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A Comparative Analysis between the Foreign Contribution (Regulation) Act, 2010 *and the* Foreign Contribution (Regulation) Amendment Bill, 2026

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1. Introduction

The movement of people, ideas, technology and financial resources across national borders has been transformed by globalisation. Today, international philanthropy and development partnerships fund education, health, disaster relief, scientific research, environmental conservation, and community development around the world. Such collaboration has also been beneficial to India as thousands of organisations have received foreign contributions for activities that are in the nature of contributing to the social and economic development of the country.

With these opportunities, governments worldwide have increasingly acknowledged the need to ensure transparency and accountability in cross-border financial flows. The rapid growth of global financial networks, digital transactions and cross-border funding mechanisms has created new governance challenges related to financial transparency, foreign influence and the protection of democratic institutions. Regulation of foreign financial flows, then, is a well-recognized feature of modern governance in many democracies.

Therefore, the Foreign Contribution (Regulation) Act (FCRA) should be seen in this wider international context. The Act does not prohibit genuine charitable activities but provides a legal framework to ensure receipt, utilisation and accounting of foreign contributions in accordance with Indian law while allowing genuine international cooperation.

Importance of the Article- The Foreign Contribution (Regulation) Act, 2010 is India's primary law governing receipt and use of foreign contributions and hospitality by individuals, associations and companies, having replaced the 1976 Act and undergone amendments including in 2016 and 2020. The

Foreign Contribution (Regulation) Amendment Bill, 2026, introduced in the Lok Sabha on 19 March 2026 by the Minister of Home Affairs and Cooperation, does not replace the 2010 Act but introduces targeted amendments—chiefly a new framework for vesting, management and disposal of foreign contributions/assets upon cancellation, surrender or cessation of registration, plus structural changes. The paper covers background, the Bill's scheme, clause comparison, and practical implications.

2. The Foreign Contribution (Regulation) Act, 2010 — Background and Scheme

The 2010 Act (Act No. 42 of 2010) is described in its long title as an Act "to consolidate the law to regulate the acceptance and utilisation of foreign contribution or foreign hospitality by certain individuals or associations or companies and to prohibit acceptance and utilisation of foreign contribution or foreign hospitality for any activities detrimental to the national interest." It extends to the whole of India and also applies to citizens of India outside India and to overseas branches or subsidiaries of Indian companies. It came into force on 1 May 2011.

2.1 Structure of the Act

The Act is organised into nine chapters:

- Chapter I (Sections 1–2) — Preliminary: short title, extent, and the definitions clause (Section 2), which defines core terms such as “association”, “company”, “foreign company”, “foreign contribution”, “foreign hospitality”, “foreign source”, “person”, “political party” and “registered newspaper”.

- Chapter II (Sections 3–10) — Regulation of foreign contribution and hospitality: this identifies categories of persons (candidates for election, journalists, public servants, judges, government servants, members of Legislature, political parties, organisations of a political nature, and entities engaged in electronic/audio-visual news media) who are prohibited from accepting foreign contribution, subject to specified exceptions (Section 4) such as salary, ordinary trade payments, gifts from relatives, and remittances through official channels.

- Chapter III (Sections 11–16) — Registration: this requires persons with a “definite cultural, economic, educational, religious or social programme” to obtain either a five-year certificate of registration or case-specific “prior permission” before accepting foreign contribution, and provides for suspension (Section 13), cancellation (Section 14), surrender (Section 14A), and renewal (Section 16) of the certificate.

- Chapter IV (Sections 17–22) — Accounts, intimation, audit and disposal of assets: this mandates that foreign contribution be received only through a designated “FCRA Account” at a specified branch of the

State Bank of India, New Delhi (as amended in 2020), and requires periodic intimation, maintenance of accounts, audit, and disposal of assets where a person ceases to exist (Section 22).

- Chapter V (Sections 23–27) — Inspection, search and seizure of accounts, records, articles, currency or securities suspected of being received in contravention of the Act.
- Chapter VI (Sections 28–30) — Adjudication and confiscation of seized property by a Court of Session or an authorised officer.
- Chapter VII (Sections 31–32) — Appeal to the High Court or Court of Session, and revision by the Central Government.
- Chapter VIII (Sections 33–41) — Offences and penalties, including punishment for false statements, contravention of the Act (Section 35, presently punishable with imprisonment up to five years, fine, or both), offences by companies, and compounding of offences.
- Chapter IX (Sections 42–54) — Miscellaneous provisions covering investigation, protection of action taken in good faith, delegation, rule-making power, exemption, and repeal of the 1976 Act.

