



ERGO

Analysing developments impacting business

FCRA AMENDMENT ACT OF 2020: IMPORTANT RESPITE TO NGOs

14 October 2020

The Foreign Contribution (Regulation) Amendment Act 2020 (Amendment Act) has been notified by the Central Government (Government) on 29 September 2020, to amend certain provisions of the Foreign Contribution (Regulation) Act 2010 (Act / FCRA). Our earlier updates on the Amendment Act are available [here](#) and [here](#).

The Ministry of Home Affairs, Government of India (MHA) has now issued a public notice on 13 October 2020 (Public Notice) clarifying several aspects on the newly introduced requirement of opening new bank account with the State bank of India (SBI).

Summary of Public Notice

- MHA has decided to grant sufficient time to existing FCRA registered persons (holding valid registration certificate) for transitioning to the new regime. The new bank account, to be opened with SBI, New Delhi Main Branch, can be opened on or before 31 March 2021.
- The registered NGOs will be able to receive foreign contribution in the new account with effect from 1 April 2021 or from the date of opening of the new account, whichever is earlier.
- To open the new account, the NGO need not visit the New Delhi main branch of the SBI. Instead, they may approach the nearest SBI branch (or any other branch of their choice) for taking action with regard to opening their new account with the SBI.
- MHA has also given the flexibility to the NGOs to retain their existing bank accounts as FCRA accounts or utilisation accounts. Nevertheless, the foregoing does not dilute the requirement of opening a new account with SBI, New Delhi Main Branch which will be the 'port of entry' for all foreign contributions with effect from 1 April 2021.
- MHA will soon issue procedural guidelines for opening and operating the new accounts with SBI.

Comments

The Public Notice comes as a big respite to the NGOs. Nonetheless, the FCRA registered persons/entities should liaise with the SBI branches to get the FCRA Accounts opened with SBI, New Delhi Main Branch to avoid last minute hassles.

- Sharad Abhyankar (Partner) and Parag Bhide (Principal Associate)

For any queries please contact: editors@khaitanco.com

We have updated our [Privacy Policy](#), which provides details of how we process your personal data and apply security measures. We will continue to communicate with you based on the information available with us. You may choose to unsubscribe from our communications at any time by clicking [here](#).

For private circulation only

The contents of this email are for informational purposes only and for the reader's personal non-commercial use. The views expressed are not the professional views of Khaitan & Co and do not constitute legal advice. The contents are intended, but not guaranteed, to be correct, complete, or up to date. Khaitan & Co disclaims all liability to any person for any loss or damage caused by errors or omissions, whether arising from negligence, accident or any other cause.

© 2020 Khaitan & Co. All rights reserved.

Mumbai

One Indiabulls Centre, 13th Floor
Tower 1 841, Senapati Bapat Marg
Mumbai 400 013, India

T: +91 22 6636 5000
E: mumbai@khaitanco.com

New Delhi

Ashoka Estate, 12th Floor
24 Barakhamba Road
New Delhi 110 001, India

T: +91 11 4151 5454
E: delhi@khaitanco.com

Bengaluru

Simal, 2nd Floor
7/1, Ulsoor Road
Bengaluru 560 042, India

T: +91 80 4339 7000
E: bengaluru@khaitanco.com

Kolkata

Emerald House
1 B Old Post Office Street
Kolkata 700 001, India

T: +91 33 2248 7000
E: kolkata@khaitanco.com