Rajput Jain & Associates

Chartered Accountants

The Foreign Contribution (Regulation) Amendment Act, 2020 (FCRA, 2020)

Amended Rules under the Foreign Contribution (Regulation) Rules [FCRR]

RJA

About US

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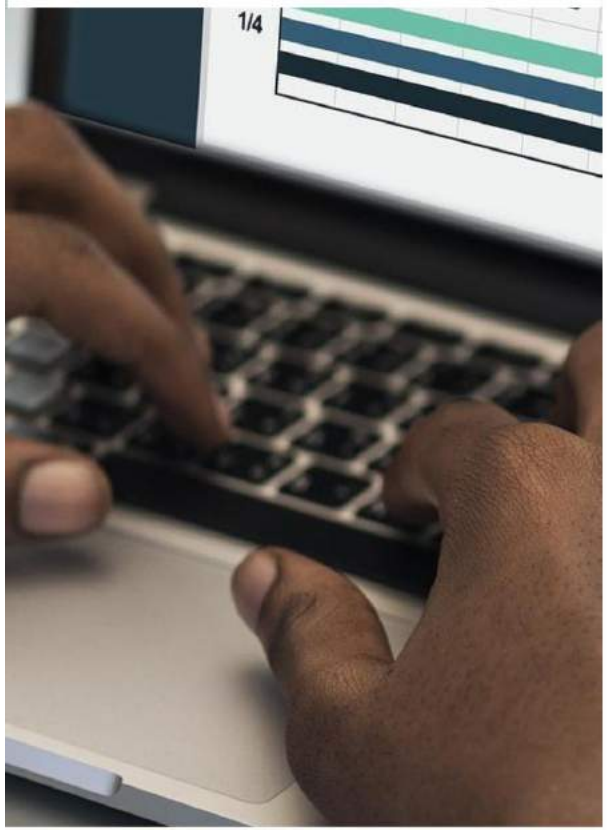

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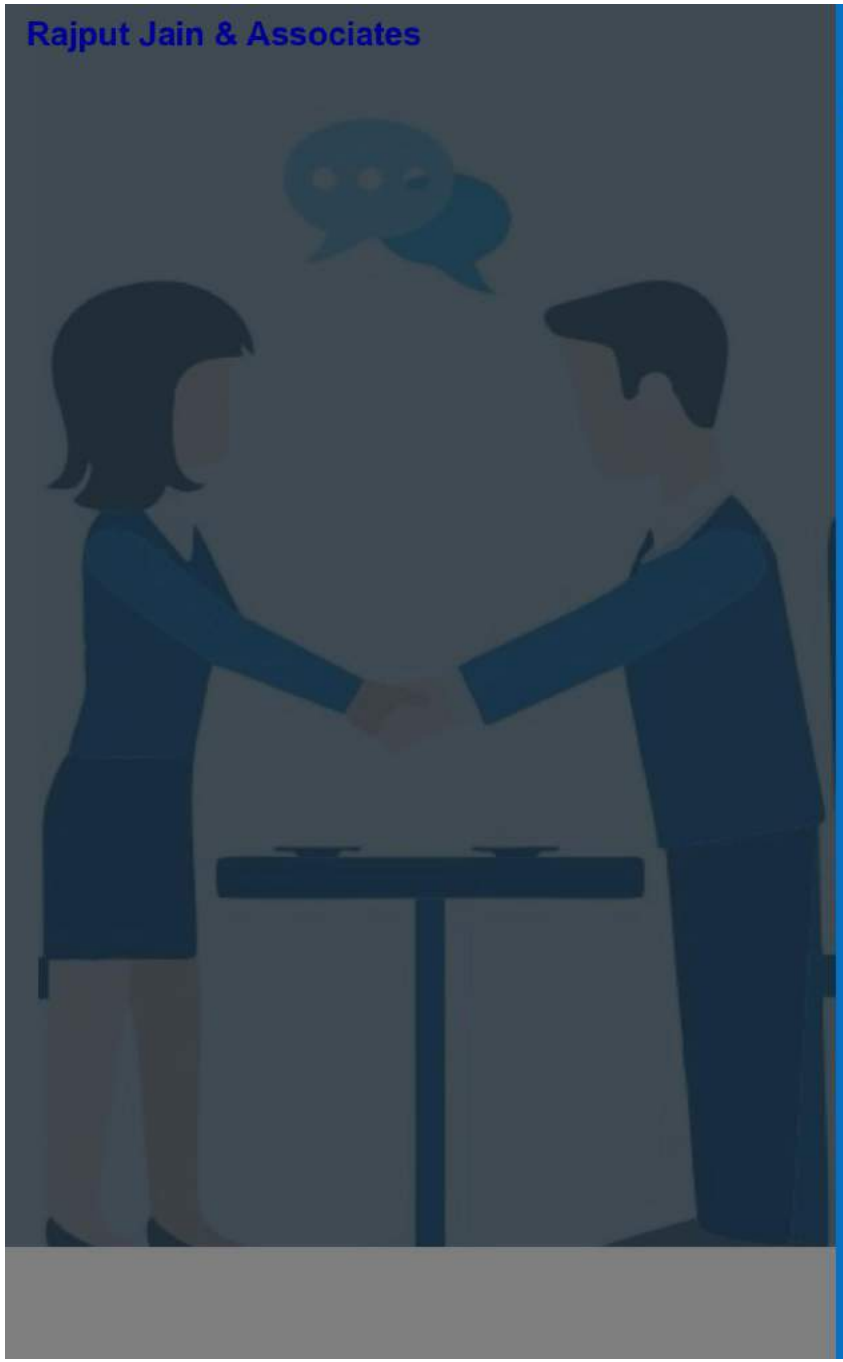
AGENDA

- Introduction
- Background
- Key Definitions
- The New FCR (Amendments) Act
- Amendments in FCRA Rule
- Conclusion
- Q & A's Session

Introduction & Background



Background

The Foreign Contribution (Regulation) Act has its origins in 1976 during the Emergency. It was essentially meant to keep a check on foreign influence in social, political, economic, and religious discussions in India.

The 1976 Act allowed non-profits to freely receive foreign donations, although they were required to report the amount received and spent each year.

In 1984, the law was made stricter by making it mandatory for non- profits to register before receiving any foreign donations. They could also not pass on that money to other non-profits who were not registered.

In 2010, the 1976 Act was repealed and replaced by an even stricter law
– Foreign Contribution (Regulation) Act, 2010 (2010 Act) along with the Foreign Contribution (Regulation) Rules, 2011 (2011 Rules) read with other notification / orders etc., issued thereunder from time totime.

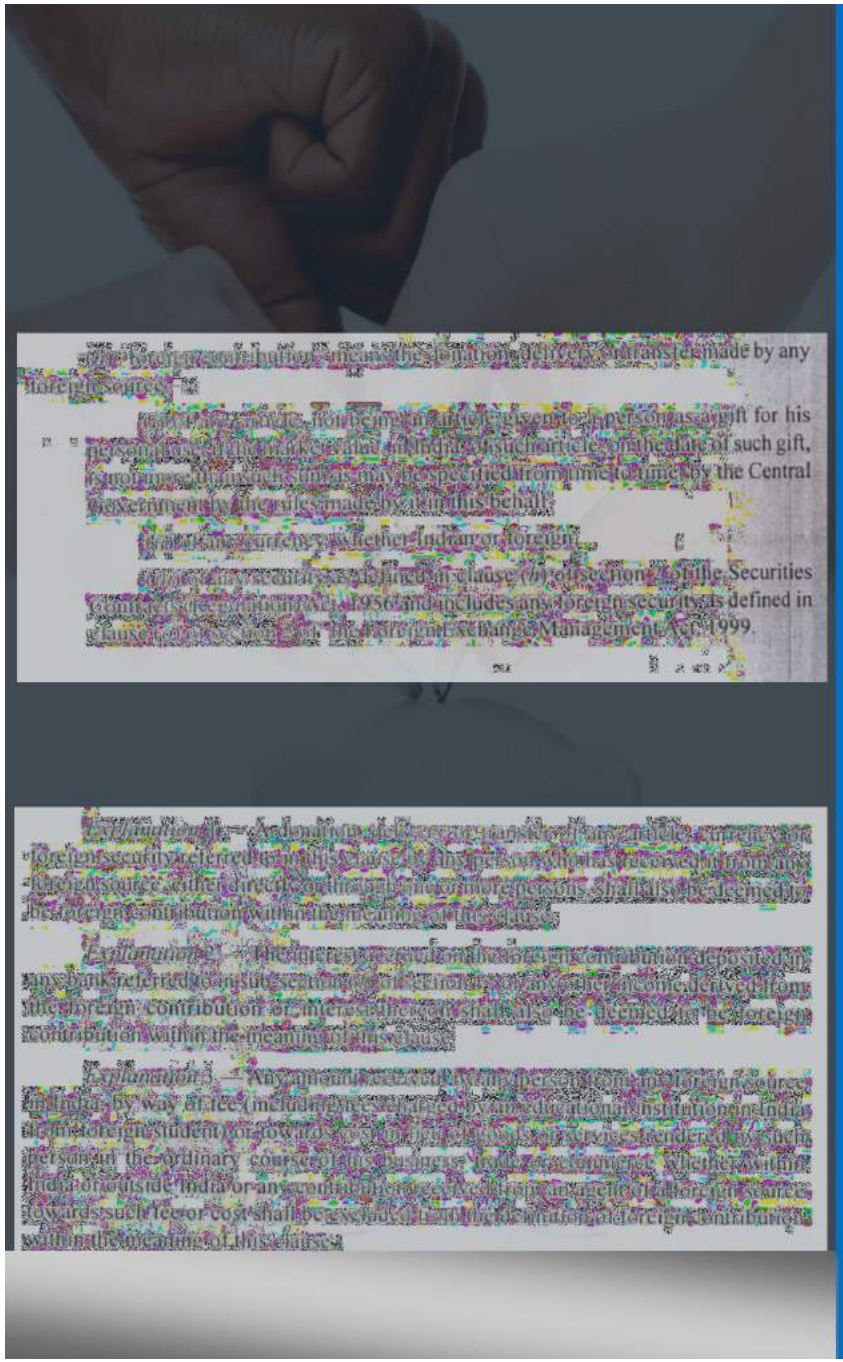
Background

2010 - till date

- Broadly, the 2010 Act introduced following key changes that render the 2010 Act more stringent than the 1976 one:
  - Under the 2010 Act, FCRA registration is valid for five years, and must be renewed thereafter, whereas under the 1976 Act it was a permanent registration.
  - Under the 2010 Act, only 50% of the foreign contributions could be utilised for administrative expenses, whereas no such specific restriction existed under the 1976 Act.

