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**EDITORIAL ANALYSIS**

# FCRA Amendment Bill 2026 — Tightening the Noose on Civil Society

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# FCRA Amendment Bill 2026 — Tightening the Noose on Civil Society

 The Indian Express

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The Indian Express

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## INTERVIEW ANGLE

*"Does tighter regulation of foreign funding to NGOs strengthen national sovereignty or erode the democratic space for dissent and accountability?"*

## THE CORE ARGUMENT

The **Foreign Contribution (Regulation) Amendment Bill, 2026** — introduced in the Lok Sabha in the Budget Session — proposes sweeping changes to the FCRA framework: reducing the sub-granting cap from 20% to 10%, mandating that all FCRA accounts be maintained exclusively with State Bank of India branches in New Delhi, and expanding the definition of “political activities” to include any work that “influences public policy.” The Indian Express argues that while foreign funding oversight is a legitimate state interest, the cumulative effect of successive FCRA amendments (2010, 2020, 2026) is to systematically choke the operating space of Indian civil society — particularly organisations working on human rights, environmental advocacy, and minority rights.

## FCRA — BACKGROUND AND EVOLUTION

The **Foreign Contribution (Regulation) Act** regulates the receipt of foreign contributions by individuals, associations, and companies.

YEAR	KEY CHANGE
1976	Original FCRA enacted during Emergency; targeted political parties
2010	Comprehensive rewrite; introduced 5-year renewal; banned transfers to other NGOs
2020	Sub-granting cap reduced from 50% to 20%; mandatory SBI Delhi account; Aadhaar for key persons; reduced overhead cap from 50% to 20%
2026 (proposed)	Sub-granting cap to 10%; expanded “political activity” definition; enhanced district-level monitoring

## WHAT THE BILL PROPOSES

- 1 Sub-grant cap reduction (20% → 10%):** NGOs receiving foreign funds can share only 10% with other organisations — severely limiting ecosystem funding where smaller grassroots groups depend on larger NGOs for support
- 2 “Political activity” redefinition:** Any work that “influences, or is likely to influence, public policy” is now political — potentially covering policy advocacy, research, litigation support, and awareness campaigns
- 3 Enhanced monitoring:** District Collectors given authority to inspect FCRA-registered organisations; quarterly online compliance filings
- 4 Prior permission tightening:** Prior government approval required for any activity that “touches upon issues of national importance”

## CONSTITUTIONAL CONCERNS

RIGHT	FCRA TENSION
<b>Article 19(1)(a) — Free Speech</b>	Chilling effect on advocacy NGOs if any public interest work becomes “political activity”
<b>Article 19(1)(c) — Association</b>	Restrictions on NGO-to-NGO funding fragment civil society’s collective capacity
<b>Article 14 — Equality</b>	Blanket restrictions without proportionality — small NGOs disproportionately burdened
<b>Article 21 — Life/Liberty</b>	Rights defenders working in conflict zones (Manipur, Kashmir) face operational disruption

## THE NUMBERS — FCRA'S IMPACT ON NGOS

- **2011:** ~43,000 FCRA-registered organisations
- **2022:** ~16,000 (after 2020 amendments — thousands cancelled, surrendered, or lapsed)
- **Foreign inflows (2022–23):** ~₹25,000 crore — largely in health, education, and rural development
- **Top sources:** USA, Germany, UK, Netherlands — primarily through foundations and church organisations

## UPSC RELEVANCE

### GS Paper 2 — Polity and Governance:

- Civil society and its role in democracy — watchdog, service delivery, advocacy
- FCRA — constitutional validity; Supreme Court rulings (Noel Harper case, 2022)
- Freedom of association — Article 19; reasonable restrictions
- Federalism angle — Centre vs. state-registered NGOs; SBI Delhi mandate as centralisation

### UPSC RELEVANCE

“A vibrant civil society is not a threat to national sovereignty — it is a sign of democratic maturity.

Regulation that conflates advocacy with subversion ultimately weakens the accountability ecosystem that democracy depends upon.”

## FACTS CORNER

- **Noel Harper v. Union of India (2022):** Supreme Court upheld FCRA 2020 amendments as constitutionally valid; held that foreign funding has no fundamental right protection; dissent by Justice Khanwilkar’s colleague on the SBI-Delhi mandate
- **FCRA designation as “political”:** The 2020 amendment already made election work, hartals, and bandhs “political”; the 2026 proposal expands this to policy advocacy
- **Amnesty India:** Left India in 2020 citing FCRA freezes — cited as an example of regulatory overreach; government maintains it was due to non-compliance
- **Sub-grant ecosystem:** Many grassroots organisations in tribal/rural areas have no capacity to independently obtain FCRA registration; they depend on pass-through funding from larger NGOs

- **Overhead cap:** FCRA limits administrative expenditure to 20% of foreign funds received — down from 50% before 2020; critics argue this makes professional NGO management unsustainable
- **CBI/ED jurisdiction:** FCRA violations can attract both CBI (criminal violation of FCRA) and ED (PMLA proceedings if “proceeds of crime” alleged)

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