FCRA Rules 2025 – Tighter Oversight of Foreign-Funded NGOs

June 24, 2026 • vajiramandravi.com

FCRA Latest News

- The Union Home Ministry has **amended** the Rules under the Foreign Contribution (Regulation) Act (**FCRA**), **2010**, introducing stricter compliance requirements for NGOs receiving foreign funds.
- The amendments aim to make registrations purpose-specific, enhance transparency, tighten monitoring of foreign contributions, and strengthen accountability mechanisms.

FCRA 2010

- **Objectives:**
  - It regulates acceptance and utilisation of foreign contributions.
  - Prevent foreign funding from adversely affecting sovereignty, integrity, security, public interest, electoral politics and communal harmony.
  - Ensure transparency and accountability in foreign-funded activities.

- **Constitutional linkages:**
  - **Article 19(1)(c)**: Freedom to form associations.
  - Reasonable restrictions under **Article 19(4)** in the interests of sovereignty, integrity and public order.

Key Changes in FCRA Rules

- **Purpose-specific registration:**
  - **Earlier**, NGOs seeking foreign funding only had to register under one of five broad categories: Social, Economic, Educational, Cultural, and Religious.
  - The amended rules now prescribe specific activity lists under each category. NGOs must select activities only from the approved schedule while applying for registration or prior permission.
- **Geographical restrictions:**
  - Registration certificates will now explicitly mention approved purpose(s), and States/Union Territories of operation.
  - Existing FCRA-registered organisations must, **within one year**, indicate the purposes and geographical areas they intend to retain through the revised Form FC-6F.

Enhanced Disclosure Requirements

- NGOs must now provide additional information, including:
  - Website details.
  - Social media accounts.
  - Detailed activity reports.
  - Publications issued by the organisation or its key functionaries.
  - Information regarding ultimate donors when funds are routed through donor-advised funds or intermediary channels.
- The government argues that these changes will improve uniformity and prevent duplication in FCRA filings.

Religious Activities – Explicit Bar on Proselytisation

- One of the most significant amendments concerns the religious category.
- **Permitted activities include:**
  - Construction, renovation and maintenance of places of worship.
  - Preservation of scriptures and religious heritage.
  - Running dharamshalas, langars and related facilities.
  - Religious education and spiritual programmes.
- However, several activities now carry an explicit condition of "**excluding proselytisation**", including:
  - Religious education and moral instruction.
  - Documentation and preservation of religious philosophy and history.
  - Revival of indigenous and tribal faith practices.
  - Satsangs, discourses and meditation retreats.
- This marks a clear attempt by the government to distinguish religious and cultural activities from conversion-related activities.

Expansion of “Key Functionary” Definition

- The amended rules broaden the scope of key functionaries beyond office-bearers and directors to include:
    - Trustees, Partners, Members of governing bodies, Directors of companies,
    - Karta or head of a Hindu Undivided Family (HUF), and
    - Any person exercising control or management over the organisation.
- This **widens accountability** and scrutiny over individuals managing foreign-funded entities.

Stricter Conditions

- **Restrictions on foreign nationals:**
    - Associations having foreign nationals (other than Persons of Indian Origin) as key functionaries will ordinarily not be eligible for:
        - FCRA registration
        - Prior permission for foreign contributions
    - However, the Central Government may grant exemptions through specific orders.
- **Utilisation of foreign funds:**
    - **Minimum activity requirement:**
        - An organisation will be considered to have undertaken “**reasonable activity**” only if it has utilised at least ₹10 lakh of foreign contribution during the previous two financial years.
        - This criterion will be relevant for renewal and cancellation decisions.
    - **Prior permission cases:** For organisations receiving foreign funds through prior permission, subsequent instalments will be released only after –
        - 75% of the previous instalment has been utilised, and
        - Utilisation is verified through field inquiry.
    - **Revised penalty framework:** The Home Ministry has also strengthened compounding penalties for FCRA violations for –
        - **Administrative expenses:** If administrative expenditure exceeds the prescribed 20% ceiling, penalty of ₹1 lakh or 5% of the excess amount, whichever is higher, will be imposed.
        - **Speculative investments:** For investing foreign contributions in speculative ventures:
            - **Penalty**: ₹1 lakh or 30% of the invested amount, whichever is higher.
            - Recovery of 100% of returns earned from such investments.
        - **Diversion of funds:**
            - For using foreign contributions for purposes other than approved objectives, penalty of ₹1 lakh or 30% of the misused amount, whichever is higher.
            - Any violation under the revised framework attracts a minimum penalty of ₹1 lakh.

Significance of the Amendments

- **Potential benefits:**
    - Greater transparency and accountability in foreign-funded activities.
    - Improved monitoring of fund utilisation.

    - Better alignment between approved objectives and actual activities.
    - Enhanced safeguards against misuse, diversion, or opaque funding channels.
    - Stronger oversight of activities affecting national security and public order.
- **Concerns raised:**
    - Increased compliance burden for NGOs.
    - Higher registration and operational costs due to category- and geography-specific approvals.
    - Possibility of reduced flexibility in programme implementation.
    - Concerns over shrinking operational space for civil society organisations dependent on foreign funding.

Conclusion

- The latest FCRA amendments represent a significant shift from broad-based regulation to activity-specific, geography-specific and compliance-intensive oversight of foreign-funded NGOs.
- Their implementation will determine whether a balance can be maintained between regulatory control and the legitimate functioning of civil society organisations.

Source: TH | IE