2.2 Key Amendment of 2020

The 2010 Act was significantly altered by the Foreign Contribution (Regulation) Amendment Act, 2020. The prohibition under Section 3(1)(c) has been expanded to include "public servants" in general; Section 7 has been replaced to prohibit the transfer of foreign funds to any other person (previously, transfers to registered or permitted persons were permitted); Section 8 has reduced the allowable administrative expenses from fifty percent to twenty percent of foreign funds received in a year; Section 12A has been added to require office bearers' Aadhaar or passport information; Section 14A has been added on certificate surrender; and Section 17 has been replaced to require the FCRA Account regime through the State Bank of India, New Delhi branch. Instead of replacing this 2020 foundation, the 2026 Bill expands upon it.

3. The Foreign Contribution (Regulation) Amendment Bill, 2026 — Overview and Rationale

The Statement of Objects and Reasons accompanying the Bill notes that approximately 16,000 associations are currently registered under the Act, receiving around ₹22,000 crore annually. It identifies several “operational and legal gaps” that the Bill seeks to address:

- The absence of a comprehensive framework for supervision, management and disposal of foreign contribution and assets where registration is cancelled, surrendered, or otherwise ceases — Section 15 of the 2010 Act deals with this only in outline, which the Statement of Objects says has led to "administrative uncertainty and scope for misuse".

- Multiplicity of investigations into the same conduct, with no requirement of prior government approval before an investigation is opened.
- Inconsistency in penalties, and absence of any express timeline for utilisation of foreign contribution received under "prior permission" (as opposed to full registration).
- No express statutory provision for automatic cessation of a certificate where it is not renewed in time, leading to ambiguity as to the status of persons whose five-year certificates simply lapse.
- Ambiguity regarding the treatment of assets during the period a certificate is under suspension.

The main innovation of the Bill is the introduction of a new Chapter IIIA, "Vesting of Foreign Contribution and Assets in Certain Cases," which replaces the previous, much shorter Section 15 mechanism. It is based on a specially notified "Designated authority" and a "Administrator" appointed to assist it. Beyond this, the Bill makes a number of significant and modern changes: it substitutes references to the former Indian Penal Code, Code of Criminal Procedure, and Indian Evidence Act with the new Bharatiya Nyaya Sanhita, 2023, Bharatiya Nagarik Suraksha Sanhita, 2023, and Bharatiya Sakshya Adhiniyam, 2023; it replaces references to the Companies Act, 1956 with the Companies Act, 2013; it adds a new Section 14B on cessation of certificates; it rationalises the provisions of Section 35 and Section 39.

A Statement of Objects and Reasons, a Financial Memorandum (stating that the Bill involves no expenditure from the Consolidated Fund of India), a Memorandum Regarding Delegated Legislation, an Annexure extracting the existing provisions of the 2010 Act that stand amended, and a set of amending clauses (Clauses 1–20) to the 2010 Act comprise the Bill as it was introduced.

4. Clause-by-Clause Comparison

4.1 Nomenclature and Definitional Changes (Clauses 2–4)

Clause 2 makes a global textual substitution: wherever the 2010 Act refers to the "Code of Criminal Procedure, 1973", the Bill substitutes "Bharatiya Nagarik Suraksha Sanhita, 2023" — reflecting India's overhaul of its criminal procedure code. Similarly, Clause 3(c) updates the Explanation to Section 3 to refer to the definition of "public servant" in the Bharatiya Nyaya Sanhita, 2023 rather than Section 21 of the

Indian Penal Code, and Clause 14 updates the reference in Section 26(5) from the Indian Evidence Act, 1872 to the Bharatiya Sakshya Adhiniyam, 2023.

