ADF INDIA

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FCRA Bill, 2026: What's changing, why it matters, and what must Christian charities do?

Recent developments around the proposed Foreign Contribution (Regulation) Amendment Bill, 2026 have created uncertainty across the non-profit sector. Questions remain about what the amendments contain, what is confirmed versus speculative, and how they affect the long-term sustainability of organisations.

In response, ADF India hosted a focused webinar on 16 April 2026 to bring clarity to these developments. The session featured Dr. Sanjay Patra, Chartered Accountant; Mr. Sanjay Hegde, Senior Advocate; and Adv. Siju Thomas, National Director, ADF India, and was moderated by Adv. Lija Merin John.

🎥 **Watch the full webinar: [https://youtu.be/c-lu7-ExbrE]**

A simplified overview of the key issues discussed in the webinar is outlined below.

What's Changing—and What It Means

The proposed FCRA Amendment Bill, 2026 goes beyond regulating funds and could significantly affect how organisations operate, manage assets, and ensure compliance.

1. **Confiscation of Assets:** The Bill empowers the Central Government to appoint a designated authority to take over and manage assets created using foreign funds from such date when an organisation's FCRA registration stands cancelled, surrendered, or not renewed. This can happen without a prior court hearing or judicial determination. The authority may assume temporary control in the first instance, which can become permanent if the organisation's registration is not restored. In such cases, the assets may be sold, and the proceeds transferred to the Consolidated Fund of India. The authority is also granted civil court–like powers, including summoning individuals and requiring documents.

2. **Limited Period for Restoration of Registration:** The Bill introduces a timeframe, which is yet to be specified, within which an organisation must apply for restoration of its registration. Failure to do so within this period results in the permanent loss of rights over its assets and funds.

3. **Confiscation of Assets Built with Mixed Funding:** Many organisations use a combination of domestic and foreign funds to build various assets, such as schools, hospitals, and community facilities etc. Under the proposed amendments, even partial foreign funding could place entire assets at risk, regardless of domestic contribution.

4. **Expanded Definition of "Key Functionary":** The Bill widens who can be held responsible within an organisation. It goes beyond trustees and directors to include partners, office-bearers, and anyone who effectively manages or controls its work.

5. **Greater Central Control Over Enforcement:** The proposed changes require state authorities or law enforcement agencies to seek approval from the Central Government before starting FCRA-related investigations. While this may be presented as a safeguard, it concentrates decision-making at the centre and reduces independent oversight.

6. **Harsher Restrictions During Suspension:** The proposed amendment introduces that suspended certificate holders are prohibited from alienating, encumbering, or dealing with any asset created from foreign contribution without prior Central Government approval.

7. **Reduced Flexibility in Using Funds:** The FCRA framework provides for two categories of registration: prior permission, which is donor-specific and amount-specific, and regular registration, which is granted for a fixed period. The Bill proposes fixed timelines for organisations operating under prior permission to utilise received funds. Any unspent amount after this period may lapse, leaving little room for delays due to administrative hurdles, emergencies, or changing circumstances on the ground.

What Organisations Should Do Now

1. **Strengthen compliance systems:** Treat compliance as essential. Maintain accurate records, clearly separate domestic and foreign funds, and review all filings carefully before submission.
2. **Audit assets and funding structures:** Conduct detailed audits of assets linked to foreign contributions, including those built with mixed funding.
3. **Improve governance and oversight:** Strengthen internal governance, decision-making, and accountability structures. Invest in professional financial management.

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4. **Build legal awareness:** Develop a clear understanding of legal obligations, risks, and regulatory changes within the organisation.
5. **Stay informed and engage:** The Bill has been introduced but not passed and is currently on hold. There remains a window, however narrow, to prepare and to respond. Civil society has an opportunity to engage lawmakers and bring attention to the real, on-ground impact these changes could have on schools, hospitals, relief work, and faith-based initiatives across the country.

For any queries related to FCRA or legal consultation, you can write to us at communications@adfindia.org

ADF India aims to host more such webinars to unpack these critical legal developments—do stay connected!

Your support enables ADF India to continue providing legal clarity, defend organisations facing regulatory challenges, and stand with those working to serve communities across the country.

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