

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**RAJYA SABHA**

**UNSTARRED QUESTION NO. 1336**

TO BE ANSWERED ON TUESDAY, THE 14<sup>th</sup> MARCH, 2017  
23<sup>TH</sup> Phalguna, 1938 (SAKA)

**REGULATION OF NGOS SPENDING PRACTICES**

1336. SHRI ANIL DESAI:

Will the Minister of FINANCE be pleased to state:

- a) whether the apex court has ordered an audit of accounts of 30 lakh NGOs, if so, the details thereof;
- b) whether Government is mulling to set up a proper machinery in the country to lawfully regulate their activities and spending practices and to see that the NGOs do not escape the tax net; and
- c) if so, by when and if not, the reasons thereof?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SANTOSH KUMAR GANGWAR)**

(a) to (c) The Hon'ble Supreme Court has given a judgement in Writ Petition (CRL) No. M(s)172/2011, Shri Manohar Lal Sharma vs. State of Maharashtra and others and directed the Union of India to frame guidelines/rules for accreditation of Voluntary Organisations(VOs)/Non-Governmental Organizations (NGOs), the manner of auditing of their accounts and procedure to initiate action for recovering the grants in case of defalcation/misappropriation including criminal action when called for.

The Ministry of Rural Development has constituted a Committee to look into the issues of accreditation, accounting and audit of NGOs.

So far as escaping the tax-net by NGOs is concerned, the Income-tax Act, 1961, already contains provisions relating to taxability (including tax exemptions) of the NGOs.