FCRA Cancellation Set Aside: A Path to Renewal, Not Restoration

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News context: Delhi High Court, 26 November 2026 (RFA 635/2022)

Relevance: GS-2 (Governance, statutory regulation, judiciary)

Prelims: FCRA 2010, Sections 13, 14, 31; principle of proportionality



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Why in the news

On 26 November 2026, Justice A. J. Bhambhani of the Delhi High Court disposed of an appeal by the Socio-Legal Information Centre (SLIC). The organisation held a registration under the Foreign Contribution (Regulation) Act, 2010 (FCRA) to receive foreign funds. The Ministry of Home Affairs (MHA) cancelled that registration on 17 October 2022. The court set the cancellation order aside as illegal, disproportionate and excessive in its rigour and impact.

One detail must not be missed. Under paragraph 32 of the judgment, the registration had **already expired** before the cancellation order was passed. So the court did not treat the registration as alive and restore it. It gave the organisation liberty to file or process a renewal application, and told the MHA to decide it expeditiously, without reference to the violations in the set-aside order.

Key terms in simple words
Foreign contribution: a donation or transfer of funds from a foreign source.
Registration certificate: the permission without which an organisation cannot accept foreign contribution under FCRA. It has a validity period and needs renewal.
Suspension (Section 13): a temporary freeze of the certificate while cancellation is considered. The Act

allows 180 days, extendable by up to a further 180 days.
Cancellation (Section 14): ending the certificate. The person concerned must first get a reasonable opportunity of being heard.
Proportionality: the severity of the action should match the size of the lapse.
Form FC-4: the annual return in which an organisation reports how much foreign money came in, from where, and how it was used.

Background: FCRA and the registration timeline

Purpose of the law: FCRA regulates the inflow and use of foreign funds. The court accepted that this is why the State may demand rigorous compliance. It also relied on the Supreme Court's INSAF ruling, which says a balance must be struck between the law's objective and the right of voluntary organisations to access foreign funds.

The organisation, as recorded in the judgment:

- Stated to be founded in 1989; registered under the Bombay Public Trusts Act, 1950 in 1991.
- Registered on 22 January 1996 under the earlier FCRA, 1976.
- Registration renewed in 2016.
- After it applied for renewal in 2021, the MHA inspected its office between 7 and 10 September 2021.
- On 4 February 2022: 180-day suspension, bank-account freeze and a show-cause notice. On 17 October 2022: registration cancelled.

Procedure: The challenge was first filed as a writ petition under Article 226 on 29 November 2022. After the Centre objected, it was converted into a Regular First Appeal under Section 31 on 7 December 2022. The court held that the limit for appealing a Section 14(1) order is 60 days under Section 31(2), and that the challenge counted as filed on 29 November 2022, 43 days after the order. The limitation objection failed. The Centre's argument that the Section 32 revision remedy had to be used first also failed.

What the court said

Strict does not mean mechanical: The court held that "strict compliance" does not mean "mechanical compliance". The MHA should have used the Act's powers to promote its object and purpose, not a harsh and over-exacting line of action.

Aberrations, not infractions: In the court's view the alleged lapses were aberrations, not the illegalities or mischief FCRA is meant to prevent. Each came to light through the organisation's own books and board records, and there was no allegation of concealment.

Proportionality: The organisation had worked since 1996 with about 24 offices and about 150 personnel, under a governing body chaired by a former Supreme Court judge, with no earlier complaint or action. Cancellation stopped its ability to receive foreign contribution and, under Section 15, placed assets created from such funds in the hands of the State Government. The court said this virtually dismantled the organisation, and that the MHA gave no justification for so drastic a step.

Secret inputs: The MHA said the violations came to light through "security inputs" that cannot be disclosed. The court said such inputs cannot be kept secret to the point that no material is shown even to the court, when the organisation faces the drastic step of cancellation.

Reasons added later: The allegation of "aggressive anti-government political activism" appeared neither in the show-cause notice nor in the cancellation order. It surfaced for the first time in the reply to the appeal. The court restated that an order must stand on the reasons stated in it, and reasons cannot be supplied later by an affidavit.

The six allegations and the court's answer

Allegation	Court's view
1. Transfer not shown in FC-4: in 2019-20, ₹33,73,545 was sent to another FCRA-registered organisation (Prayas) but not reported at point 3(d) of Form FC-4.	The money moved by RTGS, appeared in the designated-account statement filed with FC-4, and no concealment or misuse was alleged. The needs of Section 18 and Rule 17 were substantially met.
2. Bar association fees: ₹1,10,250 of foreign contribution paid for two advocates' memberships.	The sum was modest, directly linked to the organisation's objects, and offered back. At most an irregularity, not diversion for personal gain.
3. Rented premises: premises taken on rent from a senior advocate, said to give him personal gain.	There was no material that the rent exceeded market rates or that anyone gained wrongly. The lease ended after the objection. The court called the inference of personal gain "misconceived and far-fetched".
4. KIOS project: funds were said to be spent abroad.	The wider project covered six South Asian countries, but the India programme stayed within India. The organisation received ₹68,25,250 for it, and no transfer to any organisation abroad was alleged.
5. European Union project: said to be likely to prejudice sovereignty, integrity, security or public interest, and to be political.	The court found no material to support this. Under INSAF, "political" activity relates to active or party politics. Helping aggrieved persons through courts and commissions is not political activity.
6. Miscellaneous income: ₹13,44,248 was said to be foreign contribution. It comprised ₹67,050 (2017-18), ₹7,81,883 (2018-19) and ₹4,95,315 (2019-20).	The money came in rupees from Indian interns and litigants. The court held it was neither foreign contribution nor income derived from it. Not every rupee becomes foreign contribution just because the

	organisation holds an FCRA registration. It added that cancellation on this ground without even a personal hearing was not warranted.

