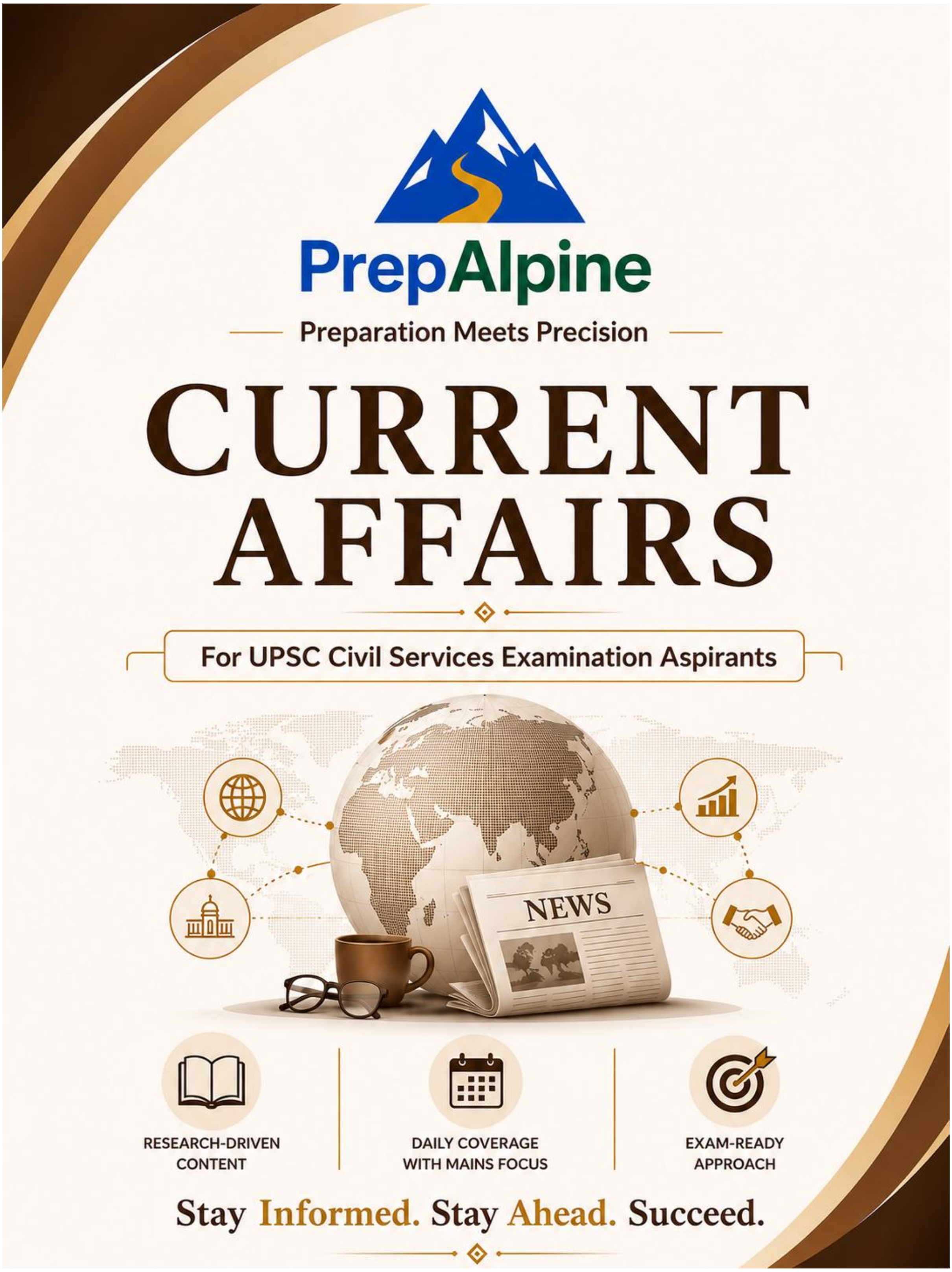
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DAILY CURRENT AFFAIRS DATED 28.06.2026

GS Paper II: Current Affairs

1. FCRA (Amendment) Rules, 2026: Stricter Compliance for NGOs

a. Introduction

The Central Government has notified the Foreign Contribution (Regulation) Amendment Rules, 2026, introducing stricter compliance requirements for organisations receiving foreign contributions. The amendments have generated debate over the appropriate balance between national security, regulatory oversight, transparency and the constitutional space available to civil society organisations.

