Foreign Contributions in an Increasingly Interconnected World

Globalisation has transformed the movement of people, ideas, technology and financial resources across national borders. International philanthropy and development partnerships today support education, healthcare, disaster relief, scientific research, environmental conservation and community development across the world. India has also benefited from such collaborations, with thousands of organisations receiving foreign contributions for activities that contribute to the country's social and economic development.

Alongside these opportunities, governments across the world have become increasingly conscious of the need to ensure that cross-border financial flows remain transparent and accountable. The rapid expansion of global financial networks, digital transactions and transnational funding mechanisms has created new governance challenges relating to financial transparency, foreign influence and protection of democratic institutions. Consequently, regulation of foreign financial flows has emerged as an accepted feature of modern governance in many democracies.

The Foreign Contribution (Regulation) Act (FCRA) should therefore be understood within this wider international context. Rather than restricting legitimate charitable activities, the Act provides a legal framework that enables genuine international cooperation while ensuring that foreign contributions are received, utilised and accounted for in accordance with Indian law.

Foreign Contribution (Regulation) Act

The Foreign Contribution (Regulation) Act (FCRA) is the law that governs how Indian individuals, associations, NGOs, trusts and companies may receive and use money, securities or articles sent to them from a source outside India. It is administered by the Ministry of Home Affairs (MHA).

In plain terms, FCRA 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.**
- **It restricts a narrow, defined set of foreign-funded activities that could affect India's sovereignty, security or public order.**

What FCRA does not do is forbid Indians from receiving foreign donations or shut down law abiding civil society. Tens of thousands of associations remain validly registered and routinely receive foreign funds for health, education, disaster relief, research and humanitarian work. The law is best understood the way the United States, the United Kingdom, Australia and Canada describe their own equivalent statutes: a registration and disclosure regime for foreign-directed activity — not a permission-to-exist regime for civil society.

The Core Objectives

The FCRA is built on a clear and consistent set of principles that have remained unchanged across every amendment since 1976. These principles reflect the responsibilities of any accountable government toward its citizens, institutions, and national interest.

Transparency	Every organisation receiving foreign contributions must register with the government, receive funds through a designated and verifiable banking

	channel, and disclose the amounts received, the donors, and the purposes for which funds were used.
Accountability	Recipients must file annual audited returns. These returns are to be filed online. Donors, amounts, and utilisation are all on record, creating a fully traceable chain from foreign source to on-ground activity.
Sovereignty	Contributions from abroad that could adversely affect India's sovereignty, democratic institutions, electoral processes, public order, or national security are subject to regulation. This is not a restriction on legitimate charity. It is the exercise of sovereign governance.
Enabling Genuine Work	The Act is designed to facilitate, not obstruct, genuine international cooperation. Education, healthcare, poverty alleviation, disaster relief, cultural exchange, scientific research, and environmental work all continue unimpeded within the framework.
Public Confidence	When citizens know that foreign funding to organisations is registered, disclosed, and audited, it builds trust in the voluntary sector and in the organisations themselves. Transparency protects both beneficiaries and donor intent.

Evolution of the Law: Tightening Transparency, Not Adding Prohibitions

India's framework for regulating foreign contributions has been continuously refined over five decades by successive governments. Each reform has moved in the same direction: *greater disclosure, stronger accountability, and improved governance*.

India enacted the first Foreign Contribution (Regulation) Act in 1976 to regulate the acceptance and utilisation of foreign contributions. As international engagement expanded and cross-border financial flows became more complex, Parliament enacted the Foreign Contribution (Regulation) Act, 2010, replacing the earlier legislation with a modern regulatory framework. Since then, the framework has been strengthened through amendments in 2016, 2018 and 2020, while the proposed Foreign Contribution (Regulation) Amendment Bill, 2026 and the notified FCRA (Amendment) Rules, 2026 seek to further improve transparency, governance and regulatory clarity.

