BACKGROUNDERS
Press Information Bureau
Government of India

Foreign Contribution (Regulation) Act

Transparency, Sovereignty, and Democratic Accountability

FREQUENTLY ASKED QUESTIONS (FAQs)

22 July 2026

Q. What is the Foreign Contribution (Regulation) Act (FCRA)?

The Foreign Contribution (Regulation) Act governs the acceptance and utilisation of foreign contribution received from a 'foreign source', as defined in the Act. Foreign contribution may take the form of an article, currency or a foreign security and also includes specified income arising from such contribution.

Administered by the Ministry of Home Affairs (MHA), the Act does three things: it identifies who may accept foreign contributions and on what conditions; it specifies how that money must be received, accounted for, and reported; and it restricts a narrow, defined set of foreign-funded activities that could affect India's sovereignty, security or public order. The law has its origins in 1976 and has been strengthened through successive amendments. The law was replaced with a new law in 2010 which was later amended in 2016, 2018, 2020 and now 2026.

Q. Does FCRA prohibit NGOs and civil society organisations from receiving foreign donations?

No. FCRA does not impose a general prohibition on foreign donations. It permits eligible associations to receive foreign contribution after obtaining registration or prior permission and requires such contribution to be received, utilised and reported in the prescribed manner.

Many democracies have also introduced laws to improve transparency and accountability in relation to foreign funding or foreign influence like United States (FARA), Australia (FITS), the United Kingdom (FIRS) and Canada (FITAA), none of which are described internationally as "bans". The scope and legal design of those laws differ from country to country, but they reflect a common concern that cross-border funding and influence should be transparent and subject to appropriate safeguards.

In 2024-25, around 16,200 associations were actively registered and received approximately Rs 22,963 crore in foreign contribution, hardly the footprint of a prohibition. The law is best understood as a registration and disclosure regime for foreign-directed activity, not a permission-to-exist regime for civil society.

Q. What are the core objectives of FCRA?

The FCRA is built on several consistent principles.

- **Transparency**: every organisation receiving foreign contributions must register, receive funds through a verifiable banking channel, and disclose amounts received, donors, and purposes.
- **Accountability**: recipients must file annual audited returns that are to be filed online.
- **Sovereignty**: contributions from abroad that could adversely affect India's sovereignty, democratic institutions, electoral processes, public order or national security are regulated. Enabling Genuine
- **Work**: legitimate international cooperation in education, healthcare, poverty alleviation, disaster relief, cultural exchange, scientific research, and environmental work continues unimpeded.
- **Public Confidence**: when citizens know that foreign funding is registered, disclosed, and audited, it builds trust in the voluntary sector and in the organisations themselves.

Q. How has FCRA evolved since it was first enacted?

India enacted the first FCRA in 1976. A 1984 amendment made registration with the Home Ministry mandatory for all NGOs receiving foreign funds. The current FCRA, 2010, replaced the 1976 Act with stronger compliance architecture.

The 2020 amendment introduced mandatory Aadhaar/passport identification for office-bearers, confined foreign contributions to a single SBI New Delhi account, prohibited sub-granting, cut the administrative-expense ceiling from 50% to 20%, and extended the suspension period.

The 2022 Rules raised the limit on contributions from relatives abroad from Rs 1 lakh to Rs 10 lakh. The 2024-25 Rules allowed unspent administrative-expense allocations to be carried forward and strengthened renewal documentation. Each reform has moved in the same direction — greater disclosure, stronger accountability, and improved governance.

Q. How does FCRA registration work in practice?

An organisation wishing to receive foreign contribution must either obtain an FCRA registration, available to organisations operational for at least three years or apply for prior permission for a defined project. Both routes require identity verification, a description of proposed activities, and disclosure of office-bearers.

All foreign contributions must first arrive in a single designated FCRA account at the State Bank of India's New Delhi Main Branch, creating one auditable entry point. From this account, funds may be moved to operational accounts for legitimate programme use.