- **Recent Amendments under the FCRA Amendment Act, 2020**
  - On 20th September, the Foreign Contribution (Regulation) Amendment Bill, 2020 (2020 Amendments) was introduced in Lok Sabha that broadly redefined terms related to acceptance, transfer, and utilisation of foreign contributions under the 2010 Act.
  - The Bill was passed by Lok Sabha on 21st September and subsequently by Rajya Sabha on 23rd to ratify it.
  - The Bill was assented to by the President on September 28 and the Government has **notified September 29, 2020** as the effective date of the Amendments coming into force.

Key Definitions



KEY DEFINITIONS

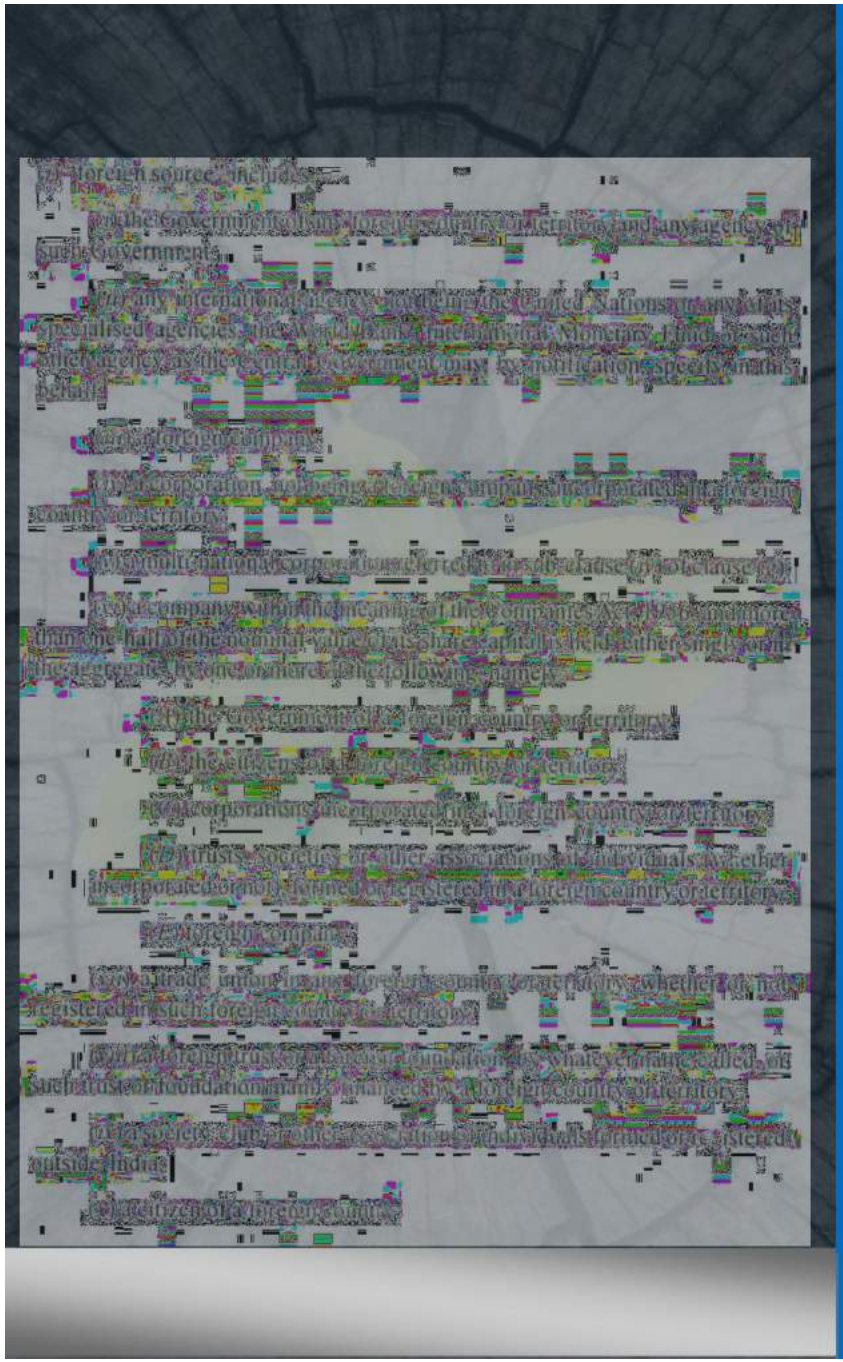
Section 2 (1) (h) Foreign Contribution

Included

- *Donation, Delivery or Transfer made by a foreign source of any -*
  - *Article*
  - *Currency whether Indian or Foreign*
  - *Security*
  - *Income Generated from Foreign Contribution.*

Excluded

- ***Fee (including fees charged by an educational institution in India from a foreign student)***
- *Amount towards* ***cost in lieu of goods or services rendered*** *in the ordinary course of business, trade or commerce.*



KEY DEFINITION - Section 2 (1)(j) Foreign Source

(Amendment Retrospectively vide Finance Act, 2016)

(Amendment Retrospectively vide Finance Act, 2016)

(vi) A company within the meaning of the Companies Act, 1956 (1 of 1956), ***and where 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*

- *The Government of a foreign country or territory;*
- *The citizens of a foreign country or territory;*
- *Corporations incorporated in a foreign country or territory; Trusts, societies or other associations of individuals (whether incorporated or not),formed or registered in a foreign country or territory*

Foreign company: [Provided that where the nominal value of share capital is within the limits specified for foreign investment under the Foreign Exchange Management Act, 1999, or the rules or regulations made there under, then, notwithstanding the nominal value of share capital of a company being more than one-half of such value at the time of making the contribution, such company shall not be a foreign source.]

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 of individuals formed or registered outside

X A citizen of a foreign country

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The New Foreign Contribution Regulations (Amendments) Act, 2020

What Changes Now?

- **Public sector employees** are forbidden to receive foreign contributions
- **Transfer of funds** received under FCRA to other individuals or organisations prohibited
- **Quantum of administrative expenses** eligible to be funded by FCRA funds lowered from 50% to 20%
- **Providing Aadhaar number mandatory** for all office bearers, directors or key functionaries of organisations
- **Powers to suspend FCRA registration** of NGOs for more than 180 days vested on the government
- **Renewal of registration** after the five-year tenure will involve same level of scrutiny as new applicants
- **Designated FCRA account** has to be mandatorily created with State Bank of India (SBI), Delhi
- **Voluntary surrendering of FCRA certificate** option available to nonprofits

Foreign Contribution Regulation (Amended) Act, 2020

- On 20th September, the Foreign Contribution (Regulation) Amendment Bill, 2020 (2020 Amendments) was introduced in Lok Sabha that broadly redefined terms related to acceptance, transfer, and utilisation of foreign contributions under the 2010 Act. The Bill was passed by Lok Sabha on 21st September and subsequently by Rajya Sabha on 23rd to ratify it. The Bill was assented to by the President on September 28 and the Government has notified September 29, 2020 as the effective date of the Amendments coming into force.

- As stated in the statement of objects, the Government claims that the **object of the Act is to strengthen compliance, enhance transparency and accountability in the receipt and utilization of foreign contributions** and facilitating genuine non-governmental organisations or associations who are working for the welfare of the society.

- The Amendment Act **has come into force on 29 September 2020** amid several instances where organizations failed to ensure basic statutory compliances such as maintenance of proper accounts and submission of returns and it led to a situation where the Government had to cancel registrations of various organizations.

Key Highlights of the Amendment Act

- Section 3 (1) (c): Prohibition to Accept Foreign Contribution
- SECTION 7: Prohibition on Transfer of Foreign Contribution
- Section 8 (1) (b): Lowering the Cap on administrative expenses
- Section 11: (1) & (2): Power to Prohibit a FC Recipient from Utilising/Receiving its Funds
- Section12: & New Section 12A
- Section 13: Suspestion of Certificate
- New Section 14A: Surreender of Certificate
- Section15:Management of FC of those NGOs whose certificate cancelled or surrendered
- Section16: Renewal of Certificate
- Section 17: opening of bank account in State Bank of india , Delhi

Section 3 (1) (c): Prohibition to Accept Foreign Contribution

Pre-amended Section

- *No foreign contribution shall be accepted by any Judge, government servant, or employee of any corporation or any other body controlled or owned by the government*

The Amendment Act has amended and widened section 3 of the Act to add the category of "public servants", as defined in Section 21 of the Indian Penal Code, 1860, to the list of certain persons that are prohibited from receiving foreign contribution.

