

AccountAble™

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There are many cases, where an NGO wants to change their FCRA bank account. Can they do it? If yes, what is the procedure? This issue of AccountAble tries to give some answers.

Is it allowed?

Yes. Changing the FCRA bank account is allowed by the Ministry of Home Affairs. However, you can not just change the account on your own. You need permission from the Ministry. The whole process may take about 1-3 months.



Sometimes, the bank allots you a new number due to computerization etc. This is not considered a change of bank account. However, you can inform the Ministry through a simple letter about the change¹.

Procedure

There should be good reasons² for changing the bank account. You may be just shift-

¹ Enclose a copy of the bank's letter informing you of the change.

² Why would you want to change your bank account? There could be one or more reasons: Your office may have moved to another district. The bank may not be giving good service. Or the

ing the bank account from one branch to another. Or you may want to change the bank itself.

1. Select the Bank

In either case, choose the new branch or bank carefully³. Otherwise your problems may continue.

1a. Using an existing bank account

In some cases, you may not need to open a new bank account. You can use an already existing bank account. You may have been using this account for Indian funds or for some other purpose.

If you decide to use an exiting bank account, you can just transfer the surplus funds to another account. Leave the minimum balance in the account.

After that, you can go straight to step 3.

2. Open a bank account

To open a bank account, you will have to pass a Governing Body resolution first. Normally your bank will give you a format for the resolution. You should pass the resolu-

bank may be unfamiliar with foreign exchange transactions. Or you may want to use a savings account (instead of a current account) to earn some interest on idle funds.

³ Make sure that the bank has a good reputation for service, is financially sound and has experience / network for handling foreign exchange transactions. This can be found out by asking around. Check with your auditors also. They often will be able to tell you whether a bank is sound or not.

If you are looking at a private foreign bank, be doubly cautious. Such banks appear to be very attractive and cost-effective, but tend to increase their service charges after a few years as you get hooked to them. Also, some of them may not be as sound as the nationalized banks.

tion accordingly. Alternatively you could use the following format:

Resolved that a current / savings bank account be opened with _____ (name of bank), _____ (location) in the name of the Society.

Further resolved that the said bank be and is hereby authorized to honor all Cheques, Bills of Exchange, promissory notes drawn, accepted and all negotiable instruments whatsoever made and signed on behalf of the Society / Trust either by Ms./ Mr. _____ (name), _____ (designation), or by Ms./ Mr. _____ (name), _____ (designation), of the Society / Trust.

3. Designating the account for FCRA

The resolution could be worded along the following lines:

Resolved that Foreign Contribution bank operations be transferred to (Account Number/ Bank/ Place), and Foreign Contribution bank operations at (existing Account Number/ Bank/ place) may be terminated, subject to the necessary prior approval from Ministry of Home Affairs under Foreign Contribution Regulation Act, 1976.

Also resolved that Mr./Ms. Chief functionary, be and is hereby authorized to sign all necessary papers, applications, and other documents as also to take such other actions as may be required to implement this resolution.

In some cases, you may be shifting the bank account to a new location altogether, which is several hundred kilometers from your main office. In such a case, add the following words to the above resolution:

Resolved that an administrative office of (Organisation) be opened at (proposed place), for facilitating program implementation.

4. Fill up form FC-8

The Ministry procedure calls for filing a new FC-8. This does not mean that you are being asked to register afresh. It appears to be more of a documentation requirement.

The form should be filled up in the normal manner⁴. However, some of the clauses need a different response. These are explained below:

Item	Response
Subject	Application for registration under the foreign contribution (regulation) act, 1976 for the acceptance of foreign contribution – request for
1 (iv) (a) & (b) main aims and objects	Enclose memorandum of association of your association again
1 (v) Governing body details:	Furnish the name and addresses of current governing body members
4 (i) (a) Granted prior permission to receive foreign contribution in past:	'Not Applicable' [Permanent FCRA registration already granted by Ministry of Home Affairs, New Delhi, vide letter no. _____ dated _____ (Give your FCRA letter number and date). A Copy of FCRA Registration Letter Enclosed.]
4 (i) (b) Whether the account of receipt and utilisation of foreign contribution received was sent to MHA:	'Not Applicable' [the prescribed FC-3 return have been submitted with in the prescribed time every year. A copy of latest FC-3 is enclosed for your kind perusal.]

