

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2117  
ANSWERED ON:05.12.2014  
TRANSPARENCY IN NGOS ACCOUNT  
Khuba Shri Bhagwanth

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has given any direction to Non-Governmental Organisations (NGOs) to keep a transparent account;
- (b) if so, the details thereof;
- (c) whether any NGOs are found misusing of funds; and
- (d) if so, the details thereof during the last three years, amount and State-wise?

**Answer**

FINANCE MINISTER: (SHRI ARUN JAITLEY)

a) & b) As per provisions of Income-tax Act, 1961 ('Act'), if the total income of an NGO during any financial year exceeds the prescribed taxable limits, the said NGO has to get its accounts audited and furnish the 'report of audit' within the 'due-date' as prescribed in the Act. Further, NGOs are required to invest or deploy surplus funds at their disposal only in accordance with section 11(5) of the Act. They are also required not to use or apply the income or property of the trusts for the benefit of 'related persons' specified under sub-section 3 of section 13 of the Act. There are several checks and balances in the Act and also under the Income tax Rules to ensure that accounts are maintained by the NGO in a proper manner.

c) & d) Instances of misuse of funds may be detected in those cases which are subjected to scrutiny. In such cases, necessary action as per law is taken, if required which includes taxing the income claimed as exempt by the NGO. However, the consolidated list of NGOs that have been found misusing the funds is not maintained in a centralized manner, 'State-wise' and 'amount-wise'.