This will prohibit persons in the service or pay of the Government or remunerated by fees or commission for the performance of any public duty by the Government from receiving foreign contributions

Post-amended Section

- *No foreign contribution shall be accepted by **any public servant**, Judge, Government servant or employee of any corporation or any other body controlled or owned by the Government*

It appears the reason for inclusion of "public servant" is to prevent those discharging public duty from being influenced through foreign funding and avoid any conflict of interest

However, this would preclude a section of altruistic individuals who fall within the definition of "public servant

However, this would preclude a section of altruistic individuals who fall within the definition of "public servant

Section 7: Prohibition on transfer of Foreign Contribution

Pre-amended Section

No person who:

1. Is registered and granted a certificate or has obtained prior permission under this Act; and
2. Receives any foreign contribution, shall transfer such foreign contribution to any other person unless such other person is also registered and had been granted the certificate or obtained the prior permission under this Act:

Provided that such person may transfer, with the prior approval of the Central Government a part of such foreign contribution to any other person who has not been granted a certificate or obtained permission under this Act in accordance with the rules made by the Central Government.

- Earlier, non-government organisations (NGOs) registered under Act were permitted to transfer the foreign contribution received by such NGO to: (i)any other registered NGO; and (ii) any other unregistered person, with prior permission of the Ministry of Home Affairs (MHA).

Post-amended Section

No Person who:

1. is registered and granted a certificate or has obtained prior permission under this Act; and
2. receives any foreign contribution.

Shall transfer such foreign contribution to any other person.

- The Amendment Act substitutes section 7 of the Act to prohibit persons authorized to receive foreign contributions under the Act from transferring such foreign contributions to any person.
- The existing funds collected on behalf of other institutions cannot be transferred to such organisations. Such organisations have to apply the funds directly for charitable / religious purposes. A revision of grant contracts with the Donors as well as Work Partners is necessary in this regarw.e.f.29 sep 20

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Section 8 (1) (b): Lowering the cap on Administrative Expenses

Pre-amended Clause (1) (b)

Shall not defray as far as possible such sum, not **exceeding fifty percent** of such contribution, received in a financial year, to meet administrative expenses:

Provided that administrative expenses exceeding fifty percent of such contribution

Post-amended Clause (1) (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 percent of such contribution may be defrayed with prior approval of the Central Government.

- The Amendment Act has amended section 8 of the Act to decrease the cap on using the foreign contribution for administrative expenses from 50% to 20%.
- ***No clarity on the applicability w.e.f. 29 Sep 20 or for the entire FY2021 as there are no changes to the forms as of now.***

- The 20% ceiling on spending on administrative expenses appears to be a respectable threshold and in line with market standard. However, the wide coverage of Rule 5 makes the inclusion of all kinds of salary within its ambit a challenge for NGOs.

*The term **Administrative Expenses** in FCRA rules is defined to include all salaries (except for schoolteachers, doctors, and field researchers, trainers).*

The challenge arises when all expenditures pertaining to salaries, travel etc. are perceivedas administrative expenditure. This amendment will increase litigations due to the lack of any acceptable standard or norms for determining what are "administrativeexpenses".

Rule 5 of 2011 Rules define "administrative expenses" to include:

(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 (except 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);

(iii) all expenses related to consumables like electricity and water charges, telephone charges, postal charges, repairs to premise(s) from where the organisation 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.

The option to spend more than 20% on administrative expenses with prior approval of Central government still remains.

Section 11: (1) & (2): Power to prohibit a FC recipient from utilising/receiving its funds

Pre-amended

Provided that if the person referred to in sub-section (1) and (2) has been found guilty of a violation of any of the provisions of this Act or the Foreign Contribution (Regulation) Act, 1976 (49 of 1976), the unutilized or unreceived amount of foreign contribution shall not be utilized or received, as the case may be, without the prior approval of the Central Government.

Post-amended

Provided that the Central Government, on the basis of any information or report, and after holding a summary inquiry, **has reason to believe** that a person who has been granted prior permission has contravened any of the provisions of this Act, it may, pending any further inquiry, direct that such person shall not utilize the unutilized foreign contribution or receive the remaining portion of foreign contribution which has not been received or, as the case may be, any additional foreign contribution, without prior approval of the Central Government:

Provided further that if the person referred to in sub-section (1) or in this sub-section has been found guilty.

Power to prohibit a FCrecipient from utilising/receiving its funds

- Under the Act, if a person accepting foreign contributions is found guilty of violating any provisions of the Act, the unutilised or unreceived foreign contribution could be utilised or received, only with the prior approval of the Government.
- The Amendment Act has now added a proviso to section 11 to provide that the Government may also restrict usage of unutilised foreign contribution if, based on a summary inquiry the Government believes that such person has contravened provisions of the Act.
- This amendment appears to be preventive and to enable the Government to preclude receipt and utilisation of foreign contributions when it finds that the recipient is prima- facie contravening the Act.

Section 12: Grant of Certificate of Registration
Section 12A: Power of Central Government to require AADHAR, etc. as ID

Amendment In Section 12

In section 12 of the principal Act, after sub-section (1)the
following sub-section shall be inserted, namely:—

'(1A) Every person who makes an application under sub- section (1) shall be required to open "FCRA Account" in the manner specified in section 17 and mention details of such account in his application.'.

New Section 12A

After section 12 of the principal Act, the following section
shall be inserted, namely:—

"12A. Notwithstanding anything contained in this Act, the Central Government may require that any person who seeks prior permission or prior approval under section 11, or makes an application for grant of certificate under section 12, or, as the case may be, for renewal of certificate under section 16, **shall provide as identification document, the Aadhaar number of all its office bearers or Directors or other key functionaries**, by whatever name called, issued under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, or a copy of the Passport or Overseas Citizen of India Card, in case of a

Section 13: Suspension of Certificate

Pre-amended Section 13 (1)

(1) Where the Central Government, for reasons to be recorded in writing, is satisfied that pending consideration of the question of canceling the certificate on any of the grounds mentioned in sub-section (1) of section 14, it is necessary so to do, it may, by order in writing, suspend the certificate for such period not exceeding one hundred and eighty days as may be specified in the order.

Under the Act, the Government could suspend the registration of a person for a period not exceeding 180 days. The Amendment Act has now amended section 13 of the Act to give the Government the power to suspend the registration certificate of a person for up to 360 days.

Post-amended Section 13 (1)

(1) Where the Central Government, for reasons to be recorded in writing, is satisfied that pending consideration of the question of canceling the certificate on any of the grounds mentioned in sub-section (1) of section 14, it is necessary so to do, it may, by order in writing, suspend the certificate for a period of one hundred and eighty days, **or such further period, not exceeding one hundred and eighty days**, as may be specified "in the order.

This will provide a tool to the Government to keep the registration certificates under suspension for almost a year when it may not have solid grounds to finally cancel the registration

Section 14A: Surrender of Certificate

Pre-amended Section	Newly inserted Section
Did not exist earlier	14A. On a request being made in this behalf, the Central Government may permit any person to surrender the certificate granted under this Act, if, after making such inquiry as it deems fit, it is satisfied that such person has not contravened any of the provisions of this Act, and the management of foreign contribution and asset, if any, created out of such contribution has been vested in the authority as provided in sub-section (1) of section 15

NGOs now can voluntarily surrender their FCRA Registration and the Central Government may permit this after completion of the necessary enquiries.

Section 15: Management of Foreign Contribution of those whose Certificate has been cancelled or surrendered

Pre-amended Section 15

Management of foreign contributions of a person whose
certificate has been canceled.

15(1): The foreign contribution and assets created out of the foreign contribution in the custody of every person whose certificate has been canceled under Section 14 shall vest in such authority as may be

The Amendment Act has added section 14A allowing the Government to permit a person to voluntarily surrender their registration certificate

Post-amended Section 15

Management of foreign contributions of a person whose
certificate has been canceled or surrendered.

15(1): The foreign contribution and assets created out of the foreign contribution in the custody of every person whose certificate has been canceled under Section 14 **or surrendered under section 14A** shall

The Amendment Act has added section 14A allowing the Government to Such a surrender will take place only if it is satisfied that such person has not contravened any provisions of the Act and the management of its foreign contribution (and related assets) has been vested in an authority prescribed by the Government.

Section 16: Renewal of Certificate

Pre-amended Section 16 (1)

Every person who has been granted a certificate under Section 12 shall have such certificate renewed within six months before the expiry of the period of the certificate.

Presently every person is required to renew the certificate of registration within six months before the date of expiry of the certificate of registration issued under FCRA. After the amendment Government has acquired the power to make such inquiry, as it deems fit, to satisfy itself that such person has fulfilled all the conditions specified in sub- section (4) of section 12.

Post Amendment Section 16 (1)

Every person who has been granted a certificate under Section 12 shall have such certificate renewed within six months before the expiry of the period of the certificate.

Provided that the Central Government may, before renewing the certificate, make such inquiry, as it deems fit, to satisfy itself that such person has fulfilled all conditions specified in

This is the end of the era of the automatic renewal of registration of certificate under FCRA in the future and will become a scrutiny tool in the hands of the MHA. By applying Section 12(4) for renewal application, the Act seeks to equate a fresh applicant with an already FC registered and compliant organization.

Section 17: Opening of bank account in State Bank of India, Delhi

Pre-amended Section 17

(1) Every person who has been granted a certificate or given prior permission under section 12 shall receive foreign contribution in a single account only through such one of the branches of a bank as he may specify in his application for grant of certificate: Provided that such person may open one or more accounts in one or more banks for utilizing the foreign contribution received by him: Provided further that no funds other than foreign contribution shall be received or deposited in such account or accounts.

(2) Every bank or authorized person in foreign exchange shall report to such authority as may be specified—

a) the prescribed amount of foreign remittance.
b) the source and manner in which the foreign remittance was received. and
c) other particulars, in such form and manner as may be prescribed.

