FCRA Amendment Bill, 2026

Mains: *GS II – Governance*

Why in News?

The recently proposed amendments to the Foreign Contribution (Regulation) Act, 2010 (FCRA) through the Foreign Contribution (Regulation) Amendment Bill, 2026 have triggered significant political and civil society debate in India.

What are the key mechanisms in regulation of foreign donations in india?

- **Nodal ministry** – The Ministry of Home Affairs (MHA) is the nodal authority responsible for implementing and enforcing the FCRA
- **Registration and renewal –** NGOs must obtain FCRA registration to receive foreign contributions.
- This registration is valid for five years and must be periodically renewed.
- Failure to comply leads to cancellation or non-renewal.
- **Prior permission route –** Organisations not registered under FCRA can receive foreign funds through a one-time prior permission mechanism, subject to scrutiny.
- **Monitoring and compliance –** The MHA monitors fund utilisation through mandatory filings, audits, and reporting requirements.
- NGOs must ensure that funds are used strictly for the declared purposes.
- **Enforcement powers –** The government can suspend or cancel registrations in cases of violation.
- Since 2015, over 18,000 NGOs have lost their FCRA licences, reflecting stringent enforcement.
- **Security considerations –** The primary objective is to prevent foreign funding from affecting public order, electoral politics, or national security.

What are the key changes proposed in the amendment bill, 2026?

- **Creation of a 'designated authority' –** A major provision is the establishment of a designated authority empowered to manage, control, or dispose of assets created using foreign funds when an NGO's registration is suspended, cancelled, or expires.
- This authority would:
  - Possess powers equivalent to a civil court
  - Transfer or sell assets to the government or other entities
  - Address the absence of a clear legal framework in the 2010 Act regarding asset management
- **Expanded definition of 'key functionary' –** The Bill broadens the scope of

accountability by including:
    - Trustees
    - Partners
    - Members of governing bodies
    - Karta of Hindu Undivided Families
    - Any individual exercising control over the organisation
- These individuals can be held liable for violations unless they demonstrate due diligence or lack of knowledge.
- **Prior approval for investigations –** The Bill mandates that any State government or law enforcement agency must obtain prior approval from the Central government before initiating investigations into FCRA-related offences.
- **Timelines for fund utilisation –** It introduces fixed timelines for the utilisation of foreign funds received under prior permission, replacing the earlier open-ended provision.
- **Automatic cessation of registration –** FCRA certificates will automatically lapse upon expiry or non-renewal, removing administrative ambiguity.
- **Reduction in penal provisions –** The maximum imprisonment for offences under FCRA is proposed to be reduced from five years to one year, signalling a shift toward decriminalisation.

What are the concerns and criticism of the bill?

- **Allegations of executive overreach –** Critics argue that the Bill grants excessive discretionary powers to the Central government, particularly in:
    - Cancelling or denying renewal of licences
    - Taking control of NGO assets
- The Catholic Bishops' Conference of India has termed this an instance of "executive overreach."
- **Threat to autonomy of NGOs –** The provision allowing the government to assume control over assets is seen as undermining the independence of NGOs and civil society institutions.
- **Federalism concerns –** Requiring prior Central approval for State-level investigations is viewed as encroaching upon the powers of State governments, raising issues of cooperative federalism.
- **Targeting minority institutions –** Opposition leaders, particularly from Tamil Nadu and Kerala, have expressed concerns that the law could disproportionately affect minority-run institutions such as churches and educational bodies.
- **Chilling effect on civil society –** Stringent regulations and expanded liability may discourage NGOs from engaging in developmental or advocacy activities, thereby weakening democratic participation.

What are the reasons for opposition protest and deferral of the bill?

- **Parliamentary uproar –** Opposition Members of Parliament staged protests, including demonstrations at the Makar Dwar of Parliament, demanding withdrawal of the Bill.
- **Lack of consultation –** Critics argued that the Bill was introduced without adequate

consultation with stakeholders, including NGOs and State governments.

- **Political sensitivity –** The timing of the Bill, especially with elections in certain States, added to the controversy, with allegations of political motivations.
- **Fear of misuse –** The sweeping powers granted to authorities raised fears that the law could be used selectively against dissenting organisations.
- Due to these concerns, the government deferred discussion and passage of the Bill during the Budget Session.
- **Current status of the bill –** As of now, the Foreign Contribution (Regulation) Amendment Bill, 2026 remains pending.
- It has neither been withdrawn nor passed, indicating that it is still under consideration.
- The government is reportedly engaging with stakeholders, including community groups, to address concerns and build consensus. However, the core provisions of the Bill continue to be contentious.

What lies ahead?

- The proposed amendments to the FCRA represent a significant shift in the regulatory landscape governing foreign funding in India.
- While the government justifies the changes as necessary for transparency, accountability, and national security, critics view them as excessive and potentially detrimental to civil society.
- A balanced approach is essential—one that ensures accountability without stifling legitimate activities of NGOs.
- Strengthening oversight mechanisms while safeguarding democratic freedoms and federal principles will be key to achieving this balance.

Reference

[The Hindu| FCRA Amendment Bill]

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