⁴ See AccountAble 42: FCRA Registration. Responses should be typed or written in capital letters.

Item	Response
6 (i) Whether applied for registration under FCRA:	'Not Applicable' [already registered under FCRA vide ministry of home affairs, New Delhi letter no. _____ dated _____ (Give your FCRA letter number and date). FCRA registration no. _____ (Give your FCRA number).
9 (i) Name and address of the branch of bank:	Write the name and address of the new bank (branch) where the FCRA money will be received.
9 (ii) Bank account number:	Write the new bank account number.
Certificate	This certificate is not required, in case of shifting the bank account number.

5. Write a covering letter

You will also need to make out a covering letter, explaining reasons for your change. The letter could be worded along the following lines. The letter should be prepared on the Society's letterhead.

To,

The Secretary to the Government of India
Ministry of Home Affairs – FCRA Division
 Jaisalmer House, 26, Mansingh Road
 New Delhi – 110 011

Subject: Permission for change of FCRA
 Bank from to

Ref.: FCRA registration number
 dated.....

Dear Sir:

With regards to the above, we are pleased to submit as follows:

Our society, (Organisation), has been registered under FCRA vide letter no. dated The permanent FCRA registration number granted to us is

The designated bank account for FCRA funds is account number with the Bank, at (Place).

Reasons for requested change:

- 1.
- 2.

We, therefore, desire to change our designated FCRA bank account number..... with bank, at (existing place) to bank account number with Bank, at (New Place).

This account has been opened / (will be used)⁵ exclusively for FCRA transactions (Receipt & Utilization) as per Resolution passed by Governing Body (copy enclosed), subject to your permission.

Further, once the requested permission is granted, we undertake to not to use account number with bank at (existing place) for FCRA transactions. We will transfer the remaining FCRA funds in the present bank account to the Bank Account Numbered for FCRA transactions with Bank at (new place).

We would therefore, be grateful if you would grant us the necessary permission to designate our bank account no with bank, at (New place) as the FCRA bank account in place of the existing FCRA bank account no..... with bank,

Application in the prescribed Form FC-8 with necessary enclosures as listed below is enclosed.

⁵ Strike out either one according to your situation

We trust the above is to your satisfaction and will be glad to provide any information / clarifications you may desire.

Thanking you,
Yours sincerely,

(Chief Functionary)
..... (Organisation)
Enclosures:

6. File your application

Now you are ready to file your application. Just make sure that you are enclosing all the documents listed in the next section.



7. Processing

The application will be processed in about 1-3 months. In the meanwhile, you should continue to use the old bank account for all FCRA transactions. There is no time-limit on processing. The Ministry will inform you of their decision through a new copy of the registration certificate. This will show details of the new bank account. A copy will go to the bank also.

Normally, the permission is granted easily, if the reasons are genuine. However, in some cases, the permission may be refused. In such a case, you can not use the new account for FCRA purposes. You should either close it down or use it for some other banking purposes.

Documents to be attached

1. A copy of the initial FCRA registration certificate,
2. Certified True Copy of society's registration certificate,
3. Certified True Copy of Memorandum of Association,

4. Certified True Copy of Governing Body/ Council resolution for transferring FCRA bank account,
5. Copy of latest FC – 3 Return (with enclosures),
6. Fresh filled up Form FC – 8,
7. Letter from the new bank where account is opened confirming details of bank account opened exclusively for foreign contribution.

Related AccountAble Issues:

42: FCRA Registration

26: Form FC – 8

96: Introduction to FCRA

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AccountAble in Hindi: आकाउबल इन्डिया में 'आकाउबल' के नाम से प्रकाशित है।

Interpretation of law: Interpretation of law given here is of a general nature. Please consult your advisors before taking any important decision.

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Questions?: Your questions, comments and suggestions can be sent to AccountAid India, 55-B, Pocket C, Siddharth Extension, New Delhi-110 014; Phone: 011-2634 3128; Ph. /Fax: 011-2634 6041; e-mail: accountaid@vsnl.com; accountaid@gmail.com.

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