

PROCEDURE FOR CHANGE OF FCRA BANK ACCOUNT

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- Dr. Manoj Fogla, FCA

1) INTRODUCTION

- 1.1 Under Foreign Contribution Regulation Act (FCRA), 2010 it is mandatory to receive funds only through an approved designated bank account. Any FC registered organization is not permitted to receive FC funds in any other manner, all funds should be received in the designated bank account only.
- 1.2 However, an organization may need to change its bank account for various reasons, which could be relocation of registered office, services of the bank etc. A change in the designated bank account is only possible through prior approval of the FCRA department. In this issue the procedure for change in bank account is explained.

2) CHANGE OF BANK ACCOUNT

- 2.1 Form FC-3 (the form for application for registration) and Form FC-4 (the form for application for prior permission) require an undertaking from the Chief Functionary of the organization which states that the designated bank account cannot be changed without prior approval. The relevant text of the undertaking is as follows:
"Not to change the bank or branch of the bank without prior permission of the Central Government. The reasons for change of bank or branch of bank shall have to be relevant and justifiable."
- 2.2 In the light of aforesaid, there should not be any change in the bank or branch of the bank of designated bank account without prior permission of the Central Government.

It may be noted that prior approval shall not be necessary in case of any change in multiple bank accounts.

- 2.3** In the undertaking specified to be given by the Chief Functionary in Form FC-3 & FC-4 uses the phrase “*relevant and justifiable*”. Therefore, the statute seems to be in favor of allowing opening/change of bank accounts if the reasons are relevant and justifiable. In this regard one has to remember that even if the reasons are relevant and justifiable, changes cannot be made without the prior permission of the Central Government. Relevant and justifiable reasons for the change in bank account could be for the following:
- Change of office from one place to another;
 - Lack of requisite/efficient services provided by the bank, etc.

3) PROCEDURE FOR CHANGE OF BANK ACCOUNT

When a change of bank account becomes a necessity by virtue of relevant and justifiable reasons, the following procedure may be followed:

- i. A new bank account which is proposed to be designated bank account should be opened by depositing the minimum amount required for opening of the account.
- ii. The proposed account, since it is subject to approval, should not be made operational. It should be

treated as a multiple bank account opened with FC funds.

- iii. An application to the FCRA authorities should be made by citing the relevant and justifiable reasons for such change along with complete details of the old account as well as the new account in the application. The prescribed format of the application form is provided in **Annexure 1**.
- iv. The application form should be accompanied by the following documents:
 - a. Resolution of Governing Body for proposed change of Bank/ Bank Account model format of the minutes along with the resolution for change of bank account is provided in **Annexure 2**;
 - b. Copy of letter granting Registration / Prior Permission;
 - c. Certificate from the Bank for the Account to be opened/ opened exclusively for FCRA purposes;
- v. After receiving the permission from FCRA authorities, the entire balance from the old designated FC account should be transferred to the new account.
- vi. It is not legally necessary to close the old account. Therefore, the organization may use the old account as a domestic account. But it is desirable to close the old account, to ensure that even by mistake the foreign funds are not credited to the old account.

(Dr. Manoj Fogla - Senior Chartered Accountant and a Consultant with many Voluntary Organisations.)

APPLICATION FORM FOR CHANGE OF BANK ACCOUNT/BANK

[Application form for seeking change in the **designated Bank Account/Bank** of the association granted registration/prior permission under FCRA.

No.....

Date.....

To

The Secretary to the Government of India
Ministry of Home Affairs, Foreigners Division (FCRA Wing),
NDCC-II Building, 1st Floor, 'A' Wing
Jai Singh Road, New Delhi - 110001

Subject: Application for change in the **designated Bank/ Bank Account** of association registered/ granted prior permission under Foreign Contribution (Regulation) Act.

Sir,

I _____ on behalf of the Association, whose details are given below, apply for change in the designated Bank Account/Bank of association registered/granted prior permission under the Foreign Contribution (Regulation) Act, 1976/Foreign Contribution (Regulation) Act, 2010.

