of Home Affairs.

At the end of the discussion, it was emphasized by Mr. Patra that proper accounting and financial management with proper internal control systems in an organization, if established , will enable that organization to cope up with the challenges emerging, not only from the above departments but can also fulfill the requirements of the funding partner.

In fact, it was expressed by the participants that time was not adequate to discuss all the planned topics desired by the participants. It was also expressed that the future follow-up workshop needs to be for a longer duration.

As part of the concluding session, Certificate of Participation was issued to all the participants.

The concluding session was presided by the Principal of the GMR College of Engineering, Rajam.

S. P. Selvi,
Programme Coordinator

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Launching of the FMSF Web-site

There was a need for FMSF to develop its own web-site as a part of its efforts to disseminate information on legal and financial management related issues to its partner organizations. This was also expressed quite strongly by participants in various workshops organized from time to time on financial management by FMSF.

Therefore the primary objective of this site is for sharing of information and resource materials on financial management and legal aspects related to the development organizations.

The site was developed with the above objective primarily by the FMSF team itself with lots of planning and efforts.

The site was officially launched by Dr. Konrad von Bonin, Executive Director, EED on 14.03.2002 who was on his first visit to India along with Ms. Erika Maerke, Head of South & Middle Asia Desk, EED. Dr. Bonin expressed his happiness and satisfaction regarding the details uploaded in the site

The details included in the site are :

Resource Materials

Under Resource Materials, the information regarding the two publications of FMSF, "Manual of Financial Management and Legal Regulations" and "Legal and Finance Handbook for Voluntary Organisations" has been included. The list chapters (brief and broad contents) covered in the Finance Manual has been provided. In fact, the most essential chapters from the Legal and Finance Handbook relating to the topics on FCRA and Income Tax along with the respective forms have been uploaded.

They are :

- ***Chapter 7 : FCRA- Some Basic Concepts***
- ***Chapter 8 : FCRA- Registration Procedure***
- ***Chapter 11 : Income Tax – Registration Procedure***
- ***Chapter 12 : Exemption of Income from Income Tax***
- ***Chapter 16 : Tax Deduction at Source and TAN***
- ***Chapter 17 : Filing of Income Tax Return***
- ***Chapter 19 : Provident related provisions under Income Tax***

This will facilitate immediate downloading of the same by the organizations as and when required.

For better understanding of the regulations and requirements of FCRA, a synopsis of FCRA has also been provided.

Further, the latest issue of Newsletter “INTER*face*” is uploaded completely.

In addition to the above, the list of concept papers that FMSF has so far brought out on Monitoring of Development Projects, Financial and Administrative Systems Analysis, Financial Accompaniment Process etc., has also been uploaded for sharing of information and learning materials with the partner organisations. The list also includes the main key aspects covered in each of the concept paper.

What is New

This link talks about recent happenings and upcoming events by FMSF. Presently information regarding the forthcoming Fund Management Workshop for the Northern region from 4th to 6th June 2002 can be obtained from this link.

Informative Links

For immediate reference of the browsing organization, informative interlinks have also been provided such as of the Ministry of Home Affairs and the Ministry of Finance.

In addition to the above, the site also informs about what FMSF is all about, its Vision, Mission, Core Values and Major Thrust Areas.

We also intend to include more materials in due course of time to make the site enriching to the development organizations.

We hope that with the suggestions and encouragement of the partner organizations the site can be further developed to make it more objective and user friendly and to make it more beneficial to the development organizations at large.

Please visit us at our web-site: <u>*www.fmsfindia.org*</u> and share with us your observations and suggestions.

Lorraine Mathias
Project Monitoring Officer,
FMSF

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Ms. Hedwig Schlags Bids adieu............

Ms. Hedwig Schlags has been working as the Project Officer, South and Middle Asia Desk, EED for the past eight years responsible for the programmes/ projects from the entire South and part of Eastern India. She has left the South and Middle Asia Desk and has joined the PME and Controlling Desk of EED from 01.05.2002 onwards.

She had a long association with the programmes and organisations in South India. Her experience and knowledge along with the necessary inputs have been quite useful not only to the partners but also to all of us at FMSF. Though we will miss her very much, we wish her all the best and success in her future endeavour.

We are herewith presenting her farewell letter to us ....

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http://www.eed.de

Dear EED /EZE Partners, *April 29, 2002*

This letter is to say "Goodbye" to you. I will no more work in the position of a project officer for South India with effect of May 1, 2002. I am joining the PME and Controlling Desk of EED. As you might know already I am very motivated to work in the field of PME in order to enhance the communication on project plans and project results between the donor agency and the project partner. Furthermore, after working for exactly eight years in the same position and with the same regional responsibility I felt very much the need for a change. That's why I applied for this job and got it. My successor is Ms. Jutta Werdes whom some of you know already. Since there will be some reshuffling of responsibilities in this desk it is not yet confirmed that she will deal with your programmes also. The desk will get in touch with you in this regard. In the meantime, of course, Mr. Mohr and the colleagues in FMSF are at your disposal.

I do not want to leave without telling you how much I appreciate the cooperation with you and I would like to thank you all for what I learned from you in all these years. Though I am looking forward to entering my new job I will be missing you.

With best regards and looking forward to meet one or the other somewhere someplace.................................

Yours sincerely

EVANGELISCHER ENTWICKLUNGSDIENST e.V.

South & Middle Asia Desk

Hedwig Schlags

Checklist of important points that need to be considered when filling FC-3 returns

NGO's are required to file their returns every year under Societies/Trust Registration Act, Income Tax Act 1961, Foreign Contribution Regulation Act, 1976 and any other applicable legal regulation. We hereby bring out a checklist of important points that need to be taken care of while filling up the Form FC-3 with the Ministry of Home Affairs.

- ❑ Under point 1 A in Form FC-3, the total amount of foreign contribution received during the year should be the same as reported under column '9'. Ensure that the interest earned on investments made as reported in point (b) is out of Foreign Contribution only.

- ❑ Please take specific note on "appropriate action " given after point 2 against item, "Caution".

- ❑ Under point no. 4-each individual receipt has to be shown separately irrespective of the amounts in the case of donors above rupees one lakh and institutional donors. Also the details should be furnished in the case of first and also second and subsequent recipient.

- ❑ Similarly, in the case of contributions made below rupees one lakh by individual donors, it would be advisable if a separate statement is prepared and kept in record. Only the total amounts than needs to be furnished in Column 6.

- ❑ Finally, the figures as reported in the FC-3 format, auditors certificate and the receipt and payment account should all be the same and not vary. In case there are any differences it may give room to doubt the intention of the NGOs to conceal information. Please do also note that details of expenditure is attached in all cases, especially so, if the amount exceeds rupees one lakh.

The above-mentioned points are only the guidelines that need to be followed when filing returns.

Most important of all, adequate steps must be taken to ensure that the form is reaching the Home Ministry latest by 31st July.

K. Shiva Kumar
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