Civil society organisations constitute an important pillar of participatory governance. At the same time, foreign funding of such organisations requires an appropriate regulatory framework to ensure transparency, accountability and protection of national interests.

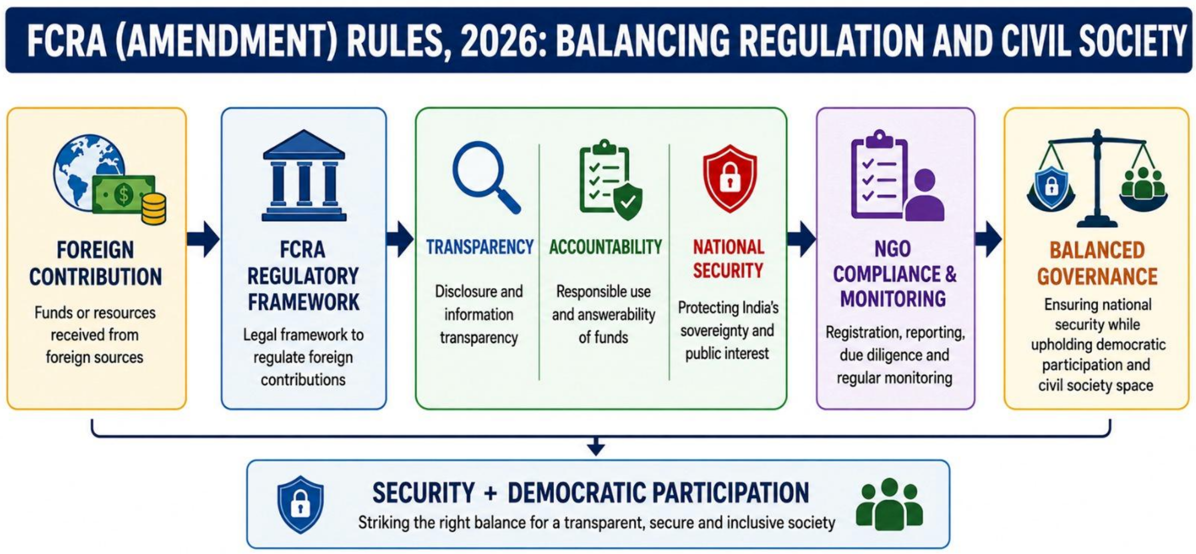
b. Background Context

Civil society organisations (CSOs) play an important role in social development, humanitarian relief, education, healthcare, environmental conservation, research and policy advocacy. Many of these organisations receive foreign contributions to support developmental and welfare activities across the country.

The Foreign Contribution (Regulation) Act, 2010 (FCRA) regulates the acceptance and utilisation of foreign contributions to ensure that such funds do not adversely affect India's sovereignty, integrity, national security, democratic institutions or public interest.

The Foreign Contribution (Regulation) Amendment Rules, 2026 seek to strengthen this regulatory framework by introducing additional compliance obligations aimed at improving transparency and monitoring the utilisation of foreign contributions.

The amendments introduce several new compliance requirements that significantly expand the regulatory responsibilities of organisations receiving foreign funds.



c. Key Changes under the Foreign Contribution (Regulation) Amendment Rules, 2026

- **Restriction to Approved Sectors:** Organisations registered under the FCRA are required to undertake activities only within the approved sectors specified in their registration.

- **State-Specific Operations:** Organisations may operate only in the States and Union Territories mentioned in their registration certificate unless appropriate approvals are obtained from the competent authority.
- **Enhanced Transparency Requirements:** To improve public accountability, organisations must disclose their:
    - Official websites.
    - Social media accounts.
    - Publications and related digital platforms.
- **Restrictions on Political Content:** The amended Rules prohibit organisations from publishing or promoting "political content", although the Rules do not provide a comprehensive definition of the expression.
- **Separate Registration Fees:** Separate registration fees are required for each category of work and for every State or Union Territory in which an organisation intends to operate.
- **Stricter Penalties:** The amendments prescribe stricter penalties for the utilisation of foreign contributions beyond approved purposes or in violation of regulatory conditions.

