Rules and Regulations Review

Foreign Contribution (Regulation) Amendment Rules, 2026

Key Features of the Rules

- The amendment Rules specify a list of approved purposes, and mandate that all organisations must indicate their purposes and states of operation on their FCRA application forms.
- Proof of reasonable activity must be given to apply for or renew an FCRA certificate. The Rules define this as the utilisation of at least Rs 10 lakh in the previous two financial years.
- The Act places certain obligations on "key functionaries" of an organisation. The Rules now define this term to include directors, trustees, kartas and other office bearers responsible for the organisation.
- The Rules add new information disclosure requirements in the registration forms. These include details of office held, service, publication and social media accounts of the organisation.

Issues and Analysis

- The Act states that organisations receiving foreign funding must have a definite cultural, economic, educational, religious or social programme. The amendment Rules specify a list of 105 permitted purposes under these five categories. Organisations must also indicate their states of operation in their application form. In doing so, the amendment Rules may be placing restrictions that are beyond the scope of delegated legislation.
- The definition of key functionaries under the amendment Rules places information requirements on a new class of persons not specified in the Act. The Rules may be going beyond the scope of delegated legislation by creating this requirement.
- The amendment Rules define what reasonable activity of an organisation would entail. This definition is consequential to an organisation retaining its FCRA certificate. The question is whether such definitions should be specified in the parent Act or Rules.

The Foreign Contribution (Regulation) Act (FCRA), 2010 regulates the acceptance and use of foreign contribution by individuals, associations or companies.[1] It also aims to prevent the utilisation of these funds for activities that may be detrimental to national interest. All organisations must obtain an FCRA certificate to receive foreign contribution for their activities. This certificate is valid for five years. It must be renewed every five years to continue receiving foreign contribution or use assets created out of foreign contribution. Apart from the five-year FCRA certificate, the Act also allows for organisations to apply for prior permission. This permission is valid for an organisation to receive foreign funding with the source, purpose, amount and time period being specified.

S.O. 3272(E), Foreign Contribution (Regulation) Amendment Rules, 2026

The Foreign Contribution (Regulation) Rules, 2011, were notified on April 29, 2011.[2] The Rules prescribe (i) administrative expenses, (ii) speculative activities, (iii) guidelines for declaration of an organisation of a political nature, (iv) what constitutes foreign hospitality, and (v) forms to register for an FCRA certificate or prior permission, along with information disclosure (nature of organisation, nature of purpose and member details). The Foreign Contribution (Regulation) Amendment Rules, 2026 amends the 2011 Rules.[3] These amendment Rules were notified by the Ministry of Home Affairs on June 22, 2026.

Navya Sriram
navya@prsindia.org

August 19, 2026

PRS Legislative Research ▪ Institute for Policy Research Studies
3rd Floor, Gandharva Mahavidyalaya ▪ 212, Deen Dayal Upadhyaya Marg ▪ New Delhi – 110002
Tel: (011) 43434035, 23234801 ▪ www.prsindia.org

KEY FEATURES

- **Purposes approved for obtaining foreign funds:** Under the Act, only organisations registered with the central government can receive foreign contribution. Registration required an organisation to have a definite cultural, economic, educational, religious or social programme. The registration form under the 2011 Rules specifies these five categories under the section on nature/purpose of the organisation. The amendment Rules add a list of purposes under each of these categories, from which organisations must select the activities they want to pursue. For multiple purposes, an additional fee of Rs 300 per purpose shall be paid.
- **Changes to the registration process:** In addition to specifying the purpose, the amendment Rules add that the organisation must also mention the states in which it proposes to undertake the activities. It must pay an additional amount of Rs 300 per state or union territory (UT) it plans to carry out its activities in. Any change in an organisation's state of operation or purpose will also require the government's approval.
- The registration form has been amended to require: (i) the social media accounts of the organisation, and (ii) details of activities undertaken and the funding utilised in the last three financial years.
- **Defining reasonable activity:** Under the Act, an organisation may have their FCRA certificate or renewal application cancelled, if they are unable to show that reasonable activity was undertaken. The amendment Rules specify that reasonable activity would require the utilisation of at least Rs 10 lakh of foreign contribution in the last two financial years for such purpose.
- **Key functionaries**: The Act states that directors, office bearers and key functionaries of an organisation must provide their Aadhaar information for obtaining or renewing an FCRA certificate. They must also provide this information every five years to renew the certificate. The 2026 amendment Rules define key functionaries as: (i) the director of a company, (ii) a partner in a firm, (iii) a trustee of a trust, (iv) the Karta of a Hindu undivided family, and (v) an office bearer, member of the governing body, managing committee or any officer managing the entity receiving foreign contribution. These persons will be responsible for the same information disclosure duties.
- An organisation with foreign nationals, other than those of Indian origin, as its key functionaries will not be eligible for registration. However, the government may specify cases or circumstances in which such organisations may be permitted to register to receive foreign funding.

