



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA – ERNAKULAM BRANCH

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FOREIGN CONTRIBUTION (REGULATION)
AMENDMENT BILL, 2026



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TOPICS

- 1. FCRA 1976**
- 2. FCRA 2010**
- 3. FCR AMENDEMENT ACT 2020**
- 4. FCR AMENDMENT BILL 2026**

1. FCRA 1976

1. Foreign Contribution (Regulation) Act (FCRA) is a key law in India regulating the acceptance and use of foreign contributions by individuals, associations, and NGOs. Its history reflects the government's evolving approach to national security, transparency, and regulation of foreign funding.

2. Origin – Foreign Contribution (Regulation) Act, 1976 - Enacted during the period of the Emergency in India under Prime Minister Indira Gandhi

3. Objective: To prevent foreign influence in Indian politics, media, judiciary, and public institutions

To regulate acceptance of foreign funds by organizations

4. Key Features

Prior permission required to accept foreign contribution

Political parties, journalists, judges, and government servants were restricted

Focus was mainly on control and national security

2. FCRA 2010

FCRA RULES 2011

1. Foreign Contribution (Regulation) Act, 2010 Replaced the 1976 Act Came into force on 1 May 2011

2. Objectives:

Ensure foreign funds are used for legitimate purposes Prevent misuse affecting sovereignty, integrity, and public interest

3. Key Features:

Registration validity: 5 years (renewable)

Mandatory bank account for FCRA funds

Annual filing (FC-4 return)

Power to suspend/cancel registration

Stricter monitoring of NGOs

4. Rules and Implementation FCRA Rules, 2011 notified to operationalize the Act Later replaced by FCRA Rules, 2020 for stricter compliance

3. FCR AMENDMENT ACT 2020

FCR AMENDMENT RULES 2020

1. Major Amendment – Foreign Contribution (Regulation) Amendment Act, 2020
Introduced significant tightening
2. Single FCRA Account mandatory at State Bank of India
3. Administrative expenses capped at 20% (earlier 50%)
4. Prohibition on sub-granting to other NGOs
5. Aadhaar made mandatory for key functionaries
6. Increased government powers to suspend registrations

Sec 15- Management of foreign contribution of person whose certificate has been cancelled [or surrendered]

15(1) The foreign contribution and assets created out of the foreign contribution in the custody of every person whose certificate has been cancelled under section 14 2 [or **surrendered** under section 14A] shall vest in such **authority as may be prescribed**.

(2) The authority referred to in sub-section (1) may, if it considers necessary and in public interest, manage the activities of the person referred to in that sub-section for such period and in such manner, as the Central Government may direct and such authority may utilise the foreign contribution or dispose of the assets created out of it in case adequate funds are not available for running such activity.

(3) The authority referred to in sub-section (1) shall return the foreign contribution and the assets vested upon it under that sub-section to the person referred to in the said sub-section if such person is subsequently registered under this Act.

Sec 16- Renewal of certificate

16(1) Every person who has been granted a certificate under section 12 shall have such certificate renewed within six months before the expiry of the period of the certificate.

Provided that the Central Government may, before renewing the certificate, make such inquiry, as it deems fit, to satisfy itself that such person has fulfilled all conditions specified in sub-section (4) of section 12.

(2) The application for renewal of the certificate shall be made to the Central Government in such form and manner and accompanied by such fee as may be prescribed.

Sec 16- Renewal of certificate

(3)The Central Government shall renew the certificate, ordinarily within ninety days from the date of receipt of application for renewal of certificate subject to such terms and conditions as it may deem fit and grant a certificate of renewal for a period of five years:

Provided that in case the Central Government does not renew the certificate within the said period of ninety days, it shall communicate the reasons therefor to the applicant:

Provided further that the Central Government may refuse to renew the certificate in case where a person has violated any of the provisions of this Act or rules made thereunder

FCR AMENDMENT BILL 2026

- sec 2(a) –Administrator
- sec 2(fa) Designated authority
- Sec 14B –

(1) The certificate shall be deemed to have ceased on the expiry of its period of validity if—

- (a) the application for renewal has not been made under sub-section (2) of section 16;
- (b) the application for renewal has been made, but refused by the Central Government under the second proviso to sub-section (3) of section 16; or
- (c) the certificate is not renewed before its expiry.