Clause 3 amends the definitions in Section 2(1) of the principal Act. It inserts a new definition of "Administrator" (an officer or authority notified for the purposes of the Act) and, in place of the omitted definition of "company" at clause (f), inserts a definition of "Designated authority" — the body in whom foreign contribution and assets will vest under the new Chapter IIIA. It also inserts an entirely new definition of "key functionary" at clause (ja), covering directors of a company, partners in a firm, trustees, the karta of a Hindu undivided family, office bearers or members of the governing body of a society/trust/trade union, and any other person with control over or responsibility for the management of the entity. This new, broader term is then substituted for "directors or office bearers" wherever that narrower phrase currently appears (for example in Section 12(4)(e) and Section 12A), and is used as the basis for reformulated corporate-liability provisions (see Section 4.4 below).

Clause 3 also updates several statutory cross-references consequent on other laws having been re-enacted: "section 591 of the Companies Act, 1956" becomes "section 379 of the Companies Act, 2013" in the definition of "foreign company"; references to the Companies Act, 1956 in the definitions of "foreign source", "person", "relative" and "subsidiary/associate" are updated to the Companies Act, 2013; and the definition of "registered newspaper" is updated from the Press and Registration of Books Act, 1867 to the Press and Registration of Periodicals Act, 2023. The definition of "political party" at clause (n) is also restated (Clause 3(h)), though its substance — registration under Section 29A of the Representation of the People Act, 1951, or having set up candidates without being so registered — is carried forward materially unchanged, other than dropping the separate reference to "Election Commission of India" in favour of "Election Commission" and omitting the clause dealing with the Jammu & Kashmir-specific 2002 notification.

Clause 4 makes narrower changes to Section 3(1): in clause (g) (entities engaged in production/broadcast of audio or audio-visual news), the words "association or company" are replaced with the single word "person", widening the category to cover any person (not just associations or companies) engaged in such activity; and clause (h) is reworded to refer to a "correspondent or columnist… of an association or company engaged in the activities [described in clause (g)]", aligning the language with the broadened clause (g).

4.2 Registration, Certificates and Prior Permission (Clauses 5–9)

- **Timeline for utilisation under prior permission:** The current Section 12(6) is divided into two subsections by Clause 5(b). Sub-section (6) maintains the complete certificate of registration's five-year validity. In order to close the gap identified in the Statement of Objects, a new sub-section (7) is added that states that foreign contributions received under "prior permission" (as opposed to full registration) must now be received and utilised within "such period as may be prescribed." This establishes, for the first time, an explicit statutory timeline (details to be fixed by future rules) for the utilisation of prior-permission funds.
- **Dealing with assets during suspension:** Clause 7 adds a new clause (c) to Section 13(2), which at the moment merely limits the use and receipt of contributions while they are suspended. The new clause also closes the gap on asset-dealing during suspension mentioned in the Objects and Reasons by prohibiting a person whose certificate is suspended from alienating, encumbering, or otherwise dealing with any asset created out of foreign contribution without prior approval from the Central Government.
- **Cessation of certificate (new Section 14B):** A completely new Section 14B, which was absent from the 2010 Act, is included in Clause 9. It states that a certificate will be "deemed to have ceased" at the end of its validity period if: (a) no renewal application was submitted; (b) a renewal application was submitted but denied under the second proviso to Section 16(3), which was also recently added; or (c) the certificate is just not renewed prior to expiration. A person cannot use or accept foreign contributions once a certificate has expired unless it is renewed. This directly resolves the issue raised in the Statement of Objects regarding the "lack of express provision for cessation of registration."

- **Consequential change to Section 14A:** Clause 8 removes from Section 14A (surrender of certificate) the words tying surrender to prior vesting of assets “in the authority as provided in sub-section (1) of section 15” — because Section 15 itself is being omitted and replaced by the new Chapter IIIA vesting mechanism described below.

4.3 The New Vesting Framework — Chapter IIIA (Clauses 10–11)

The 2026 Bill's focal point is this. Section 15 of the 2010 Act is completely omitted in Clause 10. The current version of Section 15 is a brief three-subsection clause that states that foreign contributions and assets of an individual whose certificate is cancelled or surrendered simply "vest in such authority as may be prescribed," which may oversee the individual's activities and is required to return the contribution and assets if the individual is later re-registered.