Year	Development
1976	FCRA enacted to regulate the use of foreign contributions and hospitality, consistent with the values of a sovereign, democratic republic.
1984	Amendment makes registration with the Home Ministry mandatory for all NGOs receiving foreign funds, brings judges within the Act, broadens the

Year	Development
	definitions of “foreign contribution” and “political party,” and adds audit powers.
2010	FCRA, 2010 replaces and consolidates the 1976 Act with stronger compliance architecture; receives Presidential assent on 26 September 2010. Major changes: Mandatory renewal of registration every five years, elaborate and strict conditions of registration, Suspension, Cancellation, Vesting of Assets and Compounding of offences.
2011	Foreign Contribution (Regulation) Rules notified, operationalising registration, designated accounts and reporting formats.
2020	Major Amendment Act: mandatory Aadhaar/ passport identification for office-bearers; foreign contributions confined to a single SBI, New Delhi account; sub-granting to other associations prohibited; administrative-expense ceiling cut from 50% to 20%; renewal subject to a government inquiry.
2022	FCRA Rules amended: the limit on contributions from relatives abroad raised from ₹1 lakh to ₹10 lakh a year, easing compliance for ordinary families; provisions for compounding certain offences introduced.
2024–25	Further Rules amendments: unspent administrative-expense allocations may be carried forward; TDS-refund treatment clarified; application-stage documentation strengthened for faster processing of applications.
2026 (proposed)	The proposed FCRA Amendment Bill 2016 proposes a designated authority to safeguard foreign-funded assets when a registration lapses or is cancelled. The notified FCRA Amendment Rules links registration to specified purposes and approved States/UTs, excludes proselytisation from permitted religious activity.

Each amendment has moved in the same direction, tighter disclosure and accounting, not new bars on legitimate activity. The categories of restricted activity (effect on sovereignty, security, public order, or friendly relations with foreign states) have remained essentially unchanged since 1976.

Five Pillars of India’s Position

1. **A sovereign right to regulate foreign financial flows.** Every sovereign state has the recognised right to know, and where it is necessary to condition, how money from outside its borders moves through its domestic institutions. India is exercising an ordinary attribute of sovereignty, not an extraordinary one.

2. **A transparency and disclosure framework, not a prohibition.** FCRA does not forbid Indians from accepting foreign charity, research grants or humanitarian aid. It requires that such receipts be registered, channelled through a designated account, and reported, the same compliance logic used in company law, banking regulation and political-party funding.

3. **Democratic accountability requires transparency in foreign funding.** Citizens, the media and Parliament cannot hold any actor accountable for foreign-funded influence over policy, elections or public opinion if that funding is invisible. Disclosure is a precondition for accountability, not a threat to it.

4. **National-security concerns over foreign-influence operations are a worldwide preoccupation.** Covert financing of advocacy, lobbying or political activity by foreign states is now treated as a frontline national-security issue across the democratic world, from election interference to disinformation campaigns.

5. **India's approach is consistent with, not exceptional to, global trends.** As Section 6 shows, the world's major democracies have all moved toward, not away from, foreign-influence transparency law in the very period FCRA has been strengthened.

How FCRA Works in Practice

The FCRA establishes a clear, rules-based process for every organisation that wishes to receive foreign contributions in India. The process is transparent, online, and consistently applied.

- **Registration & Prior Permission:** An organisation wishing to receive foreign contributions must either obtain an FCRA registration, available to organisations that have been operational for at least three years or apply for specific prior permission for a defined project. Both routes require identity verification, a description of proposed activities, and disclosure of office-bearers.
- **Prior Permission FC release in instalments:** Large sized FC to be disbursed in tranches, 75% of each instalment must be utilised and verified before the next instalment is released.
- **A Single, Verifiable Entry Point:** All foreign contributions must first arrive in a single designated FCRA account at the State Bank of India's New Delhi Main Branch. This creates one auditable entry point for all foreign money entering the country. From this account, funds may be moved to operational accounts for legitimate programme use, but the trail begins at a single, identifiable point.
- **Declared Purpose, Disclosed Usage:** Organisations must declare the purposes for which they are receiving foreign contributions. They must then 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.
- **Annual Audited Disclosure:** Every registered organisation files 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 fcraonline.nic.in. India's FCRA therefore creates an annually updated database of foreign contributions to Indian organisations.

