

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA

UNSTARRED QUESTION NO. 4940

TO BE ANSWERED ON FRIDAY, THE 31ST MARCH, 2017
CHAITRA, 10, 1939 (SAKA)

AUDIT OF NGOS

4940. SHRI CH. MALLA REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government that of the Apex Court has ordered an audit of 30 lakh NGOs;
- (b) if so, the details thereof;
- (c) whether the Government proposes to set up any proper institutional mechanism to lawfully regulate their activities and spending practices and to see that the NGOs do not escape the tax net; and
- (d) if so, the details thereof and the time by which it is likely to be set up?

ANSWER

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

(a) to (d) 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.