Section 17: Opening of bank account in State Bank of India, Delhi

POST AMENDED SECTION 17

17(1)Every person who has been granted a certificate or prior permission under section 12 shall receive foreign

contribution only in an account designated as "FCRA Account" by the bank, which shall be opened by him for the purpose of remittances of foreign contribution in such branch of the State Bank of India at New Delhi, as the Central Government may, by notification, specify in this behalf:

Provided that such person may also open another "FCRA Account" in any of the scheduled banks of his choice for the purpose of keeping or utilizing the foreign contribution which has been received from his "FCRA Account" in the specified branch of State Bank of India at New Delhi:

Provided further that such person may also open one or more accounts in one or more scheduled banks of his choice to which he may transfer for utilizing any foreign contribution received by him in his "FCRA Account" in the specified branch of the State Bank of India at New Delhi or kept by him in another "FCRA Account" in a scheduled bank of his choice: Provided also that no funds other than foreign contribution shall be received or deposited in any such account.

(2)The specified branch of the State Bank of India at New Delhi or the branch of the scheduled bank where the person referred to in sub-section (1) has opened his foreign contribution account or the authorized person in foreign exchange, shall report to such authority as may be specified, — the prescribed amount of foreign remittance, the source and manner in which the foreign remittance was received; and other particulars.

Section 17: Opening of bank account in State Bank of India, Delhi

- Earlier under section 17 of Act, the foreign contribution recipient was permitted to receive foreign contribution in an account opened in any of the scheduled banks. The Amendment Act substitutes section 17 of FCRA requiring the recipient of foreign contribution to receive such amount only in an account designated as "FCRA Account" opened in a branch of the State Bank of India (SBI) at New Delhi.

- However, it provides flexibility to the recipient to also open another FCRA Account in any of the scheduled banks in India for the purpose of keeping or utilising the foreign contribution which has been received from its "FCRA Account" in the branch of SBI at New Delhi.

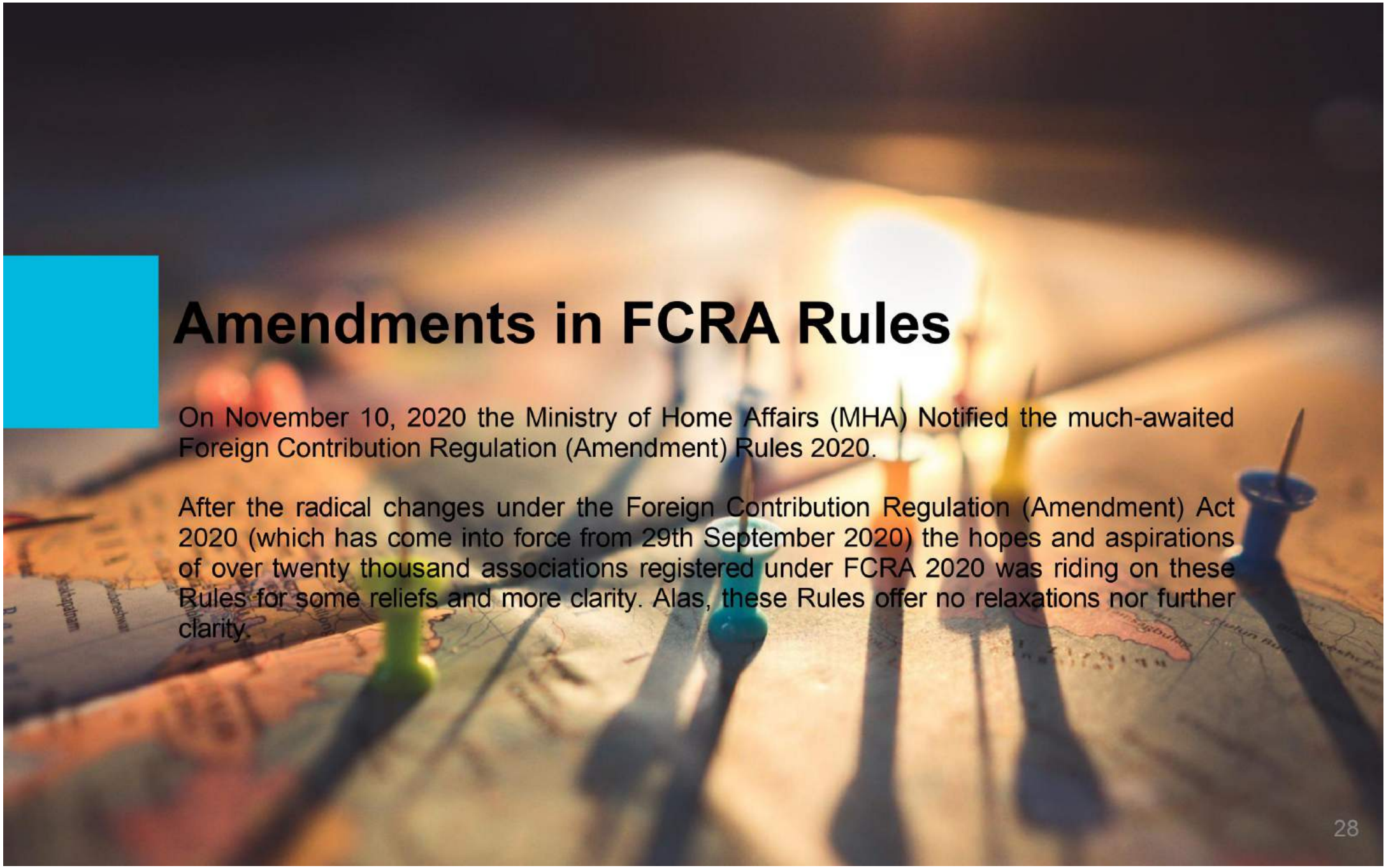
- The intent of the amendment appears to be to centralise the inflow and routing of foreign contribution, making it easier for the Government to supervise and monitor the funds received. Power to prohibit a foreign contribution recipient from its funds

COMPLIANCES – REPORTING & FORMATS SUMMARY

Particulars	FC Form	Time Limit
Intimation of receipt of foreign contribution by way of : - - Gift from Relative (if exceeds Rs. One Lakh in FY - Articles / Securities - Receipt of FC by candidate for Election	FC -1 Part A Part B Part C	Within 30 days of receipt Within 30 days of receipt Within 45 days of being nominated.
Application for prior permission to accept Foreign Hospitality	FC-2	2 weeks before the proposed onward journey.
Application for FCRA Registration	FC-3A	No strict time limit observed as such. FCRA Office to normally grant the Registration or communicate the discrepancies within 90 days.
Application for Prior Permission	FC-3B	No strict time limit observed as such. FCRA Office to normally grant the Registration or communicate the discrepancies within 90 days.
Application for Renewal of Registration	FC-3C	Within 6 months of expiry of the FCRA Registration
Annual Return of Foreign Contribution	FC-4	Within 9 months from the closure of the FY (normally 31st December)
~~Application for seeking permission for transfer of foreign contribution to other un-registered persons~~		~~Before transferring such contribution~~
Intimation of Quarterly Receipt of FC by Associations	ONLINE	Within 15 days following the last day of the quarter in which FC has been received.

COMPLIANCES – REPORTING & FORMATS SUMMARY

Particulars	FC Form	Time Limit
Intimation for **Change of Association Name/ Address** within the state for which registration / prior permission has been granted	FC-6A	Within 15 days from the date of change.
Intimation for **Change in its nature, aims and objects** and registration with local and relevant authorities.	FC-6B	Within 15 days from the date of change
Intimation of **change in designated FC bank and/or branch of the bank** and/or designated Foreign contribution account number	FC-6C	Within 15 days from the date of change
Intimation of change in the bank or branch of the bank for the purpose of utilizing the foreign contribution **after it has been received** in case of organizations granted registration/prior permission under FCRA. (Opening of additional FC-utilization account)	FC-6D	Within 15 days from the date of change
Intimation of Change in **Key Members** of the association if at any point such change causes replacement of **50% or more** of the original key members as reported in the application for grant of registration/prior permission/ renewal of registration under the Act.	`FC-6E	Within 15 days from the date of change
Surrender of Certificate of FCRA Registration	FC - 7	After permission from Central Government