- **Five-Year Registration with Renewal Review:** FCRA registration certificates are valid for five years and must be renewed. Before renewal, the government reviews compliance with reporting requirements and verifies that the organisation is active and functioning as declared. This is a standard checkpoint to ensure that the registration framework reflects the actual on-ground situation. The validity of registration will automatically expire if not renewed before validity expiry date.
- **A Defined and Narrow Set of Ineligible Categories:** 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 election candidates, members of legislatures, judges, government servants, newspaper editors and publishers engaged in news reporting, and political parties. 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.
- **Vesting of FC Assets:** Even today, on cancellation/ Surrender/ cessation of registration, the foreign contribution and assets created from it vest in a prescribed State Government authority under Section 15 of the FCRA — **a provision in force since 2010**. Nearly 20,000 registrations stand cancelled and about 15,000 deemed ceased over the last decade have left thousands of crores of foreign contribution and assets in limbo, which States said they could not take possession of, maintain or manage under the bare Section 15.

What Foreign Contributions can be Used for

A wide range of activities across every sector of Indian society is eligible for foreign funding under the FCRA. The following are among the categories for which registered organisations may receive and utilise foreign contributions:

Sector	Examples of Permitted Activities
Education	Schools, colleges, vocational training, scholarship support, educational research, libraries, adult literacy programmes
Healthcare	Hospitals, clinics, mobile health units, maternal and child healthcare, community health education, disability support
Rural Development	Watershed development, livelihood support, agricultural extension, sanitation, clean water access, housing
Social Welfare	Support for persons with disabilities, elderly care, child welfare, women's empowerment, rehabilitation programmes
Environment	Conservation initiatives, afforestation, clean energy, pollution control, wildlife protection, environmental research
Culture and Heritage	Preservation of cultural heritage, folk arts, indigenous knowledge, traditional crafts, museums and archives
Relief and Rehabilitation	Disaster relief, emergency response, post-disaster rehabilitation, resettlement support
Faith-Based Welfare	Maintenance of places of worship, religious education, moral instruction, meditation programmes, preservation of faith traditions
Scientific Research	Research institutions, laboratories, academic collaborations, publication and knowledge dissemination

The 2026 Amendment: What has been Added

The Foreign Contribution (Regulation) Amendment Bill, 2026 was introduced in the Lok Sabha on 25 March 2026 and is presently under consideration of Parliament, while the revised FCRA Rules, 2026 were notified on 22 June 2026 and are in force. Together they address specific operational gaps that had emerged in the administration of the Act over the years. The changes are administrative and governance-focused, building on the same framework that has existed since 2010.

Amendment Bill, 2026 — pending in Parliament

Designated Authority	A long-standing gap: vesting of FC assets already existed under Section 15 since 2010, but the Act provided no detailed framework for taking

	custody of, managing or disposing such assets. The 2026 Bill supplies that procedure.
Provisional Vesting	When registration ends, assets vest provisionally in the Designated Authority. If the organisation restores its registration, all assets and unused funds are returned in full. *(A similar provision is in force since 2010. Presently, in practice, entire FC assets vesting is provisional only.)*
Permanent Vesting	Only if the organisation does not get its registration restored within the prescribed period do the assets vest permanently. Even then, they are applied towards public purposes, with sale proceeds credited to the Consolidated Fund of India. No official benefits personally. *(This had to introduced as provisional vesting is not practical for indefinite period.)*
Protection of Religious Sites	The Designated Authority is explicitly required by law to preserve the religious character of any place of worship. It cannot convert, repurpose, or secularise a religious institution.
Revision and Judicial Appeal	Any organisation aggrieved by an order of the Designated Authority may seek revision within 90 days and has a further right of appeal to the court of the District Judge. Judicial oversight is expressly built in.
Automatic Cessation (proposed S.14B)	Provides clarity that registration automatically ceases if not renewed before expiry. Removes earlier administrative ambiguity about the legal status of organisations after a certificate expires. *(The substantive position is the same even prior to this amendment and the amendment is intended for better clarity only.)*
Rationalised Punishment	Maximum imprisonment for FCRA violations is reduced from five years to one year. This reflects a proportionate and calibrated enforcement philosophy.
Coordinated Investigations	State governments and agencies must obtain Central Government approval before initiating investigations under the FCRA, preventing parallel or contradictory proceedings under a central law.

