

## **FCRA AMENDMENT RULES, 2026: KEY CHANGES AND PRACTICAL IMPLICATIONS**

### **A. INTRODUCTION**

1. On June 22, 2026, the Ministry of Home Affairs ("**MHA**"), in exercise of the powers conferred under the Foreign Contribution (Regulation) Act, 2010 ("**FCRA**"), notified the Foreign Contribution (Regulation) Amendment Rules, 2026 ("**Amendment Rules**"), which came into force with immediate effect.
2. The Amendment Rules represent a significant tightening of the regulatory regime under the FCRA. By mandating more granular disclosures regarding the purpose, scope, and geographical extent of activities, the amendments strengthen the registration and compliance architecture while enhancing transparency, accountability, and traceability in the receipt and utilisation of foreign contributions.
3. The amendments also introduce quantitative thresholds and time bound compliance obligations for existing entities that are registered under the FCRA. This update examines the key changes introduced by the Amendment Rules and their practical implications for such entities.

### **B. KEY HIGHLIGHTS**

#### **1. Definition of Key Functionaries**

- 1.1 The Amendment Rules have expressly defined the term "key functionary" to include directors (in the case of a company), partners (in the case of a firm), trustees (in the case of a trust), Karta (in the case of a Hindu Undivided Family), office bearers, members of the governing body, managing committee or other controlling authority (in the case of a society, trust, trade union or association of individuals), as well as any other person who has control over, or responsibility for, the management or affairs of the organisation.
- 1.2 Consequently, the Amendment Rules have replaced various references used across the regulatory framework, such as "office bearer", "member", "members of the executive committee", and "governing council" with the uniform term "key functionary".
- 1.3 This change is intended to eliminate terminological inconsistencies across the FCRA and its subordinate legislation, thereby reducing ambiguity in identifying responsible persons within different categories of entities. Consequently, organisations should review their governance documents to ensure that their key functionaries are correctly identified and disclosed in all FCRA filings.

#### **2. Purpose for Obtaining Registration**

- 2.1 The Amendment Rules require every application for registration to specify:
  - (a) the purpose for which registration is sought, selected only from the list of purposes set out in the Schedule to the Amendment Rules; and
  - (b) the State(s) or Union Territory(ies) in which the association proposes to undertake its activities.
- 2.2 Entities already registered prior to the commencement of the Amendment Rules are required to intimate the Central Government in Form FC-6F, indicating the purposes and State(s)/Union Territory(ies) in which they intend to retain their registration, within one (1) year from the date of notification of the Amendment Rules, i.e., by June 21, 2027. Accordingly, existing registrants must proactively assess their current scope of operations and file Form FC-6F well before the deadline to avoid any lapse in their registration status.
- 2.3 A prescribed fee has been provided for registration for a single purpose and one State/Union Territory. Additional fees are payable for each additional State or Union Territory of operation and for each additional purpose stated in the application.

#### **3. Introduction of the Schedule Specifying Purposes for Registration**

- 3.1 As mentioned above, the Amendment Rules have inserted a new Schedule which prescribes an exhaustive list of permissible purposes and activities for which registration may be granted.



- 3.2 The Schedule lists five broad categories, i.e., religious, cultural, economic, educational, and social. For instance, 'religious' purposes include construction and maintenance of places of worship, preservation of sacred scriptures, religious education, inter-faith dialogue, pilgrim amenities, etc. Similarly, 'economic' purposes include agricultural development, allied activities (dairy, fisheries, sericulture), formation of farmer-producer organisations, microfinance, vocational training, etc.
- 3.3 Previously, the FCRA did not enumerate the purposes and activities for which registration could be granted. The inclusion of the Schedule addresses this gap by codifying the qualifying categories, providing applicants with greater predictability regarding the scope of activities recognised under the FCRA. However, entities whose activities do not squarely fall within any of the enumerated categories may face challenges in obtaining registration and should carefully assess whether their proposed activities align with the Schedule before applying.
4. **Change in Registration Particulars**
- 4.1 The Amendment Rules also establish a formal mechanism for changing the scope/particulars of registration already granted.
- 4.2 A registered entity intending to modify its area of operation or the purpose for which registration has been granted, by adding or deleting any purpose or State or Union Territory (as applicable), is required to apply to the Central Government in Form FC-6F, along with the following:
- (a) a resolution of the governing body approving such request for change; and
  - (b) payment of the prescribed fee (as stated in Paragraph 2.3 above).
- 4.3 The Central Government may, after such inquiry as it deems necessary, approve or reject such application.
5. **Foreign Nationals as Key Functionaries and Utilisation of Foreign Contribution**
- 5.1 The Amendment Rules impose stricter eligibility criteria for organisations having foreign nationals as key functionaries and delineate the permissible scope of utilisation of foreign contributions under the FCRA:
- (a) Foreign Nationals Eligibility: The Amendment Rules stipulate that entities having foreign nationals (other than those of Indian origin) as key functionaries shall ordinarily not be eligible for grant of registration or prior permission under the FCRA ("**Prior Permission**"). However, the Central Government may, by order, prescribe circumstances in which foreign nationals may be permitted to act as key functionaries and lay down the conditions subject to which such permission may be granted.  
  