Registration certificates are valid for five years and must be renewed, with a compliance review at the renewal stage.

Q. What are the financial discipline requirements for FCRA registered organisations?

Organisations must declare the purposes for which they are receiving foreign contributions and spend the money on those declared purposes.

No more than 20% of the annual foreign contribution may be used for administrative expenses, the remaining 80% must go to the activities for which the funding was received.

Every registered organisation shall file an annual return in Form FC-4, including a complete audited statement of receipts, the identity of donors, amounts received from each, and a detailed account of how the money was spent. These returns are to be filed on the government's online FCRA portal at https://fcraonline.nic.in/ creating a searchable, annually updated database.

Q. What activities can foreign contributions be used for under FCRA?

A wide range of activities across every sector of Indian society is eligible for foreign funding. These include:

- **Education** - schools, colleges, vocational training, scholarship support, adult literacy
- **Healthcare** - hospitals, clinics, mobile health units, maternal and child healthcare
- **Rural Development** - watershed development, livelihood support, sanitation, clean water access
- **Social Welfare** - support for *Divyang Jan* (persons with disabilities), elderly care, child welfare, women's empowerment
- **Environment** - Conservation, afforestation, clean energy, pollution control
- **Culture and Heritage** - Preservation of cultural heritage, folk arts, museums
- **Relief and Rehabilitation** - Disaster relief, emergency response, post-disaster rehabilitation
- **Faith-Based Welfare** - Maintenance of places of worship, religious education, meditation programmes
- **Scientific Research** - Research institutions, academic collaborations, knowledge dissemination.

Q. Who cannot receive foreign contributions under FCRA?

A small, fixed list of individuals and entities cannot receive foreign contributions under any circumstances. This list has remained essentially unchanged since 1976 and includes candidates for election, members of legislatures, judges, public servants, political parties and their office-bearers, organisations of a political nature, and specified persons or entities connected with newspapers, news and current-affairs media. The complete statutory list is contained in Section 3 of the Act.

The rationale is straightforward: These categories carry specific responsibilities to India's constitutional institutions that make the receipt of foreign funds a matter of particular sensitivity. The 2020 amendment also extended this restriction to "public servants".

Q. What are the key changes introduced by the FCRA Amendment Bill, 2026 and the revised Rules?

The Foreign Contribution (Regulation) Amendment Bill, 2026 (introduced in Lok Sabha on 25 March 2026) and revised FCRA Rules (notified on 22 June 2026) address operational gaps in a governance-focused manner.

Key changes proposed in the 2026 Bill include:

- Provisional vesting of assets (with full restoration if registration is renewed), similar to the **existing** provisions under Section 15 of FCRA, 2010.
- Permanent vesting of assets if NGO does not get its registration restored in prescribed period. **(New provision)**
- Right of revision and judicial appeal to the district judge against any order of the designated authority. **(New provision)**
- Rationalised penalties (maximum **imprisonment reduced from five years to one year**)
- Coordinated investigations (state agencies must obtain central government approval before initiating FCRA probes)

Key changes notified in the 2026 Amendment Rules include:

- Registration must now name the exact purpose(s) and the State(s)/UT(s) of operation on the certificate, chosen from a prescribed Schedule rather than a broad category.
- Permissible religious purposes are now explicitly listed in the rules, providing clarity for faith-based organisations across all communities.
- A requirement that NGOs renewing registration demonstrate utilisation of at least Rs. 10 lakh of FC over the prior two years
- Enhanced annual reporting with project-wise, activity-wise, and ultimate-donor disclosure, disclosure of the organisation's website and social media.

Q. When was the concept of vesting of assets created out of foreign contribution first introduced?

The concept of vesting of assets created out of foreign contribution upon cancellation was introduced for the first time in 2010 in the original FCRA Act of 2010. As per Section 15 of the existing Act, the assets created from FC shall vest in the Prescribed Authority upon cancellation of FCRA registration. However, if the association subsequently obtains fresh registration, such foreign contribution and assets are required to be returned to it in accordance with law. The prescribed authority is the concerned State Government or Union Territory Administration.