Amendment Rules, 2026 — notified, in force

Activity- & State-Specific Registration	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. Existing associations have one year to

	intimate which purposes/ states they wish to retain. Replaces broad permissions with precise, monitorable approvals.
Faith-Based Activities	Permissible religious purposes are now explicitly listed in the rules, providing clarity for faith-based organisations across all communities about the activities eligible for foreign funding.
Minimum Utilisation for Renewal	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 ensures active, functioning organisations are the ones holding live registrations.
Enhanced Reporting	Annual returns will now include project-wise and activity-wise utilisation details, disclosure of the organisation's website and social media, and full identification of the ultimate foreign donor even when funds arrive through intermediary channels.

India & the World: A Shared Global Practice

Regulating foreign contributions and foreign influence is not a uniquely Indian approach. Over the past decade, governments across the world's leading democracies have strengthened frameworks governing foreign funding, foreign lobbying, and foreign influence activities. The concern that foreign money can, when unregulated, affect democratic institutions, electoral processes, and public discourse is recognised globally, and governments have responded with legislation.

The following is a comparative overview of how comparable democracies regulate foreign influence and foreign funding:

Country / Bloc	**Law & Year**	**What It Requires**	**Enforcement**
United States	Foreign Agents Registration Act (FARA), 1938	Registration and disclosure with the Department of Justice for anyone acting at the direction of a "foreign principal" on political activity, lobbying, public relations or fund disbursement; periodic public filings.	Criminal and civil penalties; inspection of records; recently directed to be enforced more, not less, assertively.
Australia	Foreign Influence Transparency Scheme Act, 2018	Registration of activities or arrangements undertaken on behalf of a foreign principal for political or governmental influence; lifetime registration	Criminal offences for failing to register, providing false information, or destroying records.

		duty for former senior ministers.	
United Kingdom	Foreign Influence Registration Scheme, National Security Act 2023 (in force from 1 July 2025)	Two-tier registration: any "political influence" arrangement with a foreign power, plus a stricter "enhanced tier" for specified states (currently Russia and Iran).	Up to 2 years' imprisonment (political-influence tier) or 5 years (enhanced tier).
Canada	Foreign Influence Transparency and Accountability Act, 2024	Public registry of arrangements with a "foreign principal" to influence Canadian political or governmental processes through communication, disbursement or dissemination.	Administrative penalties of up to C$1 million; criminal sanctions for serious violations.
European Union	Proposed Directive on Transparency of Interest Representation on Behalf of Third Countries (Defence of Democracy package, 2023–)	National transparency registers in all 27 member states for lobbying or advocacy conducted on behalf of non-EU governments.	Under negotiation.
India	Foreign Contribution (Regulation) Act, 2010 (built on the 1976 Act)	Registration or prior permission for receipt of foreign contributions; a single designated bank account; annual disclosure; restrictions on a defined list of recipients and activities.	Suspension or cancellation, and criminal prosecution in appropriate cases.

What is notable across this table is the shared design. The requirement of registration or disclosure when an entity receives foreign funding intended to influence domestic affairs. Each maintains a public record. Each carries penalties for non-compliance. Each has evolved its framework in response to new governance challenges.

Democracies increasingly require transparency where foreign money, direction or institutional relationships may affect domestic public processes, and they provide sanctions for concealment or non-compliance.

India's FCRA sits comfortably within this global family of frameworks. Several of these foreign-influence laws were enacted or significantly strengthened in recent years. This direction of travel, toward more transparency rather than less, reflects a broad democratic consensus.

A GLOBAL CONSENSUS

Canada's Foreign Influence Transparency and Accountability Act, enacted in 2024, 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 state.' India has maintained a comparable framework since 1976.

The Global Trend is Accelerating, Not Receding

If anything, the direction of global travel has been toward more foreign-influence regulation, not less, over the very years FCRA has drawn criticism:

- The UK's scheme is brand new; it 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 Eurobarometer 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.

