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EDITORIAL ANALYSIS

FCRA Amendment Bill 2026 — Tightening the Noose on Foreign- Funded NGOs

 **INDIAN EXPRESS**

26 March 2026

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CURATED & WRITTEN BY



Bharat Choudhary

UPSC Educator & Content Creator •



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INTERVIEW ANGLE

"Civil society organisations play a vital role in democratic governance. Does the FCRA Amendment Bill 2026 strike the right balance between regulation and freedom of association?"

WHY IN NEWS

The Foreign Contribution (Regulation) Amendment Bill, 2026 was introduced in Lok Sabha, proposing stricter controls over foreign-funded NGOs including government takeover of assets when registration is cancelled or lapses. Approximately 16,000 NGOs receiving ~Rs 22,000 crore in annual foreign contributions are affected.

The Editorial Argument

The Indian Express editorial argues that while regulating foreign funding to prevent money laundering and foreign interference is legitimate, the Bill's "deemed cessation" provisions and asset seizure powers grant excessive executive control over civil society. The editorial warns that the Bill could be weaponised to silence dissent under the guise of regulatory compliance.

FCRA — Background and Evolution

The Foreign Contribution (Regulation) Act was first enacted in **1976** during the Emergency, ostensibly to prevent foreign powers from interfering in Indian elections and politics. It was comprehensively revised in **2010** and further amended in **2020**.

VERSION	KEY FEATURES
FCRA 1976	Prohibited foreign donations to political parties; regulated NGOs receiving foreign funds
FCRA 2010	Replaced 1976 Act; mandatory registration; SBI Delhi as designated bank; annual returns
FCRA Amendment 2020	Reduced administrative expenses cap from 50% to 20%; mandatory SBI FCRA account; Aadhaar for key functionaries; prohibited sub-granting
FCRA Amendment Bill 2026	Deemed cessation provisions; government takeover of assets on lapse; enhanced penalties

Key Provisions of the 2026 Bill

PROVISION	DETAIL
Deemed cessation	If FCRA registration lapses or is cancelled, the NGO is “deemed to have ceased” as a legal entity for purposes of holding foreign-origin assets
Asset transfer	All assets acquired using foreign contributions vest in the Central Government upon deemed cessation
Enhanced scrutiny	MHA can order “special audit” of any FCRA-registered NGO at any time
Penalty enhancement	Criminal penalties for violations increased; imprisonment up to 7 years
Digital compliance	Mandatory real-time reporting of foreign fund utilisation on a government portal
Retrospective effect	Applies to NGOs whose registration lapsed in the preceding 5 years

The Constitutional Concerns

Freedom of Association (Article 19(1)(c))

The right to form associations is a fundamental right under Article 19(1)(c). The Supreme Court has held that this includes the right to continue to function as an association. The Bill’s “deemed cessation” provision — automatically dissolving an organisation when its FCRA registration lapses — could violate this right.

Article 14 — Arbitrariness

The Bill gives the MHA unfettered discretion to order special audits, cancel registrations, and seize assets. Without clear, objective criteria and an independent appellate mechanism, this power is susceptible to arbitrary and selective enforcement.

Right to Property (Article 300A)

While no longer a fundamental right, Article 300A protects persons from deprivation of property except by authority of law. The Bill's asset seizure provisions must satisfy the tests of public purpose and proportionality laid down in **K.T. Plantation v. State of Karnataka (2011)**.

The Numbers

METRIC	DATA
Total FCRA-registered NGOs (2025)	~16,000 (down from ~33,000 in 2020)
Annual foreign contributions received	~Rs 22,000 crore
Registrations cancelled/not renewed (2020-2025)	~17,000
Top receiving states	Delhi, Tamil Nadu, Karnataka, Maharashtra, Kerala
Top donor countries	US, UK, Germany, UAE, Singapore
Major affected NGOs	Amnesty India (FCRA cancelled 2020), Greenpeace India (suspended 2015)

The Larger Pattern

The editorial places the Bill in the context of a broader trend of shrinking civic space:

- **2020 FCRA Amendment:** Sub-granting banned; administrative expense cap reduced to 20%
- **2020-2025:** ~17,000 NGO registrations cancelled or not renewed
- **Amnesty International India:** Ceased operations in 2020 after FCRA account frozen
- **Greenpeace India:** FCRA registration suspended in 2015; partially restored by courts
- **Oxfam India:** FCRA licence not renewed in 2022 (subsequently restored)

Government's Defence

The government argues:

- 1 Foreign funds must be used for declared purposes — not diverted to political activities
- 2 Many NGOs failed to file annual returns or maintain proper accounts
- 3 Asset seizure prevents “shell NGOs” from parking foreign-origin real estate
- 4 Enhanced compliance ensures transparency in a sector handling Rs 22,000 crore annually
- 5 National security requires monitoring of cross-border fund flows

UPSC RELEVANCE

FCRA original enactment year (1976), 2010 revision, 2020 amendment provisions, designated bank (SBI Delhi), Article 19(1)©

Role of civil society in governance; regulation vs restriction of NGOs; fundamental rights — freedom of association; executive overreach

★ FACTS CORNER — KNOWLEDGE PEDIA

FCRA — KEY TIMELINE:

1976: FCRA enacted during Emergency

2010: Comprehensive revision (current Act)

2020: Amendment — 20% admin cap, SBI FCRA account, sub-granting ban, Aadhaar mandatory

2026: Amendment Bill — deemed cessation, asset seizure, enhanced penalties

FCRA REGISTRATION DATA:

Registered NGOs (2025): ~16,000 (down from ~33,000 in 2020)

Annual foreign contributions: ~Rs 22,000 crore

Cancelled/not renewed (2020-2025): ~17,000

Administering ministry: Ministry of Home Affairs (MHA)

Designated bank: SBI, New Delhi Main Branch (FCRA account)

CONSTITUTIONAL PROVISIONS:

Article 19(1)©: Right to form associations or unions

Article 19(4): Reasonable restrictions on Article 19(1)©

Article 300A: Right to property — no deprivation except by authority of law

Article 14: Right to equality — protection against arbitrary state action

OTHER RELEVANT FACTS:

Amnesty India: Ceased operations October 2020 after accounts frozen

Greenpeace India: FCRA suspended 2015; challenged in courts

K.T. Plantation v. State of Karnataka (2011): SC laid down tests for property deprivation

India's NGO sector: Estimated 3.4 million NGOs (CBI estimate, 2015)

FCRA portal: fcraonline.nic.in

Sources: [Indian Express](#), [PRS India](#), [MHA](#)



CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujjari →](#)<https://ujjari.com/editorials/2026/03/fcra-amendment-bill-ngo-regulation/>

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