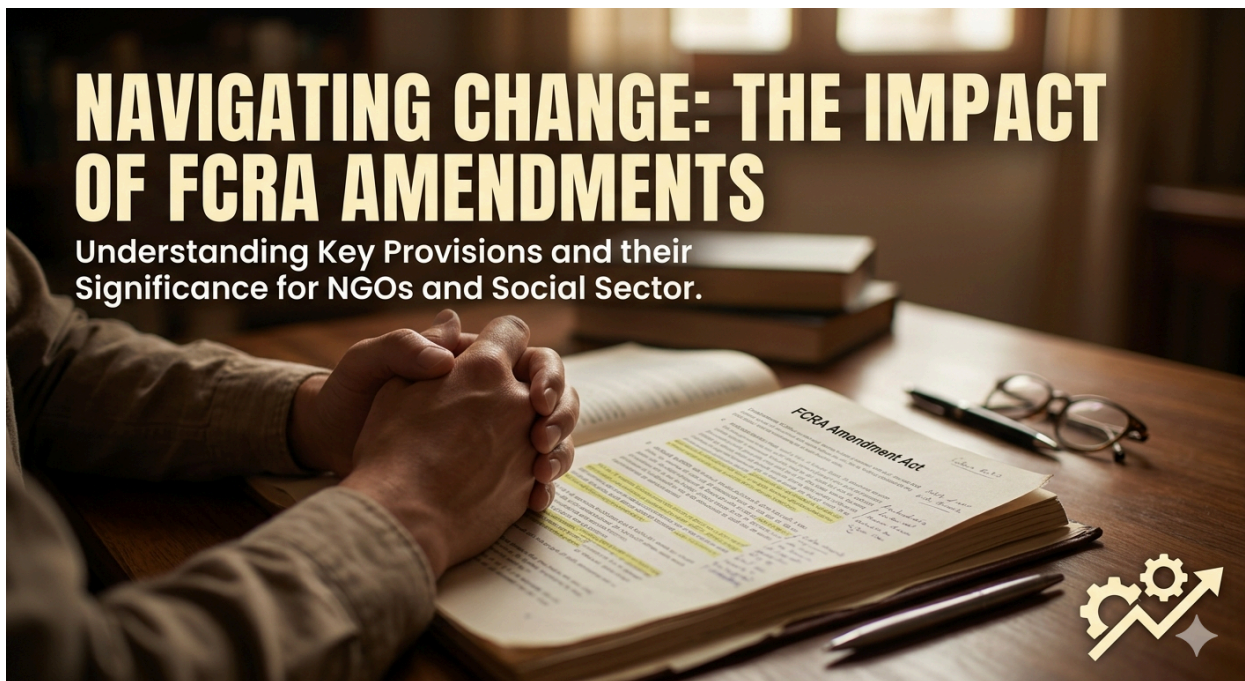


# NAVIGATING CHANGE: THE IMPACT OF FCRA AMENDMENTS

Understanding Key Provisions and their Significance for NGOs and Social Sector.



The Foreign Contribution (Regulation) Amendment Bill (FCRA) refers to legislative changes aimed at tightening the oversight of foreign funding received by non-governmental organizations (NGOs) and individuals in India.

While the 2020 Amendment brought radical changes, there is a new FCRA Amendment Bill, 2026 that was introduced in March 2026 to further refine these controls.

## 1. The FCRA Amendment Bill, 2026 (Latest)

This bill was introduced to address "administrative uncertainty" regarding assets created using foreign funds.

- **Designated Authority for Assets:** The government can now appoint a "Designated Authority" to take control of, manage, or dispose of assets (like buildings or equipment) owned by NGOs whose licenses have been cancelled, surrendered, or not renewed.
- **Liability of "Key Functionaries":** It expands the definition of who is responsible for an organization's compliance. Directors, trustees, and office-bearers are now personally liable for offenses unless they can prove the violation happened without their knowledge.
- **Prior Approval for Investigations:** Law enforcement agencies must now get the Central Government's green light before starting any investigation into FCRA-related complaints.
- **Reduced Imprisonment:** In a move toward rationalizing penalties, the maximum jail term for certain offenses has been reduced from 5 years to 1 year, focusing more on monetary penalties.

## 2. The FCRA Amendment Act, 2020 (The Major Shift)

The 2020 changes laid the foundation for the current strict environment. Its most significant features include:

- **Ban on Sub-granting:** NGOs can no longer transfer foreign funds to other organizations, even if the recipient also has an FCRA license. This hit "umbrella" NGOs that funded smaller, grassroots groups.
- **Administrative Expense Cap:** The limit for using foreign funds for "administrative expenses" (salaries, rent, travel) was slashed from 50% to 20%.
- **The SBI Account Mandate:** All foreign contributions must be received in a specific "FCRA Account" at the State Bank of India, New Delhi Main Branch.
- **Mandatory Aadhaar:** Aadhaar numbers became mandatory for all office-bearers and directors of NGOs seeking registration.

### Significance and Impact

The government's stance is that these amendments ensure foreign money is not used for "anti-national" activities or religious conversions. However, the significance for the social sector is profound:

- **Increased Compliance Burden:** Smaller NGOs often struggle with the logistical requirements of the New Delhi bank account and the lower administrative cap.
- **Government Control:** The 2026 Bill effectively gives the state the power to seize physical assets (like hospitals or schools) built with foreign money if an NGO loses its license.
- **Shift to Domestic Funding:** Many organizations have been forced to pivot toward Indian CSR funds or individual domestic donations as foreign funding becomes increasingly difficult to manage.
- **Operational Challenges:** The ban on sub-granting has disrupted the collaborative model where large international NGOs funded local expertise in rural areas.