Over the last decade, nearly 22,000 registrations have been cancelled and about 15,000 registrations have been deemed to have ceased, involving foreign contribution and assets worth thousands of crores of rupees. In practice, however, State authorities have faced difficulties in taking possession of, maintaining and managing such assets under the limited framework of the existing Section 15.

The provisions of Section 15 do not comprehensively address all the issues involved. A large number of issues have been left unanswered in the existing provisions. Further, under the existing arrangement, such assets may **remain in custodial holding for an indefinite period**, without any legal finality. It is neither feasible nor desirable for the Government to preserve and manage such assets indefinitely merely because an association may seek fresh registration at some distant point in the future.

The proposed amendments therefore seek to provide a clear and time-bound framework for provisional vesting, restoration and, where restoration does not take place within the prescribed period, permanent vesting and lawful disposal.

Q. What is the role of the Designated Authority introduced by the 2026 Amendment?

When registration ends, whether through cancellation, surrender, or non-renewal, assets vest provisionally in the Designated Authority. If the organisation successfully gets its registration restored within the prescribed period, all assets and unused funds are returned in full. Only if the organisation does not get its registration restored within the prescribed period do the assets vest permanently, and even then, they are applied towards public purposes by transfer to government department like schools to the Education Department or hospitals to the Health Department. Only in cases where the assets cannot be directly used for public purposes, it will be disposed of with sale proceeds credited to the Consolidated Fund of India. No official benefits personally.

The Designated Authority is also explicitly required by law to preserve the religious character of any place of worship, it cannot convert, repurpose, or secularise a religious institution.

Q. Under the proposed Bill, what happens to an organisation's assets if its FCRA registration is cancelled?

The cancellation of FCRA registration does not mean an organisation's entire assets are seized by the government. The Designated Authority (*under the proposed 2026 Amendment*) manages only assets created from foreign contributions, and only once an organisation's registration has lawfully ceased.

The process is: upon cancellation, the assets vest provisionally in the Designated Authority; if the organisation gets its registration restored within the prescribed period, all assets and unused funds are returned in full; only if registration is not restored do assets vest permanently; even then, they are applied towards public purposes, and no official benefits personally.

Places of worship retain their religious character by law in all cases. Every order of the Designated Authority is subject to revision within 90 days and further judicial appeal to the District Judge.

Q. Does cessation/ expiry of FCRA registration always mean wrongdoing?

No. The ending of an FCRA registration can occur in different ways. A certificate may expire if renewal is not obtained; an association may surrender it; renewal may be refused; or the registration may be cancelled by a reasoned order on one or more statutory grounds after following the prescribed process. Such expiry should, therefore, not automatically be equated with fraud or criminal wrongdoing. Statutory remedies and constitutional judicial review remain available in accordance with law.

The 2026 Amendment's introduction of automatic cessation (under Section 14B) for registrations not renewed before expiry actually brings clarity and removes earlier administrative ambiguity about the legal status of such organisations. There is no change in the substantive position [Refer Rule 10(1), 12(5) and 12(6)]. The Government's decision to not renew the registration can be challenged in Courts and is fully under judicial review.

Q. Why does the 2026 Amendment require Central Government approval before state-level FCRA investigations?

FCRA is a central law dealing with foreign relations and national security, both subjects within Parliament's exclusive legislative competence under the Seventh Schedule to the Constitution.

Requiring Central Government approval before state agencies initiate FCRA investigations prevents parallel or contradictory proceedings under a single central framework and ensures coordinated, consistent enforcement.

This is consistent with similar provisions in other central laws. It does not limit a state's investigative powers under state laws; it only coordinates investigations under this specific central statute.

Q. What changes have been made regarding the purposes and geographical areas of operation?

Registration certificates will specify the purpose or purposes and the State or Union Territory for which registration is granted, based on the notified list of activities. Existing registered associations have been given one year to furnish this information through Form FC-6F and are not required to seek fresh registration merely for this purpose.

