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AUGUST 2026

FOREIGN FUNDING VS. REGULATORY CONTROL

LAW CRUMBS

Foreign Money. Closer Scrutiny.

How the 2026 FCRA rules are changing governance, disclosure and accountability.

The Foreign Contribution (Regulation) Amendment Bill, 2026 has attracted attention for its proposed power to vest assets of organisations whose FCRA registration is cancelled, surrendered or ceases. But while the Bill remains before a 31-member Joint Parliamentary Committee, significant changes are already operational.

The real compliance shift may therefore be happening before the Bill becomes law.

WHAT HAS ALREADY CHANGED?

Registration is becoming activity specific

Under the 2026 Amendment Rules, organisations must identify their specific objectives and operational areas, with separate requirements for activities and States/UTs. Existing organisations have one year to specify the purposes and geographies they wish to retain through Form FC-6F.

Foreign funding now comes with tighter utilisation thresholds

For prior permission cases involving instalment based funding, at least 75% of the previous instalment must be utilised and verified before the next instalment is released. It must also spend at least ₹10 lakh on approved activities over two financial years to remain eligible for renewal.

Donor transparency is expanding

Disclosure requirements have expanded to include information on the ultimate donor, as well as organisational websites, social media accounts and publications.

The compliance system itself is now digital

The FCRA 2.0 Portal, launched on 30 June 2026, brings registrations, renewals, annual returns and compliance applications into a digitised workflow. The portal digitises registrations, renewals, annual returns and compliance applications, with electronic authentication and document-verification processes built into the workflow.

This is significant because several compliance requirements are now operationalised directly through the portal's digital workflows. The portal is designed to enforce several of them through its workflow.

THE BILL

If enacted in its present form, the Amendment Bill would introduce a fundamentally different consequence for FCRA non compliance.

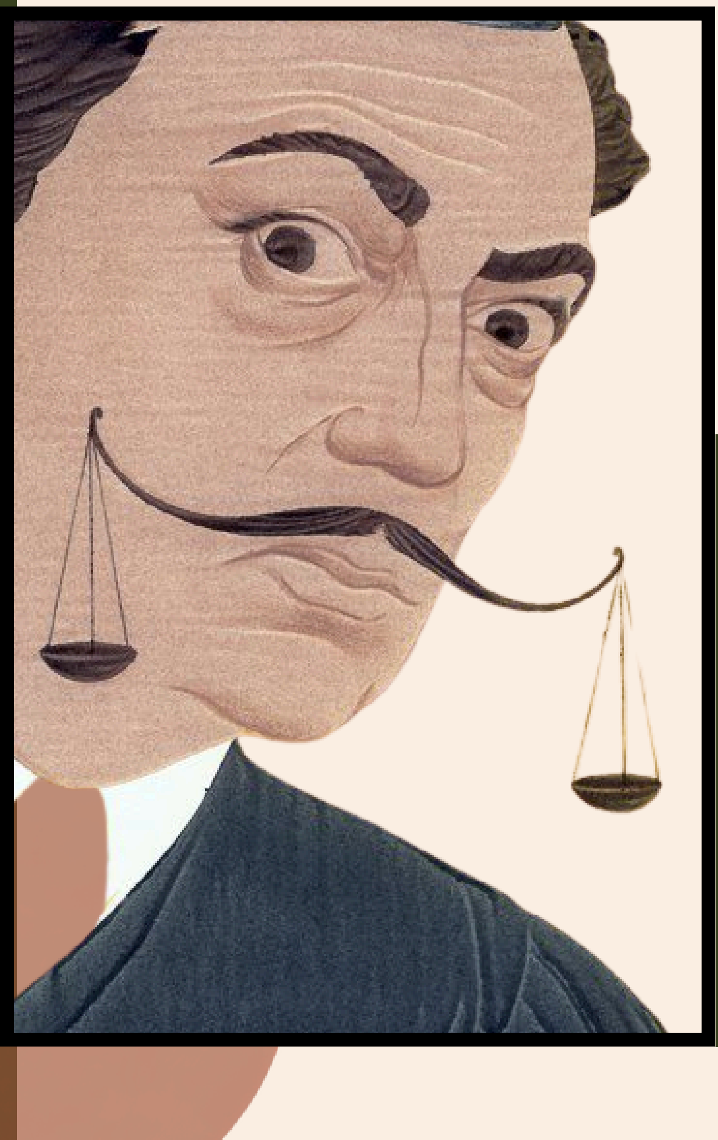
Where registration is cancelled, surrendered or ceases, a Designated Authority could provisionally take control of assets created wholly or partly from foreign contribution.

If the organisation does not obtain, renew or restore its certificate, that vesting could become permanent, with assets potentially transferred to government departments or sold, and the proceeds credited to the Consolidated Fund of India.

CAN AN ORGANISATION EVER TRULY EXIT THE FCRA REGIME?

Analysts have flagged that surrender and non-renewal could both trigger asset-vesting consequences, potentially requiring organisations to continue renewing their FCRA registration simply to protect assets acquired during earlier periods of foreign funding.

The concern becomes sharper where an asset was partly funded through foreign contribution. Under the proposed framework, the entire asset could vest, even where a distinct domestically funded component exists.



COMPLIANCE TAKEAWAY

The 2026 Rules are already in force, and the FCRA 2.0 Portal has operationalised many of their requirements. The proposed Bill adds another layer of risk around the ownership and continuity of assets

Organisations should therefore reassess whether their registered activities and geographies remain accurate, whether foreign contributions are being utilised within the revised thresholds, and whether donor and organisational disclosures are complete. They should also closely monitor renewal timelines and assess the assets created, wholly or partly, through foreign contribution.