Clause 11 replaces this with a new Chapter IIIA, comprising Sections 16A to 16L, which sets out a considerably more detailed regime:

- Section 16A — Provisional and permanent vesting: Foreign contribution and assets of a person whose certificate is cancelled (Section 14), surrendered (Section 14A), or has ceased (new Section 14B), vest provisionally in the Designated authority. An asset created partly from foreign contribution and partly from other sources vests wholly, subject to the person applying for return of any distinct/ascertainable portion attributable to other sources. The Designated authority (directly, or through an Administrator) takes possession, is responsible for supervision and safeguarding of the assets, and may itself run the person's activities if considered necessary in the public interest. If the person subsequently obtains a fresh certificate, a renewal, or restoration on revision within a prescribed period, the unutilised contribution and vested assets are returned; if not, the vesting becomes permanent.
- Section 16B — Transitional provision: Contribution and assets already vested under the old Section 15 (as it stood immediately before the 2026 amendment) are deemed to be provisionally vested in the Designated authority under the new Section 16A.
- Section 16C — Where a registered person ceases to exist, becomes inoperative, or defunct, its last key functionaries must inform the Central Government, and the contribution/assets stand permanently vested in the Designated authority.
- Section 16D — Empowers the Designated authority to issue a certificate of sale (or, for non-sale transfers, a certificate of transfer) of vested immovable property, which is made conclusive proof of ownership notwithstanding absence of original title deeds, and a valid instrument for registration of the property — addressing a common practical obstacle where original title documents are unavailable.
- Section 16E — Casts duties on the Designated authority: maintaining records/accounts, reporting violations or fraud to the Central Government, submitting periodic reports, and acting under Central Government directions.
- Section 16F — Casts reciprocal duties on the person whose contribution/assets are vested (and its key functionaries): to give the Designated authority full access to books, records and premises; hand over documents, keys, bank accounts and lockers; not deal with vested assets without approval; keep assets intact; and cooperate with directions.

- Section 16G — Gives the Designated authority and the Administrator the powers of a civil court (summoning witnesses, requiring discovery of documents, receiving affidavit evidence, etc.) and deems them public servants under the Bharatiya Nyaya Sanhita, 2023.

- Section 16H — Requires Central and State government officers, local authorities, financial institutions and banks to assist the Designated authority.

- Section 16-I — Restricts the Designated authority's power to sub-delegate its functions, except as may be prescribed.

- Section 16J — Gives the Designated authority a power to revise its own orders (on its own motion or on application) within ninety days.

- Section 16K — Provides a right of appeal against orders of the Designated authority — to the District Judge, or to a judicial officer not below the rank of Civil Judge (Senior Division), within ninety days.

- Section 16L — Empowers the Central Government to exempt any person or class of persons from Chapter IIIA in the public interest.

A notable feature of Section 16A(7) is a specific safeguard for religious property: where a permanently vested asset (or portion of it) is a place of worship, the Designated authority must entrust its management to an appropriate person on prescribed terms while ensuring that its religious character is maintained — and, more generally, Section 16A(6) proviso bars the person whose registration was cancelled/surrendered/ceased, or any of its key functionaries, or anyone acting on their behalf, from directly or indirectly acquiring any interest in assets disposed of by the Designated authority.

Consequential to this new chapter, Clause 12 amends the Chapter IV heading (dropping "AND DISPOSAL OF ASSETS", since asset disposal on cessation of a person's existence is now dealt with centrally through the Designated authority), and Clause 13 omits Section 22 (disposal of assets of a person who ceases to exist), that function having been absorbed into new Section 16C.

4.4 Offences, Penalties and Investigation (Clauses 16–18)

- **Rationalisation of the principal penalty — Section 35:** Presently, Section 35 punishes acceptance of foreign contribution (or assisting another person, political party or organisation to accept it) in contravention of the Act with imprisonment of up to five years, fine, or both. Clause 16 substitutes this with a reworded provision that additionally covers 'utilising' (and assisting in utilising) foreign contribution in contravention of the Act, but reduces the maximum term of imprisonment from five years to one year, while retaining fine or both as alternatives. In other words, the offence is defined more broadly (covering utilisation, not just acceptance) but is punished less severely than at present.

