

Policy Brief

India's FCRA Amendment Bill 2026

What Civil Society & Donors Need to Know

August 2026

What is the FCRA Amendment Bill 2026?

The **Foreign Contribution (Regulation) Amendment Bill, 2026** was introduced in the Lok Sabha on March 25, 2026 by the Ministry of Home Affairs, placed on the 2026 Monsoon Session agenda, and subsequently referred to a Joint Parliamentary Committee (JPC) for review. The bill would amend the FCRA 2010, India's primary law regulating the use of foreign funds by civil society organizations (CSOs).

Critics describe the Amendment as a sweeping expansion of state power that would allow the government to control the assets (movable or immovable) of organizations that lose, fail to renew, or even voluntarily surrender their FCRA registration. Key provisions of the bill are summarized on page 2.

FCRA's Impact Over the Years

~22,000

FCRA registrations canceled since 2010

~15,000

Expired registrations not renewed as of April 2026

~14,000

Organisations currently active under FCRA

~2.3 billion USD

Est. annual foreign contributions received by FCRA registrants

Political Status

The bill generated significant opposition from religious communities, CSOs, and political parties, particularly given its potential impact on minority-run institutions such as schools, hospitals, and welfare centers.

- Opposition parties allege the bill targets minority institutions and could be used as a tool of political repression.
- US leaders and Christian groups urged withdrawal; Amnesty International called for Parliament to reject it outright.
- After being listed for consideration during the 2026 Monsoon Session, the bill was referred to a Joint Parliamentary Committee (JPC) for further review; a report is expected during the Winter Session.

FCRA Legislative Timeline

1

1976

FCRA enacted, revised in 2010

2

2020 amendments

Sub-granting ban; SBI-Delhi account required; reduced administrative expense cap

3

September 2024

FATF finds India partly compliant on NPOs

4

March 25, 2026

Latest amendment bill introduced

5

August 12, 2026

Bill referred to Joint Parliamentary Committee; Winter Session report expected.

Note for donors and grantees:

The bill has not been withdrawn. Its core provisions remain active and passage in the next session remains a significant risk.

Key Provisions of the Bill

1. Designated authority & asset vesting

Upon cancellation, surrender, or non-renewal of FCRA registration, a government-appointed Designated Authority assumes control of all foreign contributions and assets automatically through an administrative process, without prior judicial adjudication.

2. Permanent vesting

If registration is not restored within a prescribed period, both fixed and liquid assets created from foreign contributions permanently vest in the Designated Authority, which may transfer or sell them, with proceeds credited to the Consolidated Fund of India. The organization's "key functionaries" (see below) are excluded from reacquiring vested assets, eliminating any possibility of reversion.

3. Likely retrospective application

The bill could apply to assets vested before its commencement, and to any organization that "ceases to exist or is rendered inoperative."

4. Mixed-funding risk

Assets built from both domestic and foreign funds may fall within the scope of the regime, raising complex attribution and proportionality issues in practice.

5. Personal liability for "key functionaries"

Directors, trustees, partners, office bearers, and any person exercising control over the organization's affairs ("key functionaries")—potentially even donors with governance or oversight roles—may face personal liability for FCRA violations.

6. Fund-use timelines & automatic expiry

Strict timelines for receipt and use of foreign funds under the prior-permission route; FCRA registration lapses automatically on expiry if renewal is not completed.

7. Central gatekeeping of investigations

State governments and law enforcement must obtain prior Central Government approval before investigating FCRA complaints, raising concerns about selective enforcement.

FATF & the NPO Sector



What is FATF's role?

The Financial Action Task Force (FATF) is an intergovernmental body that sets global standards for anti-money laundering and counter-terrorism financing. India has cited FATF's **Recommendation 8** on Non-Profit Organizations (NPOs) as a rationale for successive FCRA amendments since 2010.

What FATF actually found

FATF's September 2024 **Mutual Evaluation Report (MER)** rated India only partially compliant with R.8, but for the opposite reason than the government implies:

- India's FCRA restrictions apply broadly to all foreign-funded NPOs regardless of terrorism-financing risk profile.
- Sanctions have been imposed mostly for **non-terrorist-financing (TF) reasons** (e.g., advocacy, religious activity, environmental work).
- The 2020 FCRA amendments were implemented **without adequate consultation** with NPOs, "impacting their activity and operating models."
- India identified 7,500 NPOs as "high risk" but **could not demonstrate** this was based on TF risk rather than general financial irregularities.

What FATF actually recommends

FATF recommends India adopt a **risk-based, educative approach**, targeting only NPOs demonstrably at TF risk, and conducting **more outreach and consultation** with the sector. The 2026 Amendment moves in precisely the opposite direction.

International Law Analysis



Freedom of association

The bill imposes blanket, non-targeted restrictions on foreign funding that go beyond what is necessary or proportionate to protect any legitimate state interest. Government takeover of assets without judicial pre-approval violates the rights of associations to exist, function, and access resources, including cross-border funding. The vague “national interest” standard lacks the specificity required under international law.



Due process of law

Seizure of assets upon registration lapse, without a prior judicial determination, eliminates the presumption of innocence and removes meaningful pre-deprivation oversight. Potential retrospective application breaches the principle of non-retroactivity.



Right to property

Permanent vesting and sale of assets accumulated over decades without compensation constitutes de facto expropriation. There may be incidental implications for foreign-funded assets that fall within internationally protected investment frameworks.

Implications if the Bill Passes

For civil society organizations

- **Hospitals, schools, and welfare centers** built over decades with foreign funds (partially or wholly) face involuntary government takeover if registration lapses, even due to administrative delay.
- **No prior judicial approval** is required for asset vesting; appeals cover only subsequent management decisions, not the initial vesting of assets.
- **Board members and senior staff** face heightened personal exposure and due diligence obligations as “key functionaries,” creating a chilling effect on governance and recruitment.
- **Compliance burden intensifies:** strict renewal timelines, new deadlines for fund utilization, and mandatory reporting of defunct status.
- **Grassroots and minority-serving organizations**, already disproportionately affected by cancellations since 2010, are at high risk.
- **Chilling effect on advocacy:** the threat of asset vesting or takeover creates incentives to avoid government-critical human rights work.

For foreign donors & foundations

- Grants for **land, buildings, or long-term infrastructure** now carry the risk of permanent government takeover or vesting, with no clearly defined compensation mechanism.
- Assets funded through a **mix of domestic and foreign sources** may be entirely seized; donors cannot rely on proportional protection.
- **Due diligence burden increases:** donors should review grantee registration/renewal status and governance structures; anticipate delays in an already opaque system; and be aware that exercising oversight could fit the bill’s expanded definition of “key functionary.”
- Foreign funding is likely to shift **toward program delivery, human resources, and short-cycle technology** rather than infrastructure.
- It is **prudent to consult legal counsel** before making new capital grants to India-based FCRA registrants while the bill remains pending.