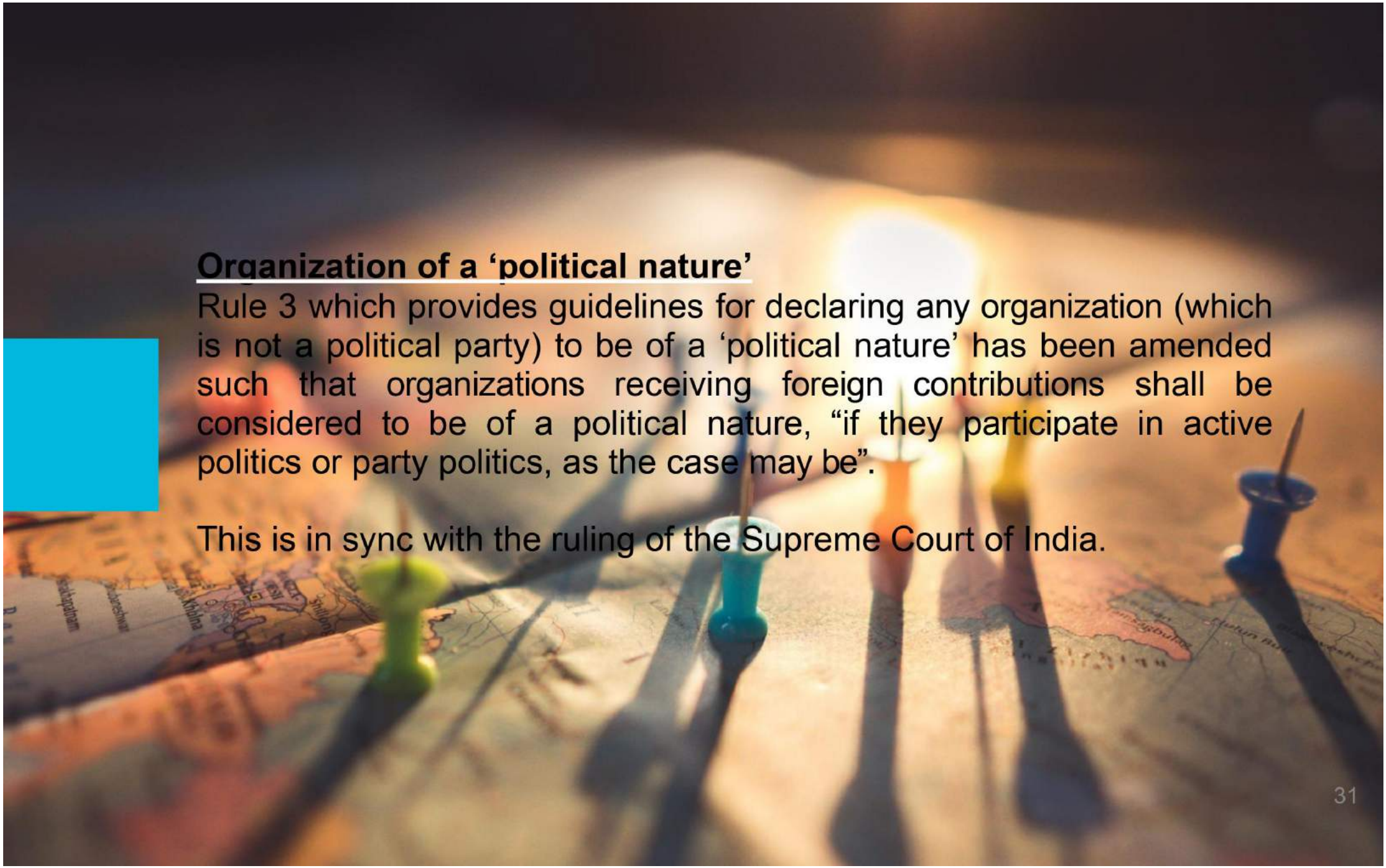
Amendments in FCRA Rules

On November 10, 2020 the Ministry of Home Affairs (MHA) Notified the much-awaited Foreign Contribution Regulation (Amendment) Rules 2020.

After the radical changes under the Foreign Contribution Regulation (Amendment) Act 2020 (which has come into force from 29th September 2020) the hopes and aspirations of over twenty thousand associations registered under FCRA 2020 was riding on these Rules for some reliefs and more clarity. Alas, these Rules offer no relaxations nor further clarity.

Key Amendments in the Rules

- Clarification on 'Organizations Of Political Nature';
- Requirement of a designated FCRA account for Registration, Prior Permission and
- Renewal; Stricter Monetary Criterion for Seeking Registration and Prior Permission;
- Clear Consequences for Non-renewal of Certificate;
- Changes made to Forms, i.e., Provision for Voluntary Surrender of Registration as well as
  Additional Disclosure Requirements;
- Mandatory furnishing of AADHAR for Transactions;
- Tighter requirements for Changes in the Governing Board; and
- Additional details required in Form for Annual Returns



Organization of a ‘political nature’

Rule 3 which provides guidelines for declaring any organization (which is not a political party) to be of a ‘political nature’ has been amended such that organizations receiving foreign contributions shall be considered to be of a political nature, “if they participate in active politics or party politics, as the case may be”.

This is in sync with the ruling of the Supreme Court of India.

SUMMARY OF CHANGES

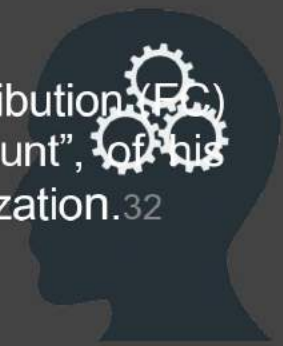
FCRA Account with State Bank of India, Main Branch

- Similar to the FCRA 2020, the New Rules also provide for a designated FCRA Account with the State Bank of India Main Branch at Parliament Street, New Delhi (NDMB), in contrast with the "exclusive bank account" provided in the 2011 Rules.

- This account is mandatory for registration, for obtaining prior permission for receiving foreign contributions, or for renewal of registration under the FCRA.

- They now have to open a "FCRA Account" for inward remittance of any foreign contribution at the aforementioned specified branch (i.e. NDMB) on or before 31st March 2021. From the date of opening of "FCRA Account" in NDMB or from 31.03.2021, whichever is earlier, ***no inward remittance will be allowed in any account other than that opened in NDMB***. Internet Banking facility (with full transaction rights) with the NDMB maybe availed.

- The "FCRA Account" holder shall have freedom to transfer the foreign contribution (FC) received in "FCRA Account" opened in NDMB to another "FCRA Account", of his choice in any branch of any Scheduled Commercial Bank for keeping or utilization.



SUMMARY OF CHANGES

MHA has issued an SOP for said Bank Account Opening & Operations

Standard Operating Procedure (SOP) to open and operate the "FCRA Account" as provided under Section 17(1) of the amended Foreign Contribution (Regulation) Act, 2010 with SBI, New Delhi Main Branch in terms of FCRA (Amendment), 2020

1. The amended Foreign Contribution (Regulation) Act, 2010 mandates that every person/NGO/ Association (hereinafter referred to as an "entity") that have been granted FCRA certificate of registration or prior permission u/s 12 of the Act shall open an "FCRA Account" at specified branch of State Bank of India in New Delhi. The Central Government vide notification dated 07.10.2020 has notified New Delhi Main Branch (henceforth NDMB) of SBI, 11, Sansad Marg, New Delhi-110001 as specified branch.

2. Presently, there are approximately 23,000 entities which have got a Certificate of Registration or prior permission to receive foreign contribution. They now have to open a "FCRA Account" for inward remittance of any foreign contribution at the aforementioned specified branch (i.e. NDMB) on or before 31.03.2021. From the date of opening of "FCRA Account" in NDMB or from 31.03.2021, whichever is earlier, no inward remittance will be allowed in any account other than that opened in NDMB.

3. The following steps and procedure will be followed so as to ensure hassle-free opening and operation of "FCRA Account" by entities making requests for fresh FCRA registration/prior permission as well as existing FCRA registration/prior permission holders having FCRA accounts in any Branch or Bank other than NDMB Branch of SBI.

A. SOP FOR ACCOUNT OPENING

i. Any entity which seeks to receive foreign contribution may approach either the nearest SBI Branch or any other SBI Branch of their choice for submitting the completed Account Opening Form (AOF) for KYC/photo/signature verification, scanning and forwarding through mail as well as sending hard copy of their AOF for opening of "FCRA Account" at NDMB.

ii. The applicant shall collect the Account Opening Form (AOF) physically or download the same from the website of SBI and submit the duly filled

up form along with mandatory KYC documents, for scrutiny / verification. Mandatory documents should include KYCs of signatories and KYCs of Controlling Person / Beneficial Owner (in terms of guidelines issued by RBI).

iii. The applicant shall receive an acknowledgement in this regard from the AOF accepting Branch.

iv. The AOF accepting branch of SBI would scrutinize AOF and KYC documents and email the verified documents to SBI, NDMB within 3 working days from the date of receipt of completed documents. SBI, NDMB shall confirm to the applicant entity through an email regarding receipt of AOF and other documents within 1 working day of its receipt.

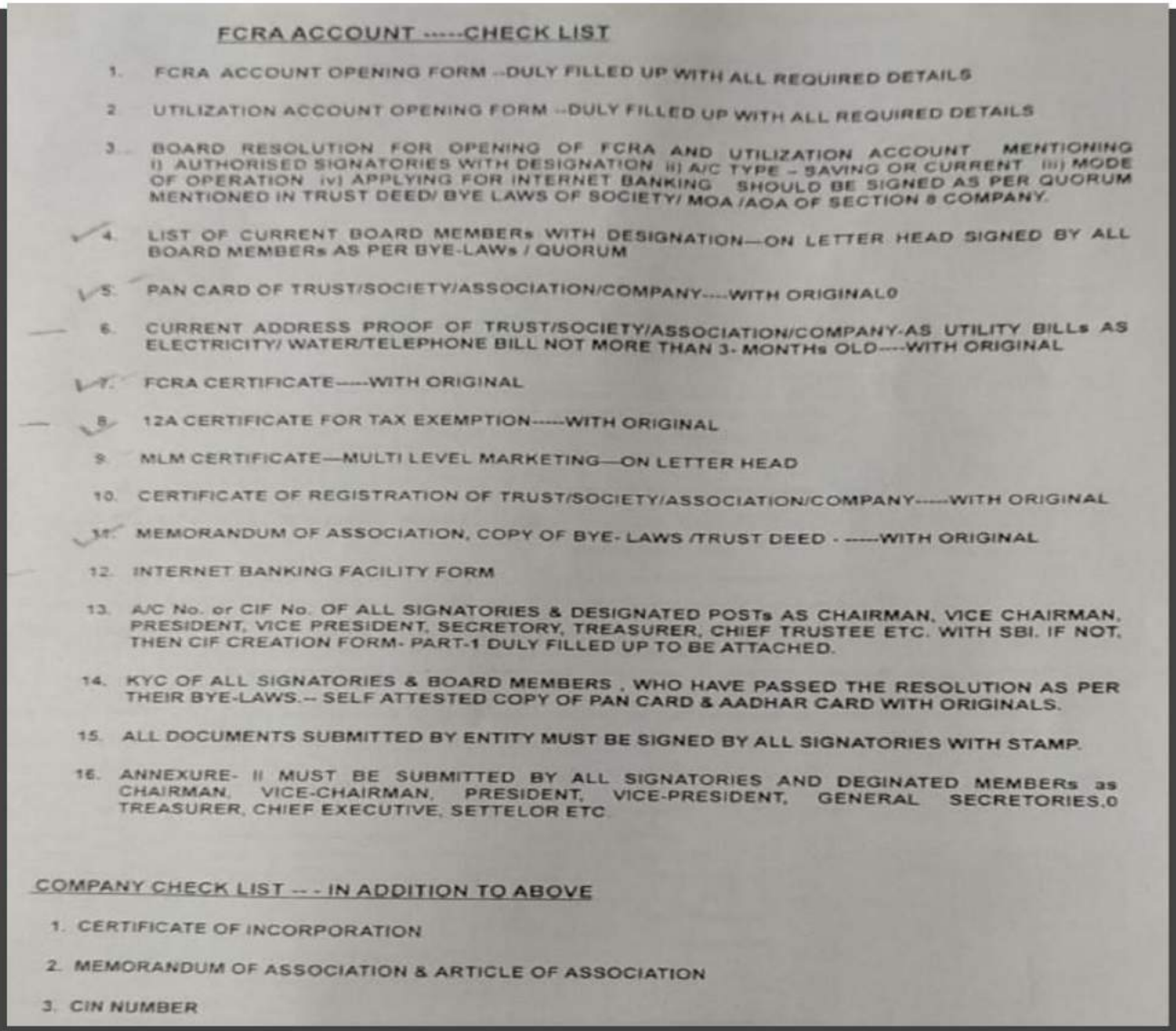
v. The NDMB will intimate to the applicant entity the details of "FCRA Account" so opened within 3 working days from the date of receipt of duly verified scanned copies of complete set of AOF and KYC documents from e-mail ID of the receiving branch. The intimation will be sent by registered email ID as well as through SMS.

