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EDITORIAL ANALYSIS

Fear of the Foreign: FCRA Amendment Bill 2026 and Civil Society

THE HINDU

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INTERVIEW ANGLE

"Is the state's regulation of foreign funding to NGOs a legitimate national security tool or a mechanism to suppress dissent — where should the constitutional line be drawn?"

WHY IN NEWS

The FCRA (Foreign Contribution Regulation Act) Amendment Bill, 2026 was tabled in Parliament, proposing expanded grounds for automatic cancellation of NGO licences and asset seizure without mandatory judicial oversight, raising concerns about compliance with natural justice principles.

THE EDITORIAL ARGUMENT

India has a legitimate interest in preventing foreign powers from funding political destabilisation through NGOs. But the FCRA Amendment Bill 2026 conflates that legitimate concern with a much broader regulatory overreach — enabling the executive to cancel civil society licences and seize assets without adequate judicial safeguards. The result is a law that empowers the state to weaponise compliance requirements against inconvenient organisations.

FCRA: THE BACKGROUND

The Foreign Contribution (Regulation) Act, 2010 (which amended the 1976 Act) regulates how NGOs, political parties, and other bodies receive foreign donations. Key features:

- Only registered organisations can receive foreign contributions
- Funds cannot be used for political activities
- Annual returns must be filed with the Ministry of Home Affairs (MHA)
- MHA can suspend or cancel registration for violations



Successive FCRA Amendments in 2020 tightened the law significantly:

- Banned sub-granting (passing foreign funds to other NGOs)
- Required all foreign funds to be received only in designated SBI accounts
- Reduced administrative cost allowance from 50% to 20%
- Added public interest grounds for cancellation

The 2026 Bill goes further: it allows **automatic cancellation** without prior show-cause notice in cases of “national security” concerns — a term left undefined in the Bill text.

WHAT THE 2026 BILL CHANGES

Automatic Asset Seizure

If an organisation’s FCRA licence is cancelled (including for procedural violations), the government can seize its assets before the organisation exhausts appeal remedies. This reverses the normal principle of status quo pending appeal.

Expanded “National Security” Ground

“National security” is added as a standalone cancellation ground, without requiring evidence of specific violation. Since “national security” is not defined in the Bill, this creates unbounded executive discretion.

No Prior Notice Requirement

The Bill removes the mandatory 30-day notice requirement before cancellation in certain categories of alleged violation. This eliminates the opportunity to correct or respond.

THE CONSTITUTIONAL PROBLEM

Natural Justice

Audi alteram partem (hear the other side) is a fundamental principle of administrative law in India, derived from Article 14 (equality and fairness) and Article 21 (personal liberty and dignity). The Supreme Court has consistently held that orders affecting civil and property rights require a meaningful opportunity to be heard.

Automatic cancellation without notice potentially violates this principle.

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

The Supreme Court in *Nandini Sundar vs. State of Chhattisgarh* and other cases has held that civil society organisations exercise fundamental rights of association. Regulation is permissible under Article 19(4) (reasonable restrictions) but must be proportionate and judicially reviewable.



Chilling Effect

When regulatory tools can be deployed without judicial oversight, even legitimate NGOs face existential uncertainty. The result is self-censorship: organisations working on sensitive issues (land rights, environmental monitoring, government accountability) must weigh the cost of advocacy against the risk of administrative action.

WHAT BALANCE LOOKS LIKE

FCRA regulation is not inherently illegitimate. The government has genuine concerns about:

- Foreign state actors funding political movements
- Commercial entities laundering untaxed funds through NGOs
- Organisations operating as covers for money laundering or terrorism financing

But legitimate regulation should:

- ① Define “national security” grounds with precision
- ② Require independent judicial or quasi-judicial approval before asset freezing
- ③ Preserve appeal rights with stay of consequences pending appeal
- ④ Distinguish between procedural violations and substantive misconduct

UPSC RELEVANCE

GS Paper 2 — Governance and Polity

- FCRA, 2010: regulatory framework for foreign contributions
- Fundamental rights: Article 19(1)(c), Article 14, natural justice principles
- Role of civil society in Indian democracy; Nandini Sundar case

GS Paper 4 — Ethics

- Ethical dimensions of state-civil society relations
- Whistleblowing and accountability vs. national security concerns

Mains Keywords

FCRA Amendment, foreign contribution, natural justice, audi alteram partem, civil society, Article 19(1)(c), Article 14, national security definition



★ KEY FACTS

FCRA: Foreign Contribution (Regulation) Act, 2010 (amended 2020, 2026 Bill pending)

MHA: Nodal ministry for FCRA administration

2020 Amendment: banned sub-granting, SBI-only accounts, admin cost cap 20%

2026 Bill: automatic cancellation on “national security” grounds; asset seizure before appeal

Article 19(1)(c): Freedom of association (fundamental right)

Natural justice: audi alteram partem (right to be heard), codified in admin law

Sources: [The Hindu](#), [Ministry of Home Affairs](#), [PRS Legislative Research](#)

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