FCRA Amendments 2026: What Every NGO Must Review Now

The **Foreign Contribution (Regulation) Act (FCRA), 2010** regulates the acceptance and utilisation of foreign contributions by organisations in India.

The **Foreign Contribution (Regulation) Rules, 2011** provide the compliance framework for registration, reporting, disclosures and utilisation of such contributions.

Together, they require organisations receiving foreign contributions to ensure transparency, accountability and proper utilisation of foreign funds.

Ministry of Home Affairs (MHA) has notified the **Foreign Contribution (Regulation) Amendment Rules, 2026**, introducing changes to strengthen the existing compliance framework and provide greater clarity on activities, disclosures, approvals and governance requirements for organisations receiving foreign contributions.

Effective: 22nd June 2026

Immediate Review Required For:

NGOs | Trusts | Societies | Section 8 Companies | Associations receiving foreign contributions

Activity Classification: Your Activities Must Now Be Clearly Classified

Before

Organisations described their objectives and activities broadly, with no standard activity-wise classification.

Now

Every organisation must classify its activities under **five prescribed categories**:

- Social
- Economic
- Educational
- Cultural
- Religious

Each category includes specific approved activities.

What Changes

Organisations should review whether their registered activities accurately reflect the work they actually undertake.

Registration is No Longer Generic

Before

Registration broadly covered organisational objectives, and was not linked to detailed purpose-wise approval.

Now

Purpose based Registration

You must register against **specific approved activities** under five prescribed categories.

What Changes

Future reporting and compliance will now be measured against these declared activities.

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Where You Operate Now Matters

Before

Organisations were not required to link their registration to the specific States or Union Territories where they carried out activities.

Now

Organisations must declare the **States/UTs** where they intend to operate.

If you are planning to expand into a new State or UT, you will need to follow the prescribed approval process before making the change.

What Changes

Expansion is no longer just an operational decision, it may also require regulatory approval. Organisations should ensure their registered geographic scope aligns with where they actually conduct activities.

More People Are Now Accountable

Before

Compliance responsibility was limited to a narrower group of individuals within the organisation.

Now

The definition of **Key Functionaries** has been significantly expanded to include:

- Directors
- Partners
- Trustees
- Karta of HUF
- Office Bearers
- Governing Body Members
- Managing Committee Members
- Persons exercising control over the management of the organisation

What Changes

The amendments widen personal accountability. Organisations should review who qualifies as a Key Functionary and ensure their details, roles, and compliance responsibilities are accurately documented.

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Restrictions on Foreign Nationals Tightened

Before

There was no specific framework restricting foreign nationals from serving as Key Functionaries.

Now

Associations with **foreign nationals** (other than **PIO/OCI** persons) as Key Functionaries will generally **not be eligible** for FCRA registration or prior permission, unless specifically approved by the Central Government.

What Changes

Organisations should review the composition of their governing body before applying for or renewing FCRA registration. The eligibility of Key Functionaries could now directly impact approval.

Greater Transparency Is Now Mandatory

Before

Reporting requirements were largely limited to financial information and details of organisational activities.

Now

Organisations must disclose additional information, including:

- Activities undertaken
- Geographic areas of operation
- Website details
- Social media accounts
- Publications
- More comprehensive annual reporting information

What Changes

Compliance now extends beyond financial reporting. Organisations should ensure their public information, operational records, and disclosures remain accurate, consistent, and up to date.

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Changing Your Activities or Locations? Approval Comes First

Before

There was no defined approval process for changing an organisation's approved activities or operational areas.

Now

Any change to approved **activities** or **States/UTs** requires:

- An application in the prescribed form
- Approval from the governing body
- Payment of the applicable fee

What Changes

Organisations can no longer make changes to their scope of work or geographic operations without following the prescribed approval process. Review internal governance procedures before expanding or modifying your activities.

Stricter Rules on How Foreign Funds Can Be Used

Before

Foreign contributions were required to be used for the organisation's approved objectives.

Now

Foreign contributions must be utilised:

- **Only in India**
- **Only for the stated objectives**
- **Only for the specific purpose for which the funds were received**

What Changes

Organisations should strengthen fund tracking and utilisation controls to ensure every contribution is used exactly as approved. Any deviation could attract increased regulatory scrutiny.

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A Minimum Activity Threshold Has Been Introduced

Before

There was no prescribed minimum threshold for utilisation of foreign contributions.

Now

Organisations must demonstrate **reasonable activity** by utilising **at least ₹10 lakh** of foreign contributions over the **last two financial years** for the approved purpose.

What Changes

Simply holding FCRA registration is no longer enough. Organisations should ensure foreign contributions are actively utilised for approved purposes and maintain records to demonstrate ongoing compliance.

YOUR IMMEDIATE ACTION LIST

- ✓ Review registered activities
- ✓ Review approved States/UTs
- ✓ Verify Key Functionary details
- ✓ Update disclosures
- ✓ Check utilisation records
- ✓ Review internal governance process

One Change Many Organisations May Miss

Foreign contributions must now be used:

- Only in India
- Only for approved purposes
- Only for the stated objective for which they were received

That means stronger scrutiny over utilisation.

Don't Wait for a Regulatory Notice.

Review your FCRA compliance before your next filing.

Follow ManuComply for practical regulatory updates that help organisations stay compliant.