vi. "Entity" can maintain their existing FCRA Accounts for Keeping or Utilization purposes.

vii. The complete details of the specified branch i.e. SBI NDMB are as under:

Name of the Branch	State Bank of India, New Delhi Main Branch (NDMB).
Address of the FCRA Cell at NDMB	FCRA Cell, 1st Floor, 11, Sansad Marg, New Delhi-110001
Branch Code	00691
IFSC Code	SBIN0000691
SWIFT CODE	SBININBB104
e-Mail ID	fcra.00691@sbi.co.in
Telephone No.	011-23374392, 23374390, 23374143, 23374213

SOP for Account Opening : FCRA Account ~ Checklist from SBI



FCRA ACCOUNT -----CHECK LIST

1. FCRA ACCOUNT OPENING FORM --DULY FILLED UP WITH ALL REQUIRED DETAILS
2. UTILIZATION ACCOUNT OPENING FORM --DULY FILLED UP WITH ALL REQUIRED DETAILS
3. BOARD RESOLUTION FOR OPENING OF FCRA AND UTILIZATION ACCOUNT MENTIONING i) AUTHORISED SIGNATORIES WITH DESIGNATION ii) A/C TYPE – SAVING OR CURRENT iii) MODE OF OPERATION iv) APPLYING FOR INTERNET BANKING SHOULD BE SIGNED AS PER QUORUM MENTIONED IN TRUST DEED/ BYE LAWS OF SOCIETY/ MOA /AOA OF SECTION 8 COMPANY.
4. LIST OF CURRENT BOARD MEMBERs WITH DESIGNATION—ON LETTER HEAD SIGNED BY ALL BOARD MEMBERs AS PER BYE-LAWs / QUORUM
5. PAN CARD OF TRUST/SOCIETY/ASSOCIATION/COMPANY----WITH ORIGINAL0
6. CURRENT ADDRESS PROOF OF TRUST/SOCIETY/ASSOCIATION/COMPANY-AS UTILITY BILLs AS ELECTRICITY/ WATER/TELEPHONE BILL NOT MORE THAN 3- MONTHs OLD----WITH ORIGINAL
7. FCRA CERTIFICATE-----WITH ORIGINAL
8. 12A CERTIFICATE FOR TAX EXEMPTION-----WITH ORIGINAL
9. MLM CERTIFICATE—MULTI LEVEL MARKETING—ON LETTER HEAD
10. CERTIFICATE OF REGISTRATION OF TRUST/SOCIETY/ASSOCIATION/COMPANY-----WITH ORIGINAL
11. MEMORANDUM OF ASSOCIATION, COPY OF BYE- LAWS /TRUST DEED - -----WITH ORIGINAL
12. INTERNET BANKING FACILITY FORM
13. A/C No. or CIF No. OF ALL SIGNATORIES & DESIGNATED POSTs AS CHAIRMAN, VICE CHAIRMAN, PRESIDENT, VICE PRESIDENT, SECRETORY, TREASURER, CHIEF TRUSTEE ETC. WITH SBI. IF NOT, THEN CIF CREATION FORM- PART-1 DULY FILLED UP TO BE ATTACHED.
14. KYC OF ALL SIGNATORIES & BOARD MEMBERS , WHO HAVE PASSED THE RESOLUTION AS PER THEIR BYE-LAWS.-- SELF ATTESTED COPY OF PAN CARD & AADHAR CARD WITH ORIGINALS.
15. ALL DOCUMENTS SUBMITTED BY ENTITY MUST BE SIGNED BY ALL SIGNATORIES WITH STAMP.
16. ANNEXURE- II MUST BE SUBMITTED BY ALL SIGNATORIES AND DEGINATED MEMBERs as CHAIRMAN, VICE-CHAIRMAN, PRESIDENT, VICE-PRESIDENT, GENERAL SECRETORIES,0 TREASURER, CHIEF EXECUTIVE, SETTELOR ETC

COMPANY CHECK LIST -- - IN ADDITION TO ABOVE

1. CERTIFICATE OF INCORPORATION
2. MEMORANDUM OF ASSOCIATION & ARTICLE OF ASSOCIATION
3. CIN NUMBER

Website Link:

- https://sbi.co.in/web/personal- banking/fcra-amendment-2020
- https://sbi.co.in/documents/16012/15575 41/20112020_List+of+OVDs.pdf/4e6469bc- 04fb-fdcc-b86f-48c354e188c6?t=1605875125457

SUMMARY OF CHANGES

Monetary Requirements for Registration & Prior Permission Cases:

- Earlier one of the **eligibility criteria for registration** or obtaining prior permission under the FCRA was that the minimum expenditure during the last three financial years should be INR 10 Lacs {USD 13,500 (approx.)} on core activities.

- The New Rules has increased this to INR 15 Lacs {USD 20,000 (approx.)}, which should be the expenditure on "core activities for the benefit of the society".

- If **prior permission** is sought for a sum of **over Rupees One Crore**, MHA may permit receipt of such foreign contribution in such instalments, as it may deem fit, provided that the second and subsequent instalment will be released after proof of utilization of 75% of the first instalment and enquiry into nature of usage of the contribution.

SUMMARY OF CHANGES

Renewal of FCRA registration certificate

- The New Rules provide that on the expiry of the validity of the FCRA certificate no person can either receive foreign contributions or utilize balance funds in the FCRA Account until the registration is renewed in electronic form in Form FC-3C along with an affidavit executed by each office bearer **within six months from the date of expiry of the certificate of registration.**

- **The amendment Rules** make it clear that:-

1. On the expiry of the validity of the FCRA certificate *the organization can neither receive further contributions nor utilize balance funds in the FCRA Bank account until the registration is renewed.*

2. Further, **if application for renewal is not received by MHA** before the expiry date, the FCRA registration shall be deemed to have ceased and the amount of foreign contribution lying un- utilised in the FCRA Account and utilisation account of the organisation whose certificate of registration is deemed to have ceased and assets, if any, created out of the foreign contribution, **shall vest with the prescribed government authority under the Act until the certificate is renewed or fresh registration is granted.**

SUMMARY OF CHANGES

Renewal of FCRA registration certificate

The MHA has issued a public notice dated 12th Jan 2021 extending the validity of the Registration Certificates expiring between 29 Sept 2020 and 31st May 2021

until 31st May 2021

F.No.II/21022/23(22)/2020-FCRA-II
Government of India
Ministry of Home Affairs
Foreigners Division
(FCRA)

First Floor, Major Dhyan Chand National Stadium
India Gate Circle, New Delhi-110001
Dated: 12th January, 2021

PUBLIC NOTICE

Subject: Extension of the validity of the registration certificates issued under the Foreign Contribution (Regulation) Act, 2010 expiring during the period between 29th September, 2020 and 31st May, 2021 upto 31st May, 2021.

The Ministry of Home Affairs is mandated to administer the Foreign Contribution (Regulation) Act, 2010 (hereinafter referred as the Act). Section 12(6) of the Act provides that the certificate granted shall be valid for a period of five years from the date of its issue.

2. The Act has been amended last year and the amendment Act has been notified on September 29, 2020 which includes amendment in the provisions of section 16 of the Act. To ensure smooth transition to the amended regime and in exercise of the power conferred by section 50 of the Act, the Central Government in the public interest has decided that the registration certificates expiring during the period between 29th September, 2020 and 31st May, 2021 shall remain valid upto 31st May, 2021.

3. This issues with the approval of the Competent Authority.

4. All concerned may take note of the above decision and take appropriate action in the matter.

(Santosh Sharma)
Director (FCRA)
Tele. 011-23077510

SUMMARY OF CHANGES

Changes made to online forms

The online forms have also undergone several changes.

1. A new online Form FC-7 has been introduced for voluntary surrender of FCRA registration.

2. In the online form for registration, prior permission and renewal, if the nature of the association is religious it must state whether state whether (a) Hindu (b) Sikh (c) Muslim (d) Christian (e) Buddhist (f) Others.

3. Office-bearers and other key functionaries must disclose details of PAN and Aadhaar along with nationality and relationship with other member(s) of the executive council /governing body/ office bearers.

4. It must also be disclosed whether any current office bearers or directors or other key functionaries of the association has, in the discharge of his/her official functions or private conduct has any prosecution for any offence pending against him.

