Centre Amends Rules for Receiving Foreign Funds

Prelims: *Current events of national and international importance | Polity & Governance*

Why in News?

Recently, Home Ministry has amended the Foreign Contribution Regulation Act (FCRA) Rules, 2011, tightening accountability and disclosure norms for NGOs and associations receiving foreign funds.

- **Foreign Contribution (Regulation) Act (FCRA), 2010** – It is an Indian law regulating the acceptance and utilization of ***foreign funds or hospitality.***
- **Enforced by -** The Ministry of Home Affairs.
- It ensures foreign contributions do not adversely affect national interests.
- **Non-governmental organizations (NGOs) –** They are nonprofit, voluntary citizens' groups that operate independently of the government to address social, environmental, and humanitarian issues.
- NGOs are typically registered under one of 3 legal structures – Societies, Trusts or Section 8 Companies.

Feature	FCRA Rules, 2011	2026 Amendment
Purpose	NGOs had flexibility in defining activities	NGOs must choose activities only *from a predefined Schedule (religious, cultural, economic, educational, social) and*
Location	No strict requirement to specify operational states/UTs.	*specify exact States/UTs* of operation.

Feature	FCRA Rules, 2011	2026 Amendment
Religious Activities	Religious activities permitted broadly.	• Religious education, documentation, preservation of indigenous faith practices allowed. • E*xcluding proselytisation* — explicitly mentioned for *satsangs, discourses, meditation retreats, tribal rituals*.
Associations with foreign nationals	No explicit restriction.	Associations with foreign nationals (other than persons of Indian origin) as *key functionaries* will ordinarily not be considered, unless specially permitted by Centre.
Definition of Key Functionary	Narrowly defined (main office bearers).	Broadened to include directors, partners, trustees, Karta of HUF, or anyone controlling management.
Financial Accountability	No minimum spending requirement for renewal.	NGOs must have *spent at least Rs.10 lakh* of foreign contribution in last two financial years to retain/renew registration.
Release of Funds	Subsequent instalments released without utilisation threshold.	Next instalment *only after 75% utilisation* of previous instalment, verified by field inquiry.
Disclosures	Annual returns included financial statements; limited activity details.	NGOs must *disclose social media accounts, ultimate donor* if funds routed via intermediaries, and submit *detailed activity reports.*
Media Restrictions	No specific prohibition.	NGOs/key functionaries *prohibited from publishing or broadcasting news/current affairs.*
Disclosures	NGOs only reported donor names as per receipts.	NGOs must disclose the *original source/ultimate donor* if funds come via *intermediary remittance vehicles* or *Donor Advised Funds*.
One-Year Transition Window	No such requirement	Existing NGOs get 1 year to disclose their specific purposes and states in registration.

Proselytization (or proselytism) is the act of attempting to convert someone from one religion, belief, or opinion to another.

Reference

The Hindu | FCRA