- **Corporate/entity liability — Section 39:** Clause 17 substitutes Section 39, which presently attaches liability to "every person… in charge of, and responsible to, the company" and to "any director, manager, secretary or other officer" of a company where the offence was committed with their consent, connivance or attributable neglect. The new Section 39 recasts this in terms of "person other than an individual" (rather than "company" specifically, which also captures associations, societies, trusts, etc. more directly) and "key functionary" (rather than "director, manager, secretary or other officer"), aligning the offences provision with the new, broader "key functionary" definition introduced elsewhere in the Bill. The substantive due-diligence defence for an officer who proves the offence was committed without his knowledge, or that he exercised due diligence, is retained.

- **Prior approval for investigation — Section 43:** Clause 18 renumbers the existing (single-paragraph) Section 43 as sub-section (1) and inserts a new sub-section (2), which provides that no investigation into any offence under the Act may be initiated except with the prior approval of the Central Government. This is new: at present, the authority specified by the Central Government under Section 43 may investigate without any further case-specific approval requirement. This change directly responds to the Statement of Objects' concern about "multiplicity of investigations."

Ancillary changes: Clause 19 amends the Section 48(2) rule-making list to add the new matters that Chapter IIIA and Section 12(7) require to be prescribed (timelines for utilisation under prior permission; manner of provisional/permanent vesting; return of assets; transfer/disposal of assets; certificates of sale/transfer; periodic reporting; delegation limits; appeal pecuniary limits; exemption conditions, etc.), while omitting the erstwhile rule-making entries tied to the now-omitted Sections 15 and 22. Clause 20 inserts a new sub-section (1A) in Section 53 (power to remove difficulties), giving the Central Government a fresh two-year window (from commencement of the 2026 Amendment Act) to make orders removing difficulties specifically arising from the amendment itself, mirroring the equivalent two-year window originally given under the 2010 Act.

4.5 Cross-References to New Criminal and Allied Codes

A recurring, non-substantive but pervasive category of change in the Bill is the updating of cross-references necessitated by India's recent re-enactment of its core criminal statutes and companies law. These do not alter the regulatory substance of the FCRA regime but are necessary for internal consistency:

- Code of Criminal Procedure, 1973 → Bharatiya Nagarik Suraksha Sanhita, 2023 (global substitution, Clause 2; also reflected in the Section 27 marginal heading, Clause 15).
- Indian Penal Code, 1860 (Section 21, definition of 'public servant') → Bharatiya Nyaya Sanhita, 2023, clause (28) of Section 2 (Clause 4(c); also used afresh in new Section 16G(b)).
- Indian Evidence Act, 1872 → Bharatiya Sakshya Adhiniyam, 2023, in Section 26(5) (Clause 14).
- Companies Act, 1956 → Companies Act, 2013, across the definitions of 'foreign company', 'foreign source', 'person', 'relative' and 'subsidiary/associate' (Clause 3).
- Press and Registration of Books Act, 1867 → Press and Registration of Periodicals Act, 2023, in the definition of 'registered newspaper' (Clause 3(i)).

5. Comparative Summary Table

The table below summarises the principal changes; it does not repeat every consequential cross-reference update covered in Section 4.5 above.

Provision / Aspect	FCRA, 2010 (Existing Position)	FCRA (Amendment) Bill, 2026 (Proposed Change)
Governing statute	Foreign Contribution (Regulation) Act, 2010 (Act 42 of 2010), as amended in 2016 and 2020.	Amends the 2010 Act via the Foreign Contribution (Regulation) Amendment Bill, 2026 (Bill No. 97 of 2026); does not repeal or replace it.
Vesting of assets on cancellation/surrender/cessation	Section 15 — a brief three-part provision: assets vest in a prescribed authority, which may manage the person's activities and	Section 15 omitted; replaced by a detailed new Chapter IIIA (Sections 16A–16L) built around a notified "Designated