SUMMARY OF CHANGES

Mandatory furnishing of AADHAR for transactions

- Similar to the FCRA 2020, the New Rules also require Aadhar and PAN details to be provided in the Online Forms for registration, prior permission, renewal, changes in key members etc.

Changes in the Governing Board

- Earlier intimation was required to be made to the Government if there was a change in **more than 50% of the key members**.

- However, under the New Rules, an intimation is required whenever a new key member is appointed, elected, resigns or dies within 15 days of such change. Such changes will be effected only after the Government approval.

SUMMARY OF CHANGES

Additional details required in the Form for Annual Return

- In the Annual Return Form FC-4, the chief functionary is required to answer the following questionnaire in Yes or No. If the answer to any of the following questions is in affirmative, further details about the same have to be provided.
- The questions pertain to the following matters:

1. *Whether any foreign contribution was transferred to any FCRA/ Non FCRA registered association?*
2. *Whether any functionary of the association has been prosecuted or convicted under the law of the land?*
3. *Whether any asset created out of foreign contribution is registered in names other than the name of association?*
4. *Whether any domestic contribution has been credited in any FCRA Account?*
5. *Whether the association has received any foreign contribution in an account other than the designated FCRA receipt account?*
6. *Whether any organization/entity not belonging to the association is being managed/financially supported by the association?*
7. *Whether the association has utilized foreign contribution for any purpose other than the defined purposes in the FCRA certificate of registration or prior permission?*
8. *Whether the association has invested any foreign contribution in any speculative activity as defined in rule 4 of the 2011 Rules?*
9. *Whether the association has violated any of the conditions as enumerated under sub-section (4) of section 12 of the FCRA 2020?*
10. *Whether the association has made expenditure on administrative expenses exceeding 20% of the foreign contribution received?*
11. *Whether any fixed asset acquired out of foreign contribution has been sold out?*
12. *Whether any sale proceed of above fixed asset has been diverted/ has not been deposited in "FCRA Account"?*
13. *Whether any FD proceeds has been credited in any account other than the "FCRA Account"?*
14. *Whether any association has utilized any foreign contribution outside India?*

Way Forward | Impact

Impact on Existing NGOs

All **FCRA registered Association/prospective applicants** must meet various mandatory requirements arising out of latest Amendments in FCRA 2010 and FCRR 2011. These requirements include, among others, following three key compliances.

Sl. No.	Compliance Item	If renewal application already submitted	If application for FCRA Registration already submitted	If application is yet to be submitted for renewal	If application is yet to be submitted for FCRA Registration/ PP.
1.	Get a **Darpan ID** from NITI Aayog.	Such Associations are being given access to their applications to seed (if not already seeded) the **Darpan ID** from NITI Aayog's Darpan Portal. They need to make entry of DARPAN ID in Form FC 3C at specified place in the portal, **fcraonline.nic.in** (The online system for this entry is already functional)	Such Associations are being given access to their applications to seed (if not already seeded) the **Darpan ID** from NITI Aayog's Darpan Portal. They need to make entry of DARPAN ID in Form FC 3A at specified place in the portal, **fcraonline.nic.in** (The online system for this entry is already functional)	Such Associations will be automatically prompted to first obtain **Darpan ID** from NITI Aayog's Darpan Portal, when they open their online form for renewal in the modified Form F C 3C.	The online registration application will automatically prompt the applicant to first obtain Darpan **ID** from NITI Aayog's Darpan Portal.
2.	**Main FCRA Remittance Account in SBI** Parliament Street Branch, New Delhi.	Such Associations are being given access to their applications to seed FCRA Account in **the SBI Main Branch** at Parliament Street, New Delhi. (The online system for this entry is already functional)	Such Associations are being given access to their applications to seed FCRA Account in **the SBI Main Branch** at Parliament Street, New Delhi. (The online system for this entry is already functional)	Such Association must open an **FCRA Account in the SBI Main Branch** at Parliament Street, New Delhi before they initiate online application for renewal. (The online system for this entry is already functional)	Such applicants must open an **FCRA Account in the SBI Main Branch** at Parliament Street, New Delhi, before they initiate their online application for registration. (The online system for this entry is already functional)
3.	**Aadhar Detail** of all members.	Such Associations need to enter **Aadhar Nos.** of all Office Bearers or Directors or Other Key Functionaries of Association in specified column in Form FC 3-C in the portal **fcraonline.nic.in** (The online system for this entry is yet to be made functional by NIC, likely to take a few weeks). Such Associations will receive email/message on their FCRA portal Account as and when the system is functional.	Such Associations need to enter **Aadhar Nos.** of all Office Bearers or Directors or Other Key Functionaries of the Association in specified column in Form FC 3-A in the portal **fcraonline.nic.in** (The online system for this entry is yet to be made functional by NIC, likely to take a few weeks). Such Association will receive email/message on their FCRA portal Account as and when the system is functional.	Such Associations need to enter **Aadhar Nos.** of all Office Bearers or Directors or Other Key Functionaries of the Association in the portal **fcraonline.nic.in** while filling online form for renewal. (The online system for this entry is yet to be made functional by NIC, likely to take a few weeks). If such applicants submit their application before the "Aadhar Seeding system" is made functional by NIC then they will receive email/message on their FCRA Account when the system becomes functional. Alternatively, they may choose to initiate the online application after the Aadhar Seeding system is functional. The status of online system will be notified on the fcraonline.nic.in	Such applicants must enter **Aadhar Nos.** of all Office Bearers or Directors or Other Key Functionaries of the Association in the portal **fcraonline.nic.in** while filling online application for registration/PP. (The online system for this entry is yet to be made functional by NIC, likely to take a few weeks). If such applicants submit their application before the "Aadhar Seeding system" is made functional by NIC then they will receive email/message on their FCRA Account when the system becomes functional. Alternatively, they may choose to initiate the online application after the Aadhar Seeding system is functional. The status of online system will be notified on the fcraonline.nic.in

Impact on Existing NGOs

- All the Associations which hold a valid FCRA Registration/Prior Permission and are not in need of immediate renewal, such Association shall also be required to meet all compliances including above three organisations. Such Associations may seek to comply with these requirements by using 'Form 6'.

- Vide Public Notice dated 23rd November 2020, the MHA has considered that these new conditions may necessitate additional time to be required by Associations. Considering the same, in exercise of the powers conferred by section 50 of the Foreign Contribution (Regulation) Act, 2010, the Central Government has **extended the time for uploading/online submission of annual returns for the year 2019-20 up to 30th June, 2021**.

Impact on Existing NGOs

What are the various concerns associated with the amendments?

- Reduce the availability of funds: The crunch is also because a chunk of the corporate social responsibility (CSR) funds which NGOs depend on went to the PM-Cares fund.
- Reduce the number of philanthropic initiatives: Civil society organisations will be overburdened as they are already affected by COVID-19. For Example, cancellation of FCRA registration (in 2015) forced the environmental rights watchdog Greenpeace to halt its India operations
- Affect COVID-19 relief activities: the FCRA amendments could squeeze the once-vibrant not-for-profit sector of funds.

QUESTIONS & ANSWERS

SESSION

QUESTIONS & ANSWERS

SESSION

Ques: For a CSR client who can only support FCRA-registered NGO partners, what are the implications of these Amendments?

a) CSR Funders will have to preferably ensure either by diligence or by taking a warranty from the non-profit
partners that they do not have any 'public servant' on their governing board.

b) CSR Funders will have to ensure their funds are not further distributed by the recipient entity by incorporating necessary restrictions in the terms of engagement with the non-profit partner.

c) CSR Funders will also have to ensure that the 20% cap on administrative expenses is clearly marked in the
budget/purpose of utilization shared by the non-profit partners.

d) CSR Funders will also need to be aware of the date of validity of the FCRA registration of their non-profit partners, to ensure that projects do not get stalled midway due to delay in process of renewal of FCRA certificate.

QUESTIONS & ANSWERS

SESSION

Ques: What are some of the repercussions of this AmendmentAct?

The Amendments which are expected to cause the most concern are:

- Transfer of foreign Contribution: Due to the blanket ban on transfer of foreign contributions, this could impact collaborations in the development ecosystem, especially for smaller, less visible grassroot organisations that may not meet the criteria or be able to submit detailed proposals to get access to grants from funders abroad. Equally, such grassroots organizations may not have the track record or meet the eligibility criteria to obtain registration under the FCRA. Intermediary organisations provide the necessary identification, monitoring and capability building of the smaller non-profits for them to thrive.
- Cap on administrative expenses to 20%: This cap on expenses may hinder efforts on internal capability building, attracting relevant talent and focus on innovation for nonprofits. Expenses such as travel, rent, and hiring of talent come under the ambit of administrative expenses amongst others. Cap on these expenses may impact productivity of smaller non-profits.

  Way Forward:

  - The chart of account and the methodology of booking program and admin expenses have to be revisited and redesigned by organisations. Greater clarity would be required in booking expenditure under 'programheads'.
  - Budget Line Items have to be restructured.
  - In the appointments letters, the Job Description should be clearly identified.
  - The available heads like Researchers, Field Expenses, Training and related Support Service heads should be properly utilized.
  - As far as possible, the people drawing substantial remuneration should be kept OUT OF the Governing Council or Executive Committee.
  - NPOs have to recalibrate their cost structure to adapt to these reduced thresholds.

QUESTIONS & ANSWERS

SESSION

Ques 1: What is the Government's rationale for theseamendments?

The Minister of State for Home, Nityanand Rai in his statement in the Parliament said that the Amendments are intended to bring about "greater transparency" and "not against NGOs or an attack against a religion or community". He further said that it will not stop foreign contribution but is in the interest of NGOs doing good work and that it was meant to "stop misuse of foreign funds by some people" and was required for an Atmanirbhar Bharat, and aimed to ensure that foreign funds are spent in the right direction.