PART B: KEY ISSUES AND ANALYSIS

Rules may be going beyond the scope of the Act

The Supreme Court has held that the Rules cannot alter the scope, principles or provisions of its parent Act. The Rules must only restrict itself to giving effect to the Act's purpose.[4, 5, 6] There are instances where the Rules may be going beyond the scope of the Act. We discuss these below.

Specifying permitted purposes and states of operation

2010 Act: Section 12

2011 Rules: Rule 9(1)(a)

2026 Amendment Rules: Rule 10, 11

As per the Act and the 2011 Rules, an organisation must indicate its chosen field of activity from five categories: (i) cultural, (ii) economic, (iii) religious, (iv) education, and (v) social. The 2026 amendments specify 105 permitted purposes across these categories. An organisation must specify its purpose from this list at the time of registration. The amendment Rules also require the organisation to indicate the states in which it plans to undertake its activities. To change or add a purpose or state of operation, an organisation must file another application, along with an additional fee of Rs 300 per purpose or state added.

The amendment Rules restrict an organisation's activities to a specific list within the broader five categories laid out in the Act. They also restrict the area of operation state-wise. Such restrictions through the Rules may be going beyond the scope of what delegated legislation is permitted to do.

Extending responsibilites to key functionaries

2010 Act: Section 12A

2026 Amendment Rules: Rule 2

The Act places some responsibilities on certain persons of the entity receiving foreign contribution such as providing their Aadhaar identification. These persons include the director, office bearers and key functionaries of the entity. The Act does not define the term "key functionaries". It also does not specifically delegate the power to define this term to the Rules. The amendment Rules specify who would be classified as a key functionary. In doing so, the amendment Rules may be casting legal obligations on persons who do not have such responsibilities under the Act. The Supreme Court has held that delegated legislation must operate within the framework of the parent Act. The Rules cannot expand its scope by creating new classes of persons subject to obligations or disqualifications that the Act has not specified.[4, 5 ,6]

Note that the Foreign Contribution (Regulation) Amendment Bill, 2026, introduced in Parliament in March 2026, proposes a similar definition for key functionaries.[7] The Bill states that these key functionaries will be liable for offences committed by the organisation, unless they can show that the offence occurred without their knowledge. They must also notify the central government if an organisation ceases to exist or is defunct. The Bill has been referred to a Joint Parliamentary Committee for further examination.

Definition of "reasonable activity"

2010 Act: Sections 12(4b), 14(1e), 48

2011 Rules: Rule 9(1)(a)

2026 Rules: Rule 7

The Act states that the central government may cancel an organisation's FCRA certificate if it has not undertaken any reasonable activity in its chosen field for the benefit of society for two consecutive years. The Act does not define what would constitute reasonable activity. The amendment Rules define reasonable activity as the utilisation of at least Rs 10 lakh of foreign contribution in the previous two financial years.

This definition of reasonable activity would determine the organisation's ability to retain its FCRA certificate. Given such serious consequences, the question arises whether such a term should be defined in the principal Act, rather than the delegated legislation.

---

1. Foreign Contribution (Regulation) Act, 2010.
2. Foreign Contribution (Regulation) Rules, 2011.
3. S.O. 3272(E), The Foreign Contribution (Regulation) Amendment Rules, 2026, June 22, 2026, https://fcraonline.nic.in/home/PDF_Doc/fc_gaz_23062026.pdf.
4. Agricultural Market Committee vs Shalimar Chemical Works Ltd, 1997 Supp (1) SCR 164, May 7, 1997.
5. State of Karnataka vs Ganesh Kamath, 1983 SCR (2) 665, March 31, 1983.
6. Kerala State Electricity Board vs Indian Aluminium Company, 1976 SCR (1) 552, September 1, 1975.
7. Foreign Contribution Regulation (Amendment) Bill, 2026, Lok Sabha, March 25, 2026, https://prsindia.org/files/bills_acts/bills_parliament/2026/Foreign_Contribution_Bill_2026_Text.pdf.