This position was previously reflected in the Frequently Asked Questions issued by the MHA and has now been formally codified in the Amendment Rules, providing express guidance on the eligibility criteria.
  - (b) Utilisation of Foreign Contribution: The Amendment Rules specify that foreign contributions received shall be used only for activities carried out in India, in accordance with the stated objectives and purpose for which such contributions have been received.
6. **Procedural Requirement Relating to Release of Subsequent Instalments of Foreign Contribution**
- 6.1 For entities applying for Prior Permission to receive foreign contribution, where the value of such contribution exceeds INR 1 crore as on the date of disposal of the application, the Central Government may permit receipt of such contribution in instalments. The second and subsequent instalments will be released only upon submission of proof that 75% of the foreign contribution received in the previous instalment has been utilised, and subject to field inquiry regarding such utilisation.
- 6.2 The Amendment Rules now prescribe mandatory procedural requirements in relation to the aforesaid request seeking the release of second and subsequent instalments of foreign contribution from the Central Government. In this regard, a new form, Form FC-3BB, has been introduced, which will have to be submitted by the aforesaid entities in such a scenario. Under this new form, the entities will be required to furnish details such as quantum of foreign contribution received/utilised, details of previous instalment, activity-wise utilisation of foreign contribution, etc.

## 7. Clarification on the "Reasonable Activity" Requirement

- 7.1 The FCRA provides that the Central Government may cancel a certificate of registration if the certificate holder has not engaged in any "reasonable activity" in its chosen field for the benefit of society for a period of two (2) consecutive years, or if it has become defunct. Similarly, one of the conditions for renewal of a registration certificate is that the applicant must demonstrate that it has undertaken "reasonable activity" in its chosen field for the benefit of society and that the foreign contribution proposed to be received will be utilised for such purposes.
- 7.2 In this context, the Amendment Rules provide that an entity will be deemed to have undertaken "reasonable activity" for the benefit of society if it has utilised foreign contribution of not less than INR 10 lakh in the last two (2) financial years towards such purpose. Therefore, entities must now ensure that their utilisation of foreign contributions meets this threshold to avoid cancellation of registration or rejection of renewal applications.
- 7.3 The Amendment Rules additionally clarify that "reasonable activity" encompasses only such activity as is undertaken out of, or by utilising, the foreign contribution received in accordance with the FCRA.

## 8. Enhanced Disclosure Requirements: Changes in Existing Forms and Addition of New Forms

- 8.1 The Amendment Rules introduce several additional disclosure requirements across multiple forms such as:
- (a) **Form FC-2** (application for permission to accept foreign hospitality): Now mandates additional disclosures including details of office and service particulars, with specific fields for legislators, political party office bearers, judges, government servants, and employees of corporations or bodies.
  - (b) **Form FC-3A** (application for registration): Now requires disclosure of the applicant's social media accounts, purpose and geographical area of operation, and details of activities undertaken in the preceding three (3) financial years.
  - (c) **Form FC-3C** (application for renewal of registration): Now requires submission of year-wise detailed activity reports covering the preceding three (3) financial years.
  - (d) **Form FC-4** (annual return): Now requires supplementary information to be provided, such as details of ultimate donors in case of donor advised funds/other intermediary remittance vehicles, details of publications brought out by the association, social media accounts of the association, official website of the association, and a detailed activity report.
- 8.2 Additionally, two new forms have been prescribed (**Form FC-3BB & FC-6F**) for the purpose of seeking release of the subsequent instalment of foreign contribution (along with mandatory CA certification and field inquiry) and inclusion of purpose/State/ Union Territory in certificate of Registration, respectively.

## C. WAY FORWARD

1. The Amendment Rules mark a substantial evolution in the FCRA compliance landscape. By introducing additional eligibility parameters and enhanced disclosure requirements, they place greater emphasis on comprehensive documentation and regulatory oversight. Associations should therefore evaluate their existing compliance practices and registration documentation to ensure continued alignment with the revised requirements.
2. These changes come alongside the launch of the FCRA 2.0 Portal, which aims to reduce paperwork and facilitate faster processing of applications while enabling real-time monitoring of foreign contributions through integration with critical government databases. Together, the Amendment Rules and the FCRA 2.0 Portal reflect the government's stated objective of simplifying compliance for organisations while strengthening oversight and enforcement. Given that the Amendment Rules are already in effect, organisations are advised to initiate internal assessments at the earliest to ensure timely compliance.