

ONLY COMPETITION IAS

DAILY
Editorials &
Articles



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ONLY COMPETITION TEAM MEMBERS

Editor: Imtiyaz Khan

Managing Editor: Ritika Sharma

Academic Advisors: Raj Shekhar, Haroon, Banjit Hujuri, Manas Garg, Puneet Talukdar

Academic Research Team: Only Competition IAS Research Cell

Creative Media Team: Sunil Kansal, Shivam Sharma, Imaduddin Gaani, Anirban Saikia

Digital Publishing: Abhijeet Sahu & Media Unit

Marketing & Outreach: Akanshya Dutta & Team

Support Staff: Ankit Kumar, Manab Kalita

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✉ **Email:** onlycompetitionofficial@gmail.com

☎ **Contact:** +91 9990-1260-23 / 24

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Assam Center: House No. 12, 3rd Floor, Bylane -6 Hriday Ranjan Path, Guwahati 781003.
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UPSC 360°

The Hindu Unwrapped - Daily Current Affairs Mastery for UPSC CSE (Clear that it's based on The Hindu editorials / news analyses - very aspirant-friendly)

Significance

The deferment of the FCRA Amendment Bill highlights the delicate balance between national security and democratic freedoms. It underscores the need for transparent regulation of foreign funding while safeguarding civil society autonomy. The episode also reflects political sensitivities, electoral considerations, and the importance of stakeholder consultation in policy-making within a democratic framework.

FCRA Amendment Bill Deferred Amid Protests in Lok Sabha: A Critical Analysis

Introduction

- The proposed amendment to the Foreign Contribution (Regulation) Act (FCRA) has triggered significant political debate in India.
- The Union Government recently decided to defer the introduction of the FCRA (Amendment) Bill during the Budget Session following strong opposition protests and emerging political sensitivities.
- This development highlights the complex interplay between regulatory oversight, democratic freedoms, and electoral considerations.

Background: Foreign Contribution (Regulation) Act (FCRA)

The FCRA, originally enacted in 1976 and revised in 2010, regulates the acceptance and utilization of foreign contributions by individuals, NGOs, and associations in India.

Core Objectives

- Ensure transparency in foreign funding
- Prevent misuse of funds

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- Safeguard national security and sovereignty
- Regulate activities of NGOs receiving foreign contributions

Recent Amendments (2020)

- Mandatory FCRA account in SBI, New Delhi
- Prohibition on sub-granting of funds
- Reduction of administrative expenses cap from 50% to 20%
- Aadhaar identification for key functionaries

Recent Developments

- Parliamentary Affairs Minister Kiren Rijju informed the Lok Sabha that the government would not introduce the amendment bill in the current session.
- The decision followed:
 - Protests by Opposition members inside and outside Parliament
 - Concerns raised by political stakeholders, particularly from Kerala
 - Broader debate over the impact on minority institutions and NGOs

Key Proposed Provisions

1. Establishment of a “Designated Authority”

- A centralized body to manage foreign funds and assets of NGOs
- Applicable where NGO registration is:
 - Suspended
 - Cancelled
 - Not renewed

2. Strengthened Regulatory Oversight

- Increased monitoring and compliance requirements
- Greater scrutiny over utilization of foreign contributions

3. National Security Emphasis

- Prevent foreign influence in:
 - Political processes
 - Social movements
 - Religious institutions

Arguments in Favour

1. Enhanced Transparency and Accountability

- Ensures proper tracking of foreign funds
- Reduces scope for diversion and misuse

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2. National Security Imperatives

- Addresses concerns regarding foreign interference
- Protects sovereignty and internal stability

3. Improved Governance of NGOs

- Promotes compliance and financial discipline
- Encourages responsible functioning of civil society organizations

Concerns and Criticism

1. Impact on Civil Society

- Increased regulatory burden may restrict NGO functioning
- Potential decline in foreign funding for development work

2. Allegations of Targeting Minority Institutions

- Concerns that provisions could disproportionately affect:
 - Faith-based organizations
 - Minority-run institutions