Note: Amounts and years are taken from the judgment, which records both the parties' statements and the court's findings.

The key distinction: cancellation vs renewal

Point	What the judgment did
17 October 2022 cancellation order:	Set aside (paragraph 31).
Status of the registration:	Had already expired before cancellation (paragraph 32). The judgment does not state the expiry date.
Liberty granted:	To file and/or process a renewal application.
Direction to the MHA:	Decide the application expeditiously, without reference to the violations in the set-aside order.
What did not happen:	No automatic restoration of a currently valid registration. The final decision on renewal still rests with the MHA.

In practice, the cancellation order no longer stands, and the renewal is to be decided without the old allegations. But permission to receive foreign contribution will come only if renewal is granted. The court did not rule on the validity of the 4 February 2022 suspension, since it became irrelevant after cancellation and a Section 31(2) appeal lies only against the cancellation. The judgment gives no separate direction on the frozen accounts or on assets that went to the State under Section 15.

Exam angle

For Prelims: FCRA 2010 Sections 13 (suspension), 14 (cancellation), 31 (appeal) and 32 (revision); renewal vs cancellation; proportionality; the INSAF view on "political" activity.

For Mains: balancing regulation in the name of national security with civil-society freedom; judicial review of administrative action; the rule that reasons must be recorded in the order; secret inputs vs a fair hearing.

Related article:

Related reading

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Way forward

- **Renewal decision:** Watch how quickly, and on what grounds, the MHA decides the renewal application.
- **Appeal:** This is a single-judge decision. Whether it is appealed further is not settled by the text of the judgment, so follow later developments.
- **Clearer standards:** Statutory or administrative guidance on which lapses are technical and which are serious would reduce uncertainty.
- **Transparency:** Stating clear reasons in the order and showing material to the court both add to the credibility of regulation.

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Prelims practice questions

Question 1. Consider the following statements with reference to the Delhi High Court judgment of 26 November 2026 (SLIC v. Union of India):

Statement 1: The court set aside the registration cancellation order of 17 October 2022.

Statement 2: The court automatically restored the organisation's FCRA registration.

Statement 3: The court gave the organisation liberty to file or process a renewal application and said it should be decided expeditiously.

Which of the statements given above are correct?

(a) 1 and 2 only

(b) 1 and 3 only

(c) 2 and 3 only

(d) 1, 2 and 3

▼ **Answer and explanation**

Answer: (b)

Statement 1 is correct: the cancellation order was set aside (paragraph 31).

Statement 2 is incorrect: under paragraph 32 the registration had already expired before cancellation, so there was no automatic restoration.

Statement 3 is correct: paragraph 32 gave liberty to file or process renewal and asked the MHA to decide expeditiously.

Question 2. Consider the following two statements with reference to the Foreign Contribution (Regulation) Act, 2010:

Statement-I: An appeal against a cancellation order under Section 14(1) can be filed in the High Court within 60 days of the order under Section 31(2).

Statement-II: Under Section 13, suspension may be for 180 days and may be extended by not more than a further 180 days.

Which one of the following is correct in respect of the above statements?

(a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement-I

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(b) Both Statement-I and Statement-II are correct, but Statement-II is not the correct explanation for Statement-I

(c) Statement-I is correct, but Statement-II is incorrect

(d) Statement-I is incorrect, but Statement-II is correct

▼ **Answer and explanation**

Answer: (b)

Statement-I is correct: Section 31(2) allows an appeal to the High Court within sixty days against a Section 14(1) order.

Statement-II is correct: Section 13 provides for 180 days of suspension, extendable by not more than a further 180 days.

Link: They are separate provisions. One sets an appeal time limit and the other the length of suspension, so neither explains the other.

FAQ

Short answer: The court set aside the cancellation order but did not restore the registration automatically. The matter now turns on the renewal application.

▼ **Question: Can SLIC now receive foreign funds directly?**

No. The judgment opens the renewal route, but permission to receive foreign contribution can follow only after the MHA decides the renewal.

▼ **Question: What did the court direct the MHA to do on renewal?**

Decide the application expeditiously and not refer to the violations in the set-aside order.

▼ **Question: Why did the case start as a writ and become an appeal?**

The Centre objected that a Regular First Appeal lies under Section 31. On that basis the petition was registered as an appeal on 7 December 2022.

Sources

1. Delhi High Court, RFA 635/2022, Socio-Legal Information Centre v. Union of India, judgment dated 26.11.2026 (69 pages)

2. Foreign Contribution (Regulation) Act, 2010, Section 31 (Appeal)
3. Foreign Contribution (Regulation) Act, 2010, Section 14 (Cancellation)
4. Foreign Contribution (Regulation) Act, 2010, Section 13 (Suspension)

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