



DAILY EDITORIAL ANALYSIS

TOPIC

**FCRA AMENDMENT BILL, 2026:
INDIA'S NGOS AT A NEW FUNDING
CROSSROADS**

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FCRA AMENDMENT BILL, 2026: INDIA'S NGOS AT A NEW FUNDING CROSSROADS

Context

- The proposed **Foreign Contribution Regulation Amendment Bill, 2026** seeks to overhaul foreign-funded assets of defunct or non-renewed NGOs and associations. It is **currently under review by a Joint Parliamentary Committee** after facing opposition pushback.

About Foreign Funding To NGOs

- Foreign contributions to NGOs are regulated primarily through the **Foreign Contribution (Regulation) Act (FCRA), 2010**. It replaced the FCRA, 1976.
- Foreign contributions include donations, transfers or other receipts from foreign sources.
- **NGOs and other eligible organisations** require **FCRA registration or prior permission** to receive such funds.
- The framework seeks to ensure that foreign money does not adversely affect **national interest, sovereignty, security or public order**.

Why Does Foreign Funding Matter?

- Foreign aid has played a mixed but important role in India's voluntary sector.
- According to research cited in 'Foreign Aid for Indian NGOs: Problem or Solution?' suggests that many NGOs benefited from foreign funding through:
 - ♦ introduction of new ideas, technologies and organisational practices;
 - ♦ capacity building and professionalisation;
 - ♦ support for health, education and social welfare programmes; and
 - ♦ greater flexibility than conventional government funding.
- However, dependence on external donors can influence an organisation's priorities, raising the broader question of **donor accountability and policy autonomy**.
- The principle is therefore not simply 'foreign funding versus no foreign funding', but **transparent funding with institutional independence**.

Key Legislative Measures Relating to Foreign Funding

- **FCRA, 1976:** Introduced amid concerns that foreign money could influence domestic political and social processes.
- **FCRA, 2010:** Replaced the 1976 law and established a more detailed regulatory framework for foreign contributions.
- **FCRA Amendment, 2020:** Tightened compliance requirements, including restrictions on transfer of foreign contributions and administrative expenses.
- **FCRA Amendment Bill, 2026:** Proposes further measures concerning foreign contributions and assets when an organisation's registration ceases.

What Does the Proposed FCRA Amendment Bill, 2026 Seek to Change?

- A significant proposal concerns the treatment of **foreign contributions and assets created from it** when an FCRA certificate is cancelled, surrendered or lapses.

- Under the proposed mechanism:
 - ♦ Such funds and assets would initially vest with a government-appointed **'designated authority'**.
 - ♦ If registration is restored within the prescribed period, the assets and unused contribution can be returned.
 - ♦ If a fresh certificate is not obtained within the prescribed period, the assets may be **sold or transferred to a government department**.
 - ♦ Proceeds from such disposal would go to the **Consolidated Fund of India**.
 - ♦ The Bill provides for **revision and appeal before the District Judge**.
- The measure is necessary **to prevent foreign-funded assets** from remaining outside effective regulatory control.

Key Concerns Relating to Proposed Changes

- **Impact on Civil Society:** Civil-society groups fear that stringent regulation could discourage legitimate NGOs and reduce the space for independent social action.
- **Religious Neutrality:** Some organisations have expressed apprehension that the framework could disproportionately affect organisations working in areas associated with religious minorities.
 - ♦ However, the government has raised concerns regarding misuse of foreign funding, including for proselytisation.
- **Welfare Delivery:** Many NGOs operate **schools, hospitals, old-age homes and rural-development programmes**.
 - ♦ In parts of the Northeast and tribal regions, such institutions may be among the few providers of essential services.
- **Property Rights and Proportionality:** Automatic or prolonged vesting of assets raises questions about **due process, proportionality and effective remedies**, particularly when registration is cancelled or lapses for regulatory reasons.

Other Issues & Concerns

- **22,496 NGO registrations have reportedly been cancelled** since 2015, leaving around **14,466 active registered associations** eligible to receive foreign contributions, according to the figures.
- At the same time, India's domestic philanthropic ecosystem is expanding.
- Private philanthropy was projected at **₹1.43 lakh crore in FY2025**, while retail giving was estimated at about **₹37,000 crore annually**.
- **CSR spending** by listed companies reportedly reached **₹22,563 crore in FY2025**, a 17.5% increase.
- But **demand continues to exceed supply**, and newer philanthropy is increasingly moving towards scientific research, higher education and ecosystem building rather than traditional welfare delivery.

Way Forward: Balanced FCRA Framework

- India needs a framework that simultaneously protects **national security, financial transparency and democratic civil society**. There is a need to:
 - ♦ Apply FCRA rules **uniformly and religion-neutrally**.
 - ♦ Strengthen **risk-based auditing** rather than imposing blanket restrictions.
 - ♦ Provide timely notice, hearings and effective appellate remedies before permanent asset vesting.
 - ♦ Improve transparency through digital disclosure of foreign contributions and utilisation.
 - ♦ Encourage **domestic philanthropy, CSR and community giving** to diversify NGO funding.
 - ♦ Facilitate constructive dialogue among government, donors and civil-society organisations.

Conclusion

- A vibrant democracy requires both **accountable government and an independent civil society**. Foreign funding cannot be treated as **inherently beneficial or inherently dangerous**, and the objective should be to prevent illicit foreign influence without weakening legitimate institutions that provide essential public services.
- Ultimately, a stronger domestic philanthropic ecosystem can reduce excessive dependence on foreign aid while preserving the pluralism and independence necessary for India's democratic development.

Source: TH

Daily Mains Practice Question

[Q] Discuss the rationale behind the proposed changes in FCRA Amendment Bill, 2026, their implications for NGOs and welfare delivery. Suggest measures to ensure a transparent yet enabling regulatory framework.

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