Provision / Aspect	FCRA, 2010 (Existing Position)	FCRA (Amendment) Bill, 2026 (Proposed Change)
	must return contribution/assets on re-registration.	authority" and "Administrator", covering provisional and permanent vesting, duties of both sides, civil-court powers, certificate of sale/transfer for immovable property, appeal and revision mechanisms, and a special safeguard for places of worship.
Cessation of certificate	No express provision; the Act does not clearly state the consequence of non-renewal or lapse of a certificate.	New Section 14B: certificate deemed to cease on expiry if renewal is not applied for, is refused, or is not granted before expiry; person may not receive/utilise contribution until renewed.
Timeline for utilisation under prior permission	Section 12(6): prior permission valid for the specific purpose/amount, but no fixed period for receipt/utilisation is prescribed.	New Section 12(7): foreign contribution under prior permission must be received and utilised within a period to be prescribed by rules.
Dealing with assets during suspension	Section 13(2): restricts receipt of new contribution and requires prior approval to utilise existing contribution; silent on dealing with assets.	New Section 13(2)(c): expressly bars alienation, encumbrance or dealing with assets created from foreign contribution during suspension, without prior

Provision / Aspect	FCRA, 2010 (Existing Position)	FCRA (Amendment) Bill, 2026 (Proposed Change)
		Central Government approval.
‘Key functionary’ concept	Not defined; liability provisions refer variously to ‘directors or office bearers’ (Section 12(4)(e), 12A) or ‘director, manager, secretary or other officer’ of a company (Section 39).	New defined term ‘key functionary’ (company directors, partners, trustees, karta of HUF, office bearers/governing-body members, and any person in control of management) substituted throughout for the narrower phrases.
Penalty for contravention (Section 35)	Imprisonment up to five years, or fine, or both, for accepting (or assisting acceptance of) foreign contribution in contravention of the Act.	Imprisonment up to one year, or fine, or both — but the offence is widened to also cover utilising (and assisting in utilising) foreign contribution in contravention of the Act.
Corporate liability (Section 39)	Framed around ‘company’ and its ‘director, manager, secretary or other officer’.	Reframed around ‘person other than an individual’ and its ‘key functionary’, aligning with the new defined term; due-diligence defence retained.
Investigation into offences	Section 43: specified authority may investigate; no requirement of case-specific prior government approval.	New Section 43(2): no investigation may be initiated except with the prior approval of the Central Government.
Disposal of assets of a defunct person	Section 22: assets disposed of per the person’s governing law, or as	Section 22 omitted; the function is absorbed into new

Provision / Aspect	FCRA, 2010 (Existing Position)	FCRA (Amendment) Bill, 2026 (Proposed Change)
	the Central Government may notify.	Section 16C (vesting on cessation/becoming defunct) within Chapter IIIA.
Chapter IV heading	"ACCOUNTS, INTIMATION, AUDIT AND DISPOSAL OF ASSETS, ETC."	Heading amended to "ACCOUNTS, INTIMATION AND AUDIT, ETC." (disposal of assets removed, reflecting its relocation to Chapter IIIA).
Definitional updates	References 'company' under Income-tax Act, 1961; Companies Act, 1956 in several definitions; Press and Registration of Books Act, 1867; IPC/CrPC/Evidence Act.	Adds 'Administrator' and 'Designated authority' as new defined terms; adds 'key functionary'; updates Companies Act, Evidence Act, CrPC and Press Registration references to their 2013/2023 successors, as outlined in Section 4.5 above.
Section 3(1)(g)–(h) (news/media entities)	Prohibition on accepting foreign contribution applies to an 'association or company' engaged in production/broadcast of audio or audio-visual news.	Widened to apply to any 'person' engaged in such activity, with clause (h) reworded correspondingly.

6. Key Themes and Implications

6.1 A shift from a skeletal to a comprehensive vesting regime

The most important change is the replacement of the three-sub-section Section 15 with an eleven-section Chapter IIIA. When assets vest in a "prescribed authority" under the 2010 Act, the statute says very little about how that authority is to identify, take possession of, value, safeguard or eventually dispose of those assets, or about the rights and obligations of the person from whom they were taken. The 2026 Bill supplies the missing machinery in detail—civil-court-like powers of summons and discovery, a certificate-of-sale device to get round missing title deeds, express duties of cooperation on the divested person and its key functionaries, and a structured revision/appeal process. This will probably make enforcement more predictable but it will also give the designated authority much wider and more intrusive powers than exist at present under Section 15.

