

FCRA Amendment Bill 2026, Key Features, Significance and Concerns

August 8, 2026 • vajiramandravi.com



The Government of India has introduced the **Foreign Contribution (Regulation) Amendment Bill, 2026** in the Lok Sabha to strengthen the regulatory framework governing foreign funding. The Bill seeks to strengthen compliance mechanisms, enhance transparency, and establish a clearer legal framework for the management of foreign contributions and assets created from such funds. The amendment comes in the backdrop of growing concerns regarding misuse, diversion, and lack of accountability in the utilisation of foreign funds by certain organisations.

Key Features of FCRA Amendment Bill, 2026

The Foreign Contribution (Regulation) Amendment Bill, 2026 seeks to strengthen regulation of foreign contributions, ensure proper management of assets, and enhance accountability of organisations and their functionaries under the FCRA framework.

- **Designated Authority for Assets** : The bill proposes the creation of a statutory Designated Authority which will take control of foreign funds and assets in specific situations. If an organisation's FCRA registration

is cancelled, surrendered, expired, or not renewed, its foreign funds and assets created from those funds will be transferred to this authority.

- **Vesting of Assets on Closure:** If an organisation shuts down, becomes inactive, or ceases to exist, its foreign funds and assets created from them will permanently vest with the government through the Designated Authority.
- **Automatic Cessation of Registration:** Provides that FCRA registration will automatically lapse upon expiry, non-renewal, or rejection of renewal, removing administrative ambiguity and enforcing strict compliance timelines.
- **Time-bound Utilisation of Funds:** Mandates that foreign contributions must be received and utilised within prescribed timelines, preventing indefinite accumulation and reducing the scope for misuse or diversion of funds.
- **Restrictions During Suspension:** Prohibits organisations under suspension from selling, transferring, or mortgaging assets created from foreign funds without prior approval, ensuring asset protection during regulatory scrutiny.
- **Centralised Approval for Investigation:** Requires prior approval of the Central Government before initiating any investigation, aiming to ensure uniformity and prevent arbitrary or multiple investigations.
- **Rationalisation of Penalties:** The amendment reduces penalties for violations. While earlier provisions allowed for up to five years of imprisonment, the new bill caps punishment at one year, or a fine, or both.
- **Expanded Definition of “Key Functionary”:** The definition now includes directors, partners, trustees, karta of Hindu Undivided Family (HUF), office-bearers of societies/trusts/trade unions, and any person with control over management, making them personally liable for offences unless they prove lack of knowledge or due diligence.

Significance of FCRA Amendment Bill, 2026

The FCRA Amendment Bill, 2026 is significant as it strengthens the regulatory framework for foreign-funded organisations, ensuring transparency, accountability, and proper governance of foreign contributions.

Proposals of FCRA Amendment Bill, 2026 are significant as they:

- **Strengthen Regulatory Framework:** The Bill introduces a more structured and comprehensive system for managing foreign funds, assets, and compliance, reducing earlier legal ambiguities.
- **Enhancing Transparency and Accountability:** By fixing timelines, expanding liability to key functionaries, and regulating asset use, it ensures better monitoring and responsible utilisation of foreign contributions.
- **Improved Asset Governance:** The creation of a Designated Authority ensures that assets created from foreign funds are properly managed, even after cancellation or closure of organisations.
- **Preventing Misuse of Foreign Funds:** Stricter provisions on utilisation, suspension, and investigations help curb diversion of funds for unlawful or anti-national activities.
- **Ensuring Financial Discipline:** Time-bound utilisation of funds promotes efficient use of resources and reduces the risk of idle or misused funds.
- **Strengthening National Security:** Greater oversight ensures that foreign contributions are not used in activities affecting sovereignty, public order, or internal security.

- **Uniform Enforcement Mechanism:** Centralised approval for investigations and clearer rules bring consistency and reduce arbitrary actions across states and agencies.
- **Promoting Responsible Governance in NGOs:** Personal accountability of directors, trustees, and office-bearers encourages better internal governance and compliance practices.
- **Reducing Legal Uncertainty:** Clear provisions on registration, penalties, and asset disposal reduce confusion and improve ease of regulatory implementation.

Concerns Regarding FCRA Amendment Bill, 2026

While the Bill aims to strengthen regulation and accountability, it has raised several concerns regarding centralisation, operational freedom, and the functioning of civil society.

- **Excessive Executive Control:** The creation of a Designated Authority with powers to manage, transfer, or dispose of assets may grant wide and unguided discretion to the government, potentially undermining independent decision-making by NGOs.
- **Impact on Property Rights:** Permanent vesting of assets with the government raises concerns under Article 300A, as organisations may be deprived of property without clear safeguards or judicial oversight.
- **Reduced Parliamentary Oversight:** Key aspects such as manner of vesting, management, disposal of assets, timelines, exemptions, and appellate mechanisms are delegated to rules made by the executive, limiting legislative scrutiny.
- **Potential for Selective Enforcement:** Mandatory prior approval from the Central Government before investigations could compromise the independence of enforcement agencies and lead to inconsistent or selective application of law.
- **Ambiguity in Asset Management:** While the bill provides for asset vesting, detailed guidelines on provisional vs permanent control, utilisation, and disposal are left to be prescribed later, creating uncertainty for NGOs.
- **Chilling Effect on NGOs:** Fear of strict regulation and possible asset seizure may discourage organisations from working on sensitive social or advocacy issues.
- **Administrative Burden:** Time-bound utilisation, automatic cessation of registration, and stricter compliance requirements may impose heavy administrative pressure on NGOs, especially smaller organisations with limited capacity.

Opposition parties have described the Bill as “draconian” or “dangerous,” arguing that it excessively strengthens government control at the cost of civil society autonomy.

Source: <https://vajiramandravi.com/current-affairs/foreign-contribution-regulation-amendment-bill-2026/>

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