3. Centralization of Power

- Creation of a “Designated Authority” may lead to excessive executive control
- Raises questions about autonomy of civil society

4. Democratic and Transparency Concerns

- Opposition alleges reduced parliamentary scrutiny
- Limited access to policy-related information

Political Context

- The issue gained prominence due to:
 - Electoral dynamics in Kerala
 - Government’s outreach towards minority communities
- Reports suggest internal caution within political circles regarding the timing of the bill

Impact Assessment

1. On NGOs

- Higher compliance requirements
- Risk of operational constraints
- Reduced foreign funding inflows

2. On Governance Framework

- Strengthens regulatory oversight
- Raises concerns of over-regulation



3. On Democratic Space

- Balancing national security with freedom of association becomes critical

Recent Trends and Data

- Thousands of NGOs have lost FCRA registration in recent years due to non-compliance
- Increasing emphasis on:
 - Financial transparency
 - Digital monitoring of funds
- Global trend toward tighter regulation of foreign funding in several countries

Way Forward

1. Balanced Regulatory Approach

- Ensure accountability without undermining civil society autonomy

2. Stakeholder Consultation

- Engage NGOs, experts, and civil society representatives

3. Institutional Safeguards

- Prevent arbitrary cancellation or suspension of licenses

4. Strengthening Parliamentary Oversight

- Ensure transparency and democratic scrutiny of amendments

Conclusion

The deferment of the FCRA Amendment Bill underscores the need for a calibrated approach in regulating foreign contributions. While national security and transparency are legitimate concerns, these must be balanced with the principles of democratic freedom and civil society participation. A transparent, consultative, and accountable framework is essential to maintain both institutional integrity and public trust.

UPSC CSE & State PCS Relevance

Prelims

- Key terms: FCRA 2010, FCRA Amendment Bill 2026, Designated Authority, Foreign Contribution, NGO Regulation
- Facts: ~16,000 FCRA-registered organisations; Annual inflow ~₹22,000 crore

GS-2 (Governance & Polity)

- Regulation of civil society, foreign funding laws, Centre-State dynamics, and minority rights.

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GS-2 (IR & Social Justice)

- Impact on NGOs and minority institutions; balance between security and democratic freedoms.

Essay / Interview

- “Regulation of Foreign Funding: Striking a Balance Between National Security and Civil Liberties”
- “The Role of NGOs in Development: Need for Accountability without Over-Regulation.”

MCQs

1. The FCRA Amendment Bill 2026 proposes to introduce:
 - (a) Complete ban on foreign funding to NGOs
 - (b) A designated authority to manage assets when registration lapses
 - (c) Automatic renewal of all FCRA registrations
 - (d) Merger of FCRA with Income Tax Act

Answer: (b)

2. FCRA was originally enacted in which year?

- (a) 1961
- (b) 1976
- (c) 2010
- (d) 2020

Answer: (b)

3. Which of the following is a major concern raised by Opposition parties regarding the FCRA Amendment Bill 2026?

- (a) Too much transparency
- (b) Excessive government control over NGO assets
- (c) Increase in foreign funding
- (d) Reduction in administrative expenses

Answer: (b)

4. The issue of the FCRA Amendment Bill has gained particular political significance in which state ahead of Assembly elections?

- (a) Tamil Nadu
- (b) Kerala
- (c) West Bengal



(d) Maharashtra

Answer: (b)

Mains Questions

1. “The deferment of the FCRA Amendment Bill 2026 highlights the tension between regulatory oversight and civil society autonomy.” Critically examine the key provisions and concerns surrounding the Bill. (15 marks / 250 words)
2. Discuss the evolution of the Foreign Contribution (Regulation) Act and the need for periodic amendments in the context of national security. (10 marks / 150 words)
3. “Regulation of foreign funding must not stifle the developmental role of NGOs.” Analyse this statement with reference to the ongoing debate on the FCRA Amendment. (15 marks / 250 words)
4. **Essay (250 marks)** “Foreign Funding, National Interest and Democratic Freedoms: Rethinking the FCRA Framework in Contemporary India.”

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