



# Updates for International and Domestic Non-Profits in India Operating with Foreign Contributions

## Background

The acceptance of foreign funding by non-profits (i.e., NGOs) in India is strictly regulated. The Foreign Contribution (Regulation) Act, 2010 (“**FCRA**”) is the primary tool used by the Indian Government for such regulation of “foreign contributions” or foreign hospitality through the Ministry of Home Affairs (“**MHA**”), the authority that regulates and oversees the compliances prescribed under the FCRA.

The definitions of foreign contributions and foreign hospitality considered under the FCRA are very wide in their ambit and include donations, delivery, or transfer of any article beyond specified monetary values, currency and security including foreign securities.

According to public information, the licenses of as many as 20,718 organisations have been cancelled by the MHA.<sup>1</sup> Over the past year, there have been a number of instances of well recognised organisations losing their FCRA licences due to the alleged misuse of foreign grants.

A number of these organisations have further had to deal with investigations by the Enforcement Directorate (i.e., India’s chief law enforcement and economic intelligence agency) for purported violations of India’s Foreign Exchange Management Act, 1999.<sup>2</sup>

Accordingly, for an INGO looking to collaborate with Indian NGOs or to establish their own base of operations in India as a not-for-profit organisation and receive foreign contributions, registration under the FCRA and its continued compliance are indispensable.

## Ministry of Home Affairs Changes Validity Period of Receipt and Utilisation of Foreign Funds through Prior Permission

MHA, by a recent notification, has modified the validity period of foreign funds obtained through application of prior permission to four years from the earlier provision of the spending window remaining open till the entire fund was utilised.<sup>3</sup>

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<sup>1</sup> Dashboard, FCRA Online Services managed by Ministry of Home Affairs at [https://fcraonline.nic.in/fc\\_dashboard.aspx](https://fcraonline.nic.in/fc_dashboard.aspx), Retrieved 16 April 2025.

<sup>2</sup> ED conducts searches against George Soros’ OSF, linked entities, The Hindu, 18 March 2025 <https://www.thehindu.com/news/national/ed-conducts-searches-against-george-soros-osf-linked-entities/article69343373.ece> (accessed on 14 April 2025).

<sup>3</sup> Notification dated 07 April 2025, FCRA Online Services managed by Ministry of Home Affairs at [https://fcraonline.nic.in/home/PDF\\_Doc/fc\\_notice\\_07042025.pdf](https://fcraonline.nic.in/home/PDF_Doc/fc_notice_07042025.pdf), Retrieved 16 April 2025.



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Organisations having a definite cultural, economic, educational, religious or social programme cannot accept foreign contributions without a valid certificate of registration under the FCRA or a prior permission from the Central Government, if not registered under the FCRA. Earlier, the prior permission obtained by organisations was valid for the specific purpose or specific amount of foreign contribution proposed to be received, as the case may be.

Through this notification, the validity period for receiving and utilising the foreign contribution through an application of prior permission shall be three years from the date of approval of application for receiving such contribution and four years from the date of approval of application for utilising such contribution. Any receipt or utilisation beyond these time-limits will be considered a violation of the FCRA.

For prior permission applications which have already been approved, and the remaining period is more than three years, the above-stated time limit shall be reckoned from the date of issue of this notification, i.e., 7 April 2025. Understanding the impact that this notification may cause on many organisations, the MHA has allowed for extensions on a case-to-case basis based on the merits of the case.

### **MHA Reiterates that Maintaining FCRA accounts and Utilisation Accounts without Valid Registration Certificate or Prior Permission is Liable to Penal Action**

The MHA, in a recent notification, has reiterated that acceptance of foreign contributions by organisations without a valid registration certificate under the FCRA or approved prior permission and/or utilisation beyond purposes for which such contribution has been received will amount to a violation of the FCRA.<sup>4</sup>

The FCRA provides that a foreign contribution shall be utilised for the purposes for which it has been received as per its certificate of registration or application for prior permission of the recipient organisation. Further, no organisation shall accept foreign contributions unless it obtains a certificate of registration or prior permission. The certificate of registration shall be renewed six months before the expiry of such certificate, i.e., for a period of five years. Thus, every organisation whose certificate of registration has ceased to exist shall not receive or utilise such foreign contributions.

This notification has been released in light of instances of credits to or deductions from the accounts of organisations without valid FCRA registrations or prior permission under the FCRA. The MHA has emphasized that such use of foreign funds without valid registration is a strict violation of the FCRA, and that any such transactions will result in penal action.

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<sup>4</sup> Notification dated 21 January 2025, FCRA Online Services managed by Ministry of Home Affairs at [https://fcraonline.nic.in/home/PDF\\_Doc/fc\\_notice\\_21012025.pdf](https://fcraonline.nic.in/home/PDF_Doc/fc_notice_21012025.pdf), Retrieved 16 April 2025.



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Accordingly, the MHA has provided the portal for organisations to verify the status of validity of their certificates on the FCRA Web Portal, i.e., <https://fcraonline.nic.in>.

### **MHA Extends Validity of FCRA Registrations for which Renewal Applications were Pending Consideration**

The MHA has been issuing regular notifications extending the FCRA registration status of those organisations who had filed the renewal applications within time, and which were pending consideration with the Government till date. The last notification of the MHA dated 27 December 2024 had extended the registration validity of such organisations till 31 March 2025.

Accordingly, on 28 March 2025, the MHA has issued a notification to extend the validity of FCRA registration certificates till 30 June 2025 or till the date the renewal applications get disposed by the authorities, whichever is earlier.<sup>5</sup>

The following categories of organisation are covered under this notification:

- i. Those organisations whose validity of registration certificates was extended till 31 March 2025 in terms of the preceding public notice of 27 December 2024 and whose renewal application is still pending.
- ii. Those organisations whose validity of registration is expiring between 1 April 2025 and 30 June 2025 and who have applied/will apply for renewal of registration before the expiry of their registration as required under FCRA.

The notification also advises that organisations should note that if the renewal application is refused by the authority, the validity of the registration certificate shall be deemed to have expired on the date of refusal of the renewal application, and the organisation will not be eligible to receive nor utilise foreign contributions as regulated under the FCRA.

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<sup>5</sup> Notification dated 28 March 2025, FCRA Online Services managed by Ministry of Home Affairs at [https://fcraonline.nic.in/home/PDF\\_Doc/fc\\_notice\\_28032025.pdf](https://fcraonline.nic.in/home/PDF_Doc/fc_notice_28032025.pdf), Retrieved 16 April 2025.

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