Ques 2: As a service provider to FCRA-registered NGOs, will this Act impact myservices?

Any fees earned by a person in lieu of any services rendered by the person in the ordinary course of business is exempted from the definition of foreign contribution and does not fall under the ambit of the FCRA Law. The only ramification of these Amendments may apply if the FCRA-registered non-profit considers the service fees as part of their administrative expenses, which may now be limited to 20% of total foreign contribution.

Depending on the nature of services rendered, the nonprofit may characterize the service fees payable as "administrative expenses", if such services relate to the management or running of operations of the client itself (*as opposed to a specific project - in such a case, the fees could be characterized as "professional charges".)*

QUESTIONS & ANSWERS

SESSION

Ques 4: For an FCRA-registered non-profit, what are the ramifications of the 2020 Amendments?

1. Sub-grants from and to other FCRA-registered non-profits will no longer be possible. o Each FCRA-registered non- profit looking to collaborate on a project will have to enter into direct transaction with the foreign contributor to receive funds. o Service contracts for specific services provided to an FCRA-registered entity are not impacted. There is an applicability of 18% GST and the receipt through provision of such services must be within 20% of the total receipts for the service-providing nonprofit. (Finance Act 2015).

2. Local branch/office of International non-profits/think tanks that were incorporated/established in India to distribute funds locally from the foreign parent entity will no longer be able to do so.

3. Non-profits will have to take into account their administrative expenses and ensure that they do not exceed 20% of the foreign contribution received. (The list of administrative expenses is mentioned in Appendix -II). e) Non-profits will have to ensure that they have the Aadhaar details of all members on their governing board while applying for FCRA registration or while seeking renewal of their registration.

4. Non-profits will have to set up their designated FCRA bank account to receive foreign contribution in specific branches of State Bank of India in New Delhi, as notified by the Government. The funds can be moved to other bank accounts, however, for their utilisation.

QUESTIONS & ANSWERS
SESSION

5. Given that the FCRA registration expires after 5 years, FCRA holders will be subject to inquiry after the end of every 5 years if they wish to renew their registration, rather than a simpler renewal process prior to the Amendments.

6. Any non-profit that would prefer to surrender their FCRA registration may do so, but any assets that have been created using foreign contribution will be transferred to an authority prescribed by the Government. These assets may include any schools or institutions that may have been set up using foreign contribution.

7. Even though FAQ 9 as issued by the MHA does permit government servants, judges etc. to be appointed as executive committee members, as an FCRA-registered non-profit, if you have an acting 'public servant' on your governing board, then you may attract significantly higher scrutiny from the MHA.

> **Q.9 Whether Government servants, Judges and employees of a Government owned/controlled company/body can be on the executive committees/boards of an association?**
> Ans. Yes. The legal entity of a 'person' under FCRA, 2010 is distinct from an individual person. Therefore, individuals who cannot receive foreign contribution may happen to be on the executive committees/boards of such an association.

There is no clarity on how these changes will impact the existing funds collected for on-goingprojects.

QUESTIONS & ANSWERS

SESSION

Ques 5: For a non-FCRA-registered non-profit, what are the ramifications of theAmendments?

1. Earlier, non-FCRA registered NGOs could receive a portion of FCRA funds from FCRA-registered NGOs by taking prior permission from the Government (up to 10% of the foreign contribution). This will not no longer be possible. This could impact collaborations in the development ecosystem.

2. Service contracts for specific services provided to an FCRA-registered entity are not impacted, with the applicability of 18% GST. The receipt through provision of such services must be within 20% of the total receipts for the service- providing non-profit. (Finance Act 2015)

3. If you wish to apply for an FCRA registration, it would be pertinent to keep in mind
   - the necessary eligibility criteria and documentation required such as Aadhaar, affidavits to be signed by the office bearers/chief functionary,
   - Advisable to avoid presence of public servants on Board, and
   - the more detailed scrutiny that the organisation would come under after the Amendments come into force.

QUESTIONS & ANSWERS

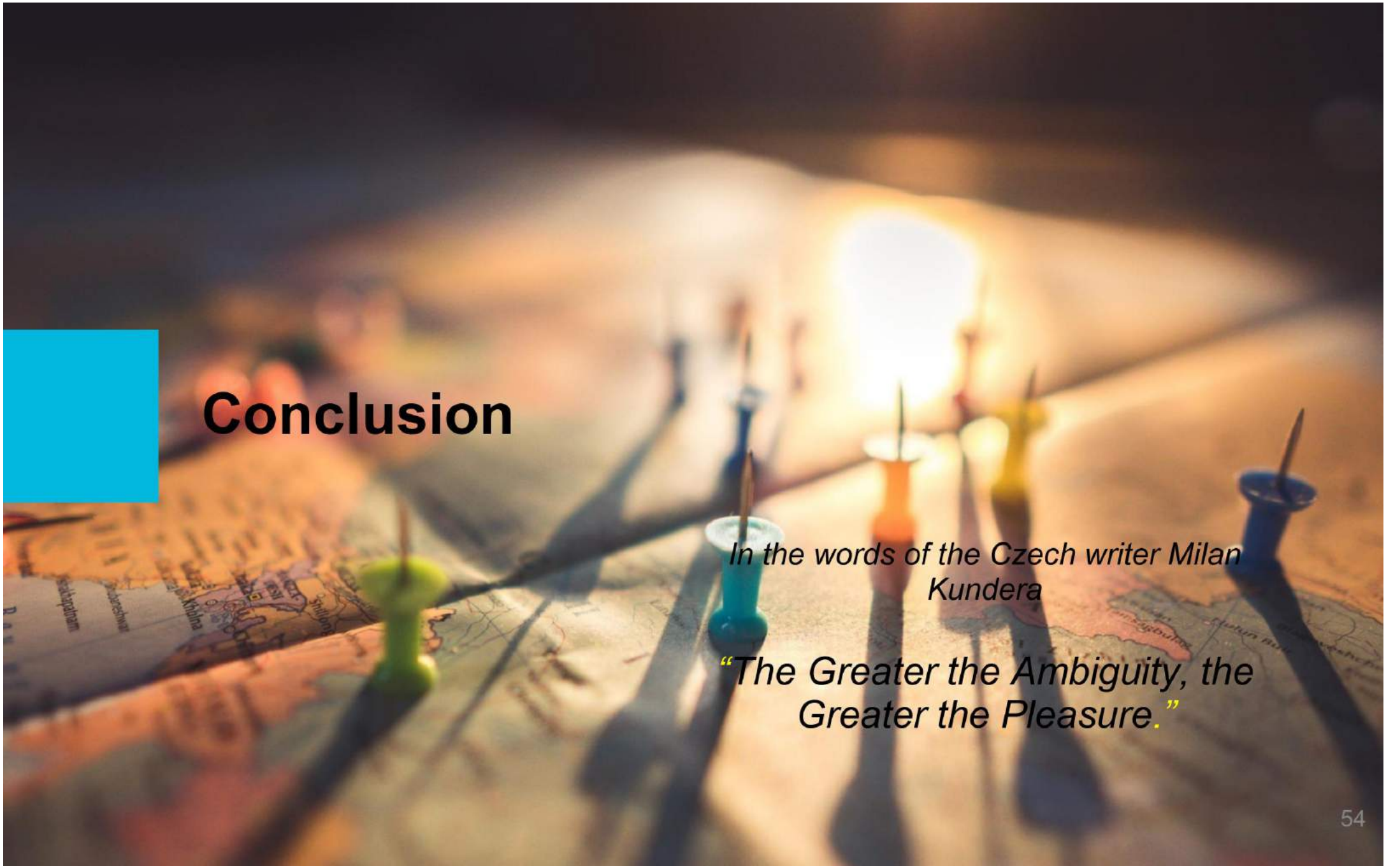
SESSION

Ques 7: Whether foreigners can be appointed as Executive Committee members of an association seeking registration or prior permission?

Ans. Organizations having foreign nationals, other than of Indian origin, as members of their executive committees or governing bodies are generally NOT permitted to receive foreign contribution. However, foreigners may be allowed to be associated with such associations in an ex-officio capacity, if they are representing multilateral bodies, foreign contribution from whom is exempted from the purview of the Foreign Contribution (Regulation) Act, 2010, or in a purely honorary capacity depending upon the person's stature in his/her field of activity.

Relaxation may be considered on case to case basis by an authority higher than the competent authority, if any of the
following grounds is met:

i. the foreigner is married to an Indian citizen; •
ii. the foreigner has been living and working in India for at least five years;
iii. the foreigner has made available his/her specialized knowledge, especially in the medical and health related fields on a voluntary basis in India, in the past;
iv. The foreigner is a part of the Board of Trustees/Executive Committee in terms of the provisions in an inter-governmental agreement; •
v. the foreigner is part of the Board of Trustees/Executive Committee, in an ex-officio capacity representing a multilateral body which is exempted from the definition of foreign source.



Conclusion

In the words of the Czech writer Milan Kundera

"The Greater the Ambiguity, the Greater the Pleasure."

Conclusion

No additional relief from FCRR

The only relaxation we have so far is with regard to opening the designated FCRA Bank Account with State Bank of India New Delhi Main Branch by 31st March 2021. All other provisions of the Foreign Contribution Regulation (Amendment) Act 2020 it would seem stand effective from 29th September 2020 – be it with regard to no sub-granting of foreign contributions received, to the new threshold of not more than twenty per cent on administrative expenditure.

Upon perusal of the New Rules, it is clear the current government dispensation has further tightened rules for non-profit organizations seeking foreign contributions. Many existing non-profits in India are currently under-funded due to the ongoing pandemic and economic downturn, and any economic upsurge in the market is going to take a considerable time.

One would also have hoped that *Rule 5 would have been suitably amended to provide more clarity with regard to what is administrative expenditure and what is not.*

Thank you

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