



2 July 2026

To:
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President, Financial Action Task Force

Copy to:
Violaine Clerc
Executive Secretary, Financial Action Task Force

We are writing this letter regarding the proposed 2026 amendment to India's Foreign Contribution Regulation Act (FCRA) on behalf of a network of domestic non-profit organizations (NPOs). The proposed amendment to the FCRA significantly expands governmental control over NPOs, including through provisions permitting the vesting, management, and disposal of assets created using foreign contributions where an organization's FCRA registration is cancelled, surrendered, lapsed, or not renewed.¹ We are concerned that the proposed changes will have devastating consequences for already constrained operating spaces for NPOs in India.² Therefore, we request the intervention of FATF members to call upon the Indian government to withdraw these draconian proposed changes to the FCRA.

As of May 2026, the government has cancelled the foreign funding licenses of more than 22,000 NPOs, reducing the number of NPOs licensed to receive foreign funding from [42,529 in 2014](#) to [14,461 in 2026](#)—a decline of approximately 65% in the last 12 years. If enacted, the amendments would create a broad mechanism enabling government-appointed authorities to assume control over assets created wholly or partly through foreign contributions in cases where FCRA registration is cancelled or not renewed. Given the large-scale cancellation and non-renewal of FCRA registrations over the past decade, these provisions could have sweeping consequences for India's civil society sector.

Moreover, the proposed amendments create significant uncertainty for humanitarian and religious organizations whose foreign contributions have supported the development of community assets over many years, including schools, hospitals, clinics, shelters, and places of worship. Because many such facilities were constructed or maintained using at least partial FCRA-funded support, the bill could expose a broad range of charitable and religious assets to state control following removal of FCRA registration, with serious consequences for beneficiaries and local communities.

The proposed amendments may further implicate international legal protections relating to property, due process, and freedom of association, including under international human rights law and potentially relevant bilateral investment treaty frameworks where foreign-funded charitable or religious assets are subjected to state control or expropriation-like measures.

¹ https://prsindia.org/files/bills_acts/bills_parliament/2026/Foreign_Contribution_Bill_2026_Text.pdf

² <https://monitor.civicus.org/explore/india-ongoing-detention-of-activists-without-bail-criminalisation-of-dissent-and-ban-on-books/>



In its 2024 Mutual Evaluation Review (MER), India was rated “Partially Compliant” with Recommendation 8. Concerns were noted, including that India’s approach was not sufficiently risk-based and that measures applied to the NPO sector were not adequately targeted to organizations identified as being vulnerable to terrorist financing abuse.³ India continues to follow a “one-size fits all” approach, treating the entire sector as suspect and subject to restrictive laws; while also targeting advocacy NPOs and others engaging in rights, environmental or any type of awareness-raising work that implicates certain government or private actors, often invoking unsubstantiated national security concerns in the process.

A recent example is Sonam Wangchuk, an environmental activist from Ladakh, whose NGO lost its foreign funding license and who was jailed for more than 170 days before being released due to lack of evidence.⁴ This is not an isolated incident. In recent years, India has weaponized its counter-terrorism framework against human rights defenders and non-profit organizations.

Ahead of India’s Mutual Evaluation in 2023, civil society groups alerted FATF to this troubling pattern in India by submitting multiple reports detailing how India’s counter-terrorism and non-profit laws, including the FCRA, are being misused against legitimate NPOs, and how these laws are non-compliant with FATF standards.⁵ Similar concerns were raised by four United Nations Special Rapporteurs ahead of the MER, who, in their communication to the Indian government (a copy of which was also sent FATF), noted that the FCRA is arbitrarily used to target NPOs critical of the government, and warned against invoking national security to suppress opposition.⁶ We believe these submissions informed the FATF evaluation team and contributed to the PC rating on Recommendation 8.

Pertinently, after the 2024 MER was released, senior government officials acknowledged that the scope for NPOs being misused for terror financing risks in India is very low, and that there was no need to further tighten regulations.⁷ Despite this acknowledgement and the findings of the 2024 MER, the government proceeded with proposing these amendments (2026), in addition to 2025 changes to the FCRA rules requiring additional onerous reporting and administrative tasks for NPOs. Such measures run contrary to the 2024 MER and the position expressed by Indian authorities, and further burden NPOs in India.⁸

More concerning is the government’s complete lack of engagement and consultation with NPOs before introducing these changes. In the 2024 MER, FATF noted that the authorities did not work with NPOs to develop and refine best practices to address terror financing risks, and

³ <https://www.fatf-gafi.org/content/dam/fatf-gafi/mer/India-MER-2024.pdf.coredownload.inline.pdf>

⁴ <https://indianexpress.com/article/explained/mha-cancels-fera-license-sonam-wangchuk-ngo-10272492/>

⁵ <https://fatfplatform.org/news/india-reports-by-civil-society-ahead-of-the-upcoming-fatf-mutual-evaluation-onsite/>

⁶ <https://fatfplatform.org/news/india-reports-by-civil-society-ahead-of-the-upcoming-fatf-mutual-evaluation-onsite/>

⁷ https://www.business-standard.com/india-news/india-to-adopt-nuanced-approach-to-deal-with-at-risk-npos-after-fatf-report-124091901155_1.html?utm_source=chatgpt.com

⁸ <https://idronline.org/article/fundraising-and-communications/what-the-new-fera-amendments-mean/>



advised authorities to engage with NPOs. Currently, there is no publicly available information on whether the government consulted NPOs before rapidly introducing these changes.

FATF has acknowledged that some countries intentionally “justify restrictive legal measures to NPOs in the name of FATF compliance”.⁹ India is one such country. It has often cited its commitment to FATF standards as justification to introduce restrictive provisions within its counter-terrorism framework. In 2010, when India sought FATF membership, it revised the FCRA, requiring NPOs to renew their license every five years. Similarly, in 2020, major changes to the FCRA were introduced— prohibiting sub-granting, instituting a cap on administrative expenditure, and requiring NPOs to open a bank account with the State Bank of India— significantly restricting the legitimate operations of NPOs during the COVID-19 crisis.

We acknowledge and appreciate that FATF has taken necessary steps to prevent misuse of its standards for restricting legitimate NPO operations, including the 2016 changes requiring countries to follow a risk-based approach, the 2023 changes acknowledging that NPOs rarely pose terror financing risk, and the recent 2025 unintended consequence mechanism to protect legitimate NPO activity from disproportionate disruption.

The proposed amendments to the FCRA in India appear inconsistent with FATF’s revised Recommendation 8 framework, which emphasizes that measures affecting NPOs must be proportionate, targeted, risk-based, and implemented in a manner that does not disrupt or discourage legitimate charitable and human rights activity. FATF has further recognized the risk that governments may misuse compliance narratives to justify undue restrictions on civil society.

For the above stated reasons, we request that the FATF:

1. Call upon the Government of India to withdraw or substantially revise the proposed 2026 FCRA Amendment Bill to ensure consistency with FATF Recommendation 8 and the risk-based approach required under FATF standards;
2. Encourage the Government of India to conduct meaningful consultation and outreach with NPOs and civil society stakeholders prior to introducing additional FCRA amendments or implementing new regulatory requirements;
3. Seek information from the Government of India regarding steps taken to implement the Recommendation 8-related findings and recommended actions identified in the 2024 MER.

Thank you for your time and consideration.

⁹ <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Unintended-Consequences.pdf>