(2) No person whose certificate has ceased to exist shall either receive or utilise the foreign contribution unless the certificate is renewed.”.

- Section 15 shall be omitted

- **Chapter IIIA - VESTING OF FOREIGN CONTRIBUTION AND ASSETS IN DESIGNATED AUTHORITY**

16A. (1) The foreign contribution and the assets created out of foreign contribution of any person—

(a) whose certificate has been cancelled under section 14; or

(b) who has surrendered the certificate under section 14A; or

(c) whose certificate has ceased under section 14B or any rules made under this Act, shall, from the date of such cancellation, surrender or cessation, vest provisionally in the Designated authority in such manner as may be prescribed.

(2) An asset shall vest wholly in the Designated authority whether created or acquired partly from foreign contribution and partly from other sources:

Provided that the person referred to in sub-section (1) may make an application to the Designated authority for return of any distinct or ascertainable portion of the asset created or acquired from other sources and the Designated authority, on being satisfied, shall by an order, return such portion of the asset to the applicant in such manner as may be prescribed.

(3) Upon vesting of the assets in it under sub-section (1), the Designated authority may either directly or through an Administrator, take possession of the assets and shall—

(a) be responsible for the supervision, management, safeguarding, preserving or maintaining the assets so vested in it;

(b) if considered necessary or expedient so to do in the public interest, undertake the management of activities of the person whose assets are provisionally vested in it under sub-section (1), in such manner and for such period as may be prescribed and the Designated authority may utilise the foreign contribution for managing such assets and activities.

(4) Where, in respect of any person referred to in sub-section (1),—

(a) a fresh certificate is granted under section 12;

(b) the certificate is renewed under section 16; or

(c) the certificate is restored by revision under section 32,

within such period as may be prescribed, then the Designated authority shall return the unutilised foreign contribution and such of the assets vested provisionally in it, subject to such conditions and in such manner as may be prescribed.

(5) If the person referred to in sub-section (1) fails to obtain a fresh certificate or get its certificate renewed or restored within the period referred to in sub-section (4), the foreign contribution and the assets created out of foreign contribution shall thereupon stand permanently vested in the Designated authority.

(6) The Designated authority shall apply the foreign contribution and the assets permanently vested in it for public purposes and may, by order—

(a) transfer such assets to any Ministry, Department, authority or agency of the Central Government or of a State Government or any local authority, in such manner as may be prescribed; or

(b) dispose of such assets through sale or any other appropriate process, in such manner as may be prescribed and credit the sale proceeds together with any unutilised foreign contribution to the Consolidated Fund of India:

Provided that no person referred to in sub-section (1) or any of its key functionaries at the time of cancellation, surrender or cessation or any person acting on behalf or for the benefit of such person or any of its key functionaries shall directly or indirectly acquire or derive any interest in the assets so dealt with.

(7) Notwithstanding anything contained in sub-section (6), the Designated authority shall, where any asset permanently vested in it or portion thereof is a place of worship, entrust the management or operation of such asset or portion thereof to such person, in such manner and on such terms and conditions as may be prescribed and ensure that the religious character of such place of worship is maintained.

16B. The provisions of this Act, as amended by the Foreign Contribution (Regulation) Amendment Act, 2026, shall apply to all foreign contributions and assets created out of foreign contributions vested under section 15 as omitted by the said Act, or any rules made under this Act, as it stood immediately before the commencement of the said Amendment Act, and all such foreign contributions and assets shall, from the date of commencement of the Foreign Contribution (Regulation) Amendment Act, 2026, be deemed to be provisionally vested in the Designated authority under sub-section (1) of section 16A.

16C. Notwithstanding anything contained in any other law for the time being in force, where any person who was permitted to accept foreign contribution under this Act ceases to exist or is rendered inoperative or defunct,—

(a) the last key functionaries of such person shall inform the Central Government of such cessation or status of being inoperative or defunct, in such form and manner and within such period as may be prescribed;

(b) the foreign contribution received by such person and the assets created out of foreign contribution shall stand permanently vested in the Designated authority under sub-section (5) of section 16A.