An association that subsequently wishes to add or change an approved purpose or geographical area may apply through the prescribed online process. The objective is to give associations greater clarity regarding their permitted scope of work and to enable activity- and location-based monitoring.

Existing registered associations are not required to apply afresh merely because certificates will now specify purposes and States/UTs. They have been provided with a transition period of one year to furnish the prescribed particulars through Form FC-6F.

Q. Does FCRA target any particular religion or community?

No. The Act applies uniformly to all organisations regardless of religion, community or ideology. Faith-based welfare activities, including religious education, maintenance of places of worship, and charitable work by organisations of every faith, continue to be eligible for foreign funding.

The 2026 Rules have in fact explicitly listed permissible religious purposes, providing greater clarity for faith-based organisations across all communities about the activities eligible for foreign funding.

The **restriction on proselytisation** introduced by the 2026 Amendment applies equally across all faiths and is consistent with FCRA's longstanding principle that foreign contributions should not be used to alter India's social and demographic fabric through conversion-oriented activity [Refer Sec. 12(4)(a)(ii)].

Q. What is the minimum utilisation requirement introduced for FCRA renewal in 2026?

Under the FCRA amendment Rules of 2026, NGOs renewing FCRA registration must demonstrate that they have utilised at least Rs 10 lakh in foreign contributions over the prior two-year period. This requirement ensures that live FCRA registrations correspond to active, functioning organisations. It prevents dormant entities from holding registrations and retaining the legal ability to receive foreign funds without undertaking any declared activity. [Refer Sec. 12(4)(b) and 14(1)(e)]

Ministry estimates have placed FCRA-registered associations at under 1% of all NGOs operating in India, the law targets a specific, foreign-funded channel, not civil society at large.

Q. Is India an outlier in regulating foreign contributions? How does FCRA compare internationally?

India is not an outlier. Regulating foreign contributions and foreign influence is an established, global practice across leading democracies.

The United States has run the Foreign Agents Registration Act (FARA) since 1938. Australia enacted its Foreign Influence Transparency Scheme in 2018. The United Kingdom's Foreign Influence Registration Scheme under the National Security Act 2023 came into force in July 2025. Canada enacted its Foreign Influence Transparency and Accountability Act in 2024. The European Union is now legislating a comparable directive across all 27 member states.

What they demonstrate is a common democratic principle: foreign funding, direction or influence affecting domestic institutions and public processes may legitimately be made subject to disclosure, accountability and enforcement safeguards.

Q. Is the global trend moving toward more or less foreign influence regulation?

The direction of global trend is clearly towards more foreign-influence regulation, not less — and this has accelerated in the very years FCRA has drawn criticism. The UK's scheme only came into force in July 2025. Canada's registry was legislated in 2024 and is still being implemented.

The EU's proposal followed a *Eurobarameter survey* in which 81% of Europeans called covert foreign interference a serious problem. Canada's own law records in its preamble a "growing consensus in Canada and among its allies that foreign influence registries are a necessary tool to lessen foreign interference in the affairs of sovereign states." The United States, the original author of this model, has in 2025 directed federal agencies to enforce its 87-year-old FARA more assertively, not less. India has maintained a comparable framework since 1976.

Q. How does the 2026 Amendment strengthen reporting and donor transparency?

The 2026 amendments significantly enhance the quality and depth of annual disclosures. Annual returns will now include project-wise and activity-wise utilisation details (not just aggregate figures), disclosure of the organisation's website and social media handles, and full identification of the ultimate foreign donor even when funds arrive through intermediary channels. This last requirement addresses a specific gap, where the immediate sender of funds was a known entity, but the original foreign source was obscured through multi-layered routing. The enhanced reporting requirements strengthen the traceability of foreign contributions from their source to their on-ground use.

Transparency in foreign funding is not an obstacle to doing good work. It is the foundation on which trust in that work is built.

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