According to the Government, these amendments are intended to strengthen transparency and prevent misuse of foreign contributions. However, they have also generated important constitutional and governance concerns.

d. Government's Rationale

- **Strengthening Transparency and Accountability:** The Government argues that the amendments improve financial transparency, accountability and regulatory oversight in the utilisation of foreign contributions.
- **Preventing Misuse of Foreign Funds:** The revised framework seeks to prevent diversion or misuse of foreign contributions and ensure that funds are utilised strictly for approved objectives.
- **Safeguarding National Security:** The amendments are intended to protect national security, sovereignty, public order and democratic institutions from potential external influence through foreign funding.
- **Improving Public Oversight:** Greater disclosure regarding organisational activities, websites and digital platforms is expected to improve transparency and facilitate public scrutiny.

e. Concerns

- **Higher Compliance Burden:** The amendments are likely to increase compliance costs and administrative responsibilities, particularly for small and grassroots organisations with limited financial and institutional capacity.
- **Ambiguity Regarding Political Content:** The absence of a clear definition of "political content" creates legal uncertainty. Organisations engaged in policy research, governance reforms, environmental protection, human rights advocacy or public awareness campaigns may face difficulty in determining the permissible scope of their activities.
- **Reduced Operational Flexibility:** Restrictions on expanding operations beyond approved geographical areas may reduce the ability of organisations to respond quickly to natural disasters, humanitarian emergencies or emerging developmental needs.
- **Possible Chilling Effect:** Critics argue that extensive regulatory requirements may discourage legitimate civil society participation in governance, policy advocacy and democratic engagement, thereby creating a chilling effect.
- **Constitutional Concerns:** Questions have also been raised regarding proportionality, procedural fairness, transparency and reasonableness in regulating organisations receiving foreign contributions.

These competing considerations have also been examined by the Supreme Court while interpreting the constitutional validity of the FCRA framework.

f. Judicial Perspective

Noel Harper v. Union of India (2022)

The Supreme Court upheld the constitutional validity of the Foreign Contribution (Regulation) Amendment Act, 2020, recognising the State's authority to regulate foreign contributions in the interests of sovereignty, national security and public order.

The Court observed that receiving foreign contributions is not an absolute or fundamental right and that Parliament possesses the constitutional authority to impose reasonable regulatory safeguards.

Earlier Supreme Court Position

The Supreme Court has also distinguished legitimate social and rights-based advocacy from party-political activity, observing that ordinary civil society engagement should not automatically be regarded as political activity merely because it seeks policy reforms, public awareness or governance improvements.

While judicial precedents recognise the legitimacy of regulatory oversight, they also highlight the need to ensure that regulation remains proportionate and constitutionally balanced.

g. Way Forward

- **Define Political Content Clearly:** The Government should provide a clear, objective and legally precise definition of "political content" to minimise ambiguity and reduce the scope for arbitrary interpretation.
- **Adopt a Risk-Based Regulatory Framework:** A risk-based and proportionate regulatory approach should distinguish serious violations involving misuse of foreign contributions from minor procedural lapses.
- **Simplify Compliance for Smaller Organisations:** Compliance requirements should be simplified for small and grassroots organisations so that genuine developmental activities are not subjected to disproportionate administrative burdens.
- **Strengthen Transparency and Due Process:** Greater transparency should be ensured in decisions relating to registration, renewal, suspension and cancellation of FCRA registrations through reasoned orders, timely decision-making and effective appellate mechanisms.
- **Balance Security with Democratic Participation:** The regulatory framework should ultimately strike a balanced approach that safeguards national security, financial integrity and transparency while preserving the legitimate role of civil society organisations in promoting inclusive governance, social development and democratic participation.

Conclusion

The FCRA (Amendment) Rules, 2026 reflect the Government's emphasis on strengthening transparency, accountability and national security in the regulation of foreign contributions. Going forward, the effectiveness of the framework will depend on ensuring that regulatory oversight remains proportionate, transparent and consistent with constitutional principles, while enabling civil society organisations to continue their legitimate role in India's social and developmental landscape.

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While every effort has been made to balance depth with brevity, please keep the following in mind:

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