16D. (1) Where the Designated authority sells any immovable property vested in it under this Act, it shall, upon receipt of the sale proceeds, issue a certificate of sale in such form as may be prescribed, in favour of the transferee and such certificate shall, notwithstanding that the original title deeds of the property have not been delivered to the transferee, be conclusive proof of the transferee's ownership of the property:

Provided that where such property is transferred by the Designated authority otherwise than by way of sale, the Designated authority shall issue a certificate of transfer in such form as may be prescribed and such certificate shall have the same legal effect as a certificate of sale.

(2) Notwithstanding anything contained in any other law for the time being in force, the certificate of sale issued under sub-section (1) shall be a valid instrument for the registration of the property in favour of the transferee and such registration shall not be refused on the ground of absence of original title deeds.

(3) Any property vested in the Designated authority under this Act shall not be transferred, whether by order of attachment, seizure or sale in execution of a decree of a Civil Court or orders of any tribunal or other authority, except in accordance with the provisions of this Act.

16E. (1) Without prejudice to the provisions of section 16A, the Designated authority shall be responsible for—

- (a) maintaining proper records, registers, inventories and accounts of the foreign contributions and assets vested in it;
- (b) reporting to the Central Government any violation of the provisions of this Act or any fraudulent activity that comes to its notice during the discharge of its duties;
- (c) submitting such periodic reports to the Central Government as may be prescribed; and

(d) discharging such other incidental or ancillary functions as may be assigned to it by the Central Government.

(2) The Designated authority shall act in accordance with such directions or orders, whether general or special, as may be issued to it by the Central Government from time to time.

16F. Every person whose foreign contribution or assets are vested in the Designated authority and all key functionaries of such person, shall—

(a) afford to the Designated authority or to any person authorised by it, full and unhindered access to its books of account, records (including electronic records), premises and properties and allow inspection, inventory and valuation thereof;

(b) produce or deliver all books, accounts, documents, securities, keys and movable assets and hand over possession or control of bank accounts, lockers and safe deposits, as may be required by the Designated authority;

(c) not alienate, encumber, part with possession of, or conceal, remove or otherwise deal with any foreign contribution or asset created out of such contribution, except with the prior approval of the Designated authority;

(d) keep such foreign contribution and assets intact and in the same condition, and shall carry on its activities under the supervision of, and subject to such terms and conditions as may be specified by the Designated authority;

(e) furnish correct and complete information, returns and declarations and cause an authorised representative to appear when called for; and

(f) provide such assistance and comply with such further directions as may be issued by the Designated authority or the Central Government, as may be required for the purposes of carrying out the provisions of this Act.

16G. The Designated authority and the Administrator, for the purposes of discharging their functions under this Act, shall—

- (a) have all the powers of a Civil Court under the Code of Civil Procedure, 1908, while trying a suit, in respect of summoning and enforcing the attendance of any person, examining them on oath, requiring the discovery and production of documents, receiving evidence on affidavits, issuing commissions and such other matters as may be prescribed;
- (b) (b) be deemed to be a public servant within the meaning of clause (28) of section 2 of the Bharatiya Nyaya Sanhita, 2023.

16H. All officers of the Central Government, State Governments, Union territory Administrations, local authorities, public financial institutions, banks and such other authorities or agencies as may be specified by the Central Government shall extend such assistance to the Designated authority as may be required for the discharge of its duties.

16-I. The Designated authority shall not delegate any of its powers or functions conferred on or assigned to it under this Act or the rules made thereunder, except to such extent, in such manner and subject to such conditions as may be prescribed.

16J. The Designated authority may revise any of its orders passed under this Chapter, either on its own motion or on an application made to it by the person referred to in section 16A or the last key functionaries referred to in section 16C, within ninety days from the date of such order, and pass an order in relation thereto, as it thinks fit.

16K. Any person aggrieved by an order of the Designated authority passed under this Chapter may prefer an appeal, within ninety days—

(a) to the Court of the District Judge within the local limits of whose jurisdiction the vesting, management or disposal was made;

(b) subject to such pecuniary or other limits as may be prescribed, to such judicial officer, not below the rank of a Civil Judge of Senior Division, as the Central Government may, by notification, specify in this behalf.

16L. Notwithstanding anything contained in this Chapter, the Central Government may, if it is necessary or expedient so to do in the public interest, exempt such person or class of persons, in such manner and to such extent and subject to such conditions, as may be prescribed, from the provisions of this Chapter.”



THANK YOU

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