6.2 Introduction of a definite 'point of no return'

New Section 14B and the linked Section 16A(4)–(5) together create a clear timeline: if a person whose certificate is cancelled, surrendered, or has lapsed does not obtain a fresh certificate, renewal, or restoration within a prescribed window, vesting of its foreign contribution and assets becomes permanent and irreversible, with the assets thereafter to be transferred to government use or sold and credited to the Consolidated Fund of India. Under the present Section 15, by contrast, there is no such explicit "permanent vesting" trigger — the vested authority's obligation to return assets on re-registration is open-ended in point of time.

6.3 Widening, and simultaneous softening, of the principal offence

The rewording of Section 35 is a study in trade-offs. The offence is widened to expressly cover the utilisation (not just acceptance) of foreign contribution in contravention of the Act, and to cover assisting in such utilisation – closing what might otherwise have been read as a gap. "Imprisonment for the maximum term is reduced from five years to one year. The new Section 43(2) requirement of prior Central Government approval before any investigation can even commence, taken together, is recalibrating the entire procedural and substantive architecture around enforcement of Section 35, even as the vesting/asset-management architecture around Chapter IIIA is being made considerably more stringent.

6.4 Consolidation around a single, functionally-defined class of accountable individuals

By introducing 'key functionary' as a single defined term covering directors, partners, trustees, karta, office bearers, and any other person in control of management — and then substituting it for the narrower and inconsistent language used at present ('directors or office bearers' in Sections 12(4)(e) and 12A; 'director, manager, secretary or other officer' in Section 39) — the Bill aims to ensure uniform identification of the individuals answerable for an entity's compliance, regardless of whether that entity is a company, a trust, a society, a firm, or a Hindu undivided family.

6.5 Housekeeping consequent on India's new legal codes

A significant share of the Bill's clauses are not substantive policy changes but necessary updates flowing from the replacement of the Indian Penal Code, the Code of Criminal Procedure and the Indian Evidence Act with the Bharatiya Nyaya Sanhita, 2023, the Bharatiya Nagarik Suraksha Sanhita, 2023 and the Bharatiya Sakshya Adhiniyam, 2023 respectively, and from the Companies Act, 1956 having long been superseded by the Companies Act, 2013. These changes keep the FCRA framework internally consistent with the rest of India's statute book.

6.6 A targeted, not wholesale, revision

It bears emphasis that the 2026 Bill leaves untouched the core prohibition and registration architecture of the 2010 Act — the categories of persons barred from accepting foreign contribution (Section 3), the exceptions to that bar (Section 4), the registration and renewal process (Sections 11–12, 16), the FCRA Account/banking regime (Section 17), the inspection, search and seizure powers (Chapter V), and the confiscation and appeal provisions (Chapters VI–VII) all remain as enacted in 2010 (as amended in 2020). The 2026 Bill is best understood as a focused legislative repair — principally rebuilding the asset-vesting mechanism and tightening a handful of related provisions — rather than a re-founding of the FCRA regime.

7. Conclusion

The basic philosophy of the 2010 Act which is still prohibition-with-exceptions for certain classes of persons, registration-and-permission for others, and close government oversight of receipt and utilisation of foreign funds is not changed by the Foreign Contribution (Regulation) Amendment Bill, 2026. It does so by addressing specific, previously under-regulated junctures in that scheme: what happens to foreign contribution and assets when an organisation's registration ends (Chapter IIIA), what happens when a certificate simply lapses (Section 14B), how long prior-permission funds may remain unutilised (Section 12(7)), what may be done with assets while a certificate is suspended (Section 13(2)(c)), and who within an organization is answerable for its compliance (the 'key functionary' concept). Along with these substantive changes, the Bill also does the necessary housekeeping to align FCRA's cross-references with India's recently re-enacted criminal and evidence codes and companies law. Once notified and brought into force – like the 2010 Act itself, different provisions may be commenced on different dates – the practical significance of the Bill will depend heavily on the rules the Central Government frames under the expanded rule-making power in Section 48(2), particularly those governing the powers, procedure and composition of the new Designated authority.

Note: This write-up is a comparative and explanatory summary prepared from the text of the Foreign Contribution (Regulation) Act, 2010 (as on 1 July 2026) and the Foreign Contribution (Regulation) Amendment Bill, 2026 (Bill No. 97 of 2026, as introduced in the Lok Sabha). It is intended for general informational purposes and does not constitute legal advice; the Bill remains subject to change during its passage through Parliament.

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