This is the context in which FCRA deserves to be discussed: not as an isolated Indian exception, but as one strand within an accelerating global consensus that democracies must know who funding influence over their public life is. The more useful question is not "Why is India regulating foreign funding?" but "Why are democracies everywhere increasingly doing so, and how does India's framework compare?"

Myth vs Fact

Some myths about FCRA arise from incomplete information or from specific aspects of the law that are not always explained in their full context. The following addresses the most commonly raised myths and the facts associated with them, with direct reference to what the law actually says.

MYTH	FACT
FCRA bans NGOs from receiving foreign donations	It conditions receipt on registration and disclosure, the same design used by FARA, FITS, FIRS and FITAA, none of which are described internationally as "bans." In 2024-25, approximately 16,200 associations were actively registered and received around Rs 22,963 crore in foreign contribution, hardly the footprint of a prohibition.
India is an outlier in restricting foreign-funded civil society	The US (1938), Australia (2018), the UK (2025) and Canada (2024) all run comparable regimes; the EU is legislating one now.

FCRA is aimed only at NGOs and religious organisations	Comparable global laws cover lobbyists, PR firms, think tanks, universities and companies, anyone acting at a foreign principal's direction, regardless of sector.
FCRA specifically targets a particular religion or community	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.
Registering under FCRA changes what an organisation is allowed to do	As the UK government states of its own equivalent scheme, registration does not require pre-approval of activities — it only requires that they happen in the open. The same principle underlies India's framework.
The government can seize an NGO's assets under the 2026 amendments	The Designated Authority manages only assets created from foreign contributions, and only once an organisation's registration has lawfully ceased. Vesting is initially provisional, with full restoration if registration is renewed, and places of worship retain their religious character by law in all cases. The orders of the Authority are subject to revision and to appeal before the Court of the District Judge.
Restricting foreign nationals from key roles in FCRA-registered organisations is excessive	This provision ensures that organisations receiving foreign contributions in India are governed by persons with a verified connection to India — consistent with the Act's core objective of preventing undue foreign influence in domestic affairs.
Cancellation of FCRA registration always means the organisation has done something wrong	Not necessarily. Many cancellations and non-renewals are administrative, arising from non-filing of annual returns, non-renewal before expiry, or failure to maintain designated accounts. The Courts remain fully empowered to review any cancellation.
Requiring Central Govt. approval before state-level FCRA investigations encroaches on state autonomy	FCRA is a central law dealing with foreign relations and national security, subjects within Parliament's exclusive legislative competence. Coordinated approval prevents parallel or contradictory investigations under a single central framework and is consistent with similar provisions in other central laws.

FCRA-registered associations represent the bulk of India's civil society	As per Ministry estimates, FCRA-registered associations are a small fraction of all NGOs operating in India *(the active FCRA database stands at roughly 14,500 against several lakh registered NGOs);* the law targets a specific, foreign-funded channel, not civil society at large.
The minimum utilisation requirement to retain registration serves no real purpose	The Rs 10 lakh minimum utilisation 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.

A Framework for Transparent Global Partnerships

Foreign contributions play a meaningful role in supporting India's development across education, healthcare, rural welfare, environmental conservation, disaster relief, and many other fields. India welcomes genuine international partnerships and has always provided a legal framework within which such contributions can be received and utilised.

The Foreign Contribution (Regulation) Act is that framework. It ensures that foreign money entering India does so through a registered, accountable, and disclosed channel. It requires organisations to account for what they receive and how they spend it. It protects India's constitutional institutions from the risks of unregulated foreign financial influence. And it does all of this while enabling thousands of organisations to carry out legitimate, impactful work across every corner of the country.

The 2026 amendments seek to refine and strengthen this framework, addressing operational gaps, improving clarity, providing for judicial revision and appeal, and rationalising penalties. The Rules, 2026 are in force and the Amendment Bill, 2026 is under consideration of Parliament. Together they continue a legislative tradition of responsible governance that stretches back nearly five decades.

Comparable regulatory frameworks have been adopted by the United States, the United Kingdom, Australia, Canada, and the European Union. Transparency in foreign funding is not a restriction on civil society. It is what responsible, accountable, and democratically confident governance looks like.

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