

Banks and Banking related issues

Q.1 Are there any specified banks for the purpose of FCRA 2010?

Ans. No, However it should be a scheduled bank, i.e., any of the banks included in the second schedule of the RBI Act, 1934, authorized to deal with the foreign exchange.

Q.2 Whether an association needs to open an exclusive FC A/c before submission of an application for registration or prior permission?

Ans. Yes, Since the FC A/c through which foreign contribution is proposed to be received and utilised is to be mentioned in the application seeking registration or prior permission, as the case may be, the association should open such an exclusive FC A/c with a Bank. This A/c number would be mentioned in the letter granting registration or prior permission to the association.

Q.3 Whether Banks should allow an association which is applying for registration or prior permission under FCRA, 2010 to open an exclusive FC A/c with INR?

Ans. Yes, However, the Banks should not allow any foreign inward remittance in that A/c till such time the association is granted registration or prior permission, as the case may be.

Q.4 Should the Banks report transactions pertaining to foreign contributions which are returned to the remitter by the beneficiary Association for want of registration/prior permission from MHA?

Ans. It is not necessary for the bank to report such foreign contribution that is returned to the donor without crediting in the account of the recipient.

Q.5 Whether reporting by Banks is also applicable for transfer of funds between FCRA accounts of two or more associations?

Ans. Yes. Reporting by Banks is also applicable to transfer of funds from one FCRA registered Association to another.

Q.6 Minimum Balance requirements in FC Accounts?

Ans. There is no such requirement under FCRA, 2010.