1. Name of the association and its complete postal address:

Name:
Address:
Town/City:
District:
State:
PIN Code:
Phone/Fax No. :
E Mail:

2. FCRA Registration No. /Prior Permission letter No.....dated.....
(Copy of the registration/prior permission letter to be enclosed)

3. Nature of Association:

(a) religious (b) cultural (c) economic (d) educational (e) social

Note: If religious association, state whether – (a) Hindu (b) Sikh (c) Muslim (d) Christian (e) Buddhist (f) Others.

4. Name and addresses of the members of the Executive Committee/Governing Council etc. of the association, including the Chief functionary in the following manner:

SL. NO	NAME	NAME OF FATHER/HUSBAND	NATIONALITY	OCCUPATION	OFFICE HELD IN THE ASSOCIATION	RELATIONSHIP WITH OFFICE BEARS IF ANY	ADDRESS
1	2	3	4	5	6	7	8

5. Please indicate date of submission of Annual FC 3 returns of Last 3 years.

	YEAR	DATE
1		
2		
3		

6. Please indicate whether the Association is functioning as editor, owner, printer or publisher of a Publication required to be registered as 'newspaper' under the Press and Registration of Book Act, 1867. If so, the details thereof.

7. Please indicate whether the association has close links with another association, or its unit or branch which has been

- Refused registration under the Act;
- Prohibited from accepting foreign contribution.

8. Please indicate-

- The name and address of the branch of the bank through which foreign contribution is to be received.
- Please specify the designated Bank account number in the said branch of the bank.

9. Justification for proposed change

Yours faithfully,
Signature of the Applicant
(Name of the Chief Functionary or authorised office Bearer)
(With the seal of the association)

Declaration and Undertaking

I hereby affirm that the information furnished above is correct.

Place:

Date:

Signature of the Applicant
(Name of the Chief Functionary or authorised office Bearer)
(with the seal of the association)

Instructions:

1. Fill in all the details carefully and correctly.
2. Strike off columns which are not applicable.
3. Following documents are to be attached with the application:
 - i. Resolution of Governing Body for proposed change of name/address;
 - ii. Copy of letter granting Registration Number;
 - iii. Copy of revised certificate of Registration under Societies Act/Trust Act/Companies Act, whichever is applicable, in the case of change of name request.

MODEL FORMAT OF MINUTES REGARDING CHANGE IN BANK ACCOUNT & RESOLUTION

Minutes of the meeting of the members of “..... organisation”
held on
....., 20..... .

A meeting of the board of members of “.....
Organisation” was held on, 20 at..... a.m. /p.m. in the
Registered Office at.....

Members present:

- i.
- ii.
- iii.
- iv.
- v.

1) Mr. /Mrs. /Ms. was voted to the chair.

2) Leave of absence:

Letters from Mr. /Mrs. /Ms..... and Mr. /Mrs. /Ms.
..... regretting their inability to attend the meeting was placed on
the table and leave of absence was granted.

3) Confirmation of the minutes of the previous meeting:

The minutes of the meeting held on, 20were read
and confirmed.

4) Change of Designated FCRA Bank Account:

The governing body member, Mr. /Mrs. /Ms. proposed
that for administrative convenience or other reasons.....
....., a new savings/current account be opened
with.....bank atThe proposal was
seconded by Mr. /Mrs. /Ms.and passed unanimously. It was
further proposed that all the necessary legal compliances under FCRA, 2010 and other
statutes be made as per the legal requirements.

Accordingly, the following resolution was passed:

“RESOLVED that a new savings/current account be opened in the name of
“.....” with bankbranch.

FURTHER RESOLVED that Mr. /Mrs. /Ms., Mr. /Mrs. /Ms.....andMr./Mrs./Ms.....be the authorised signatories and the account may be operated by **any two** of the authorised signatories **jointly**".

5) **Other issues, if any:**

The meeting terminated with a vote of thanks to the chair

Chairman