

**GOVERNMENT OF INDIA  
HOME AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:1967

ANSWERED ON:09.03.2010

MISUSE OF FUNDS BY NGOS

Mahtab Shri Bhartruhari;Pakkirappa Shri S.;Rajaram Shri Wakchaure Bhausahab

**Will the Minister of HOME AFFAIRS be pleased to state:**

(a) the details of the Non-Governmental Organisations (NGOs) which are receiving financial assistance from the Union Government and abroad during each of the last three years and the current year;

(b) the number of NGOs which have not submitted their annual accounts as prescribed under the law and the action taken against them, State-wise;

(c) whether the Government has received complaints regarding misuse of such funds and the involvement of these NGOs/Organisations in suspicious activities;

(d) if so, the details of such organizations and the total number of cases reported alongwith the action taken against them including FIRs registered during each of the last three years and the current year, NGO, organisation and State-wise; and

(e) the measures taken by the Government to strengthen the monitoring of the activities of such organisations and the receipt and utilisation of foreign contribution by them?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS(SHRI MULLAPPALLY RAMACHANDRAN)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 1967 FOR 9.3.2010 REGARDING MISUSE OF FUNDS BY NGOS.

(a) to (e): NGOs by their very nature are private, separate from Government and self-governing. In India, Voluntary Organisations can be registered as societies, as charitable trusts or as non-profit companies under Central or State laws. As a result, Ministry of Home Affairs does not centrally maintain data regarding the exact number of NGOs working in the country. The Ministry of Home Affairs, which implements Foreign Contribution (Regulation) Act, 1976 has a very limited role to play with regard to the functioning of NGOs and therefore, this Ministry is in a position to answer part of the question.

The 'Associations(s)' receiving foreign contribution after registration or else after obtaining prior permission, are required to submit Annual returns in the prescribed form FC-3, accompanied with a balance sheet and receipt and payment account, duly certified by a Chartered Accountant. This Annual return is required to be submitted for each financial year within a period of nine months from the closure of the financial year i.e. by 31st December each year. The Associations which are reporting receipt of foreign contribution are indicated in column (3) of the table given below.

Year No. of registered No. of Associations Amount of Foreign  
associations (as on reporting receipt of Contribution (Rs.  
31st March of Foreign Contribution in Crore)  
Financial Year)

(1) (2) (3) (4)

2005-06 32144 18570 7877.57

2006-07 33937 18996 11336.97

2007-08 34803 18796 9663.46

'Registered Association(s)' which do not submit FC-3 annual return within the stipulated period may, by a notification published in the Official Gazette be directed by the Central Government, not to receive foreign contribution without obtaining prior permission. Those 'Association(s)' which receive foreign contribution after seeking prior permission but do not submit annual returns within the stipulated period, are not granted further 'prior permission'/ 'registration' to receive foreign contribution and till submission of their annual returns.

Monitoring of receipt and utilisation of foreign contribution by Associations is done through scrutiny of audited annual returns of receipt and utilization of foreign contribution filed by associations. In case of any complaint or adverse inputs indicating violations of the provisions of the Act, an inspection of books of accounts and records of the Association is carried out and appropriate action is taken.

If any association is found involved in misutilisation/diversion of foreign contribution, action is initiated against the association. Such action includes

- (i) placing the Association in Prior Permission category,
- (ii) prohibiting it from receiving foreign contribution,
- (iii) prosecuting it in a court of law and
- (iv) freezing its bank accounts. In case of serious violations, where it is found that the contribution is being diverted for purposes other than the stated objectives of the association, the matter is referred to Central Bureau of Investigation (CBI) for detailed investigation and prosecution, if necessary.