



Supreme Court order to audit 30 lakh NGOs



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A Central Bureau of Investigation (CBI) report that compiled state-wise data of 32 lakh NGOs revealed that only 10 percent of NGOs filed annual income and expenditure statements.

According to an RTI query by Asian Centre for Human Rights, between 2002 and 2009, the Centre had granted Rs. 4756 crore and the state governments released Rs 6654 crore to various NGOs.

However, there is no statutory provision to regulate the NGOs, and therefore, in essence, no ombudsman mechanism to put checks and balances on the spending of these organisations.



The Supreme Court, on 11 January, passed an order directing the government to audit about 30 lakh non-governmental organisations (NGOs) and voluntary organisations that receive public funds, but have invariably failed to explain their spending.

The order directs the government and the government agency, Council for Advancement of People's Action and Rural Technology (CAPART) to begin with an audit process, and initiate proceedings to recover these funds from them, in case there was misappropriation.

CAPART is an autonomous body under the Rural Development Ministry. The next date of hearing is 5 April when the government has to present its statutory framework and guidelines for action.

The Supreme Court order came in as a response to a public interest litigation (PIL) filed by advocate Manohar Lal Sharma in 2011 at the height of the anti-corruption movement.

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The PIL sought a tab on the functioning of NGOs.

A Bench of Chief Justice of India JS Khehar and Justices DY Chandrachud and NV Ramana passed the order, stating that a mere blacklisting of NGOs that do not file annual statements is not an adequate measure, and actions for criminal proceedings for misappropriation and civil action for recovery of monies should also be considered as a part the audit proceedings.

The Bench has also demanded that the government file a compliance report by 31 March 2017. The PIL by Sharma argued that NGOs were given funds worth crores but the government has no transparent mechanisms in place to monitor the spending of these public funds.

The Supreme Court's readiness to question the government's lack of accountability in monitoring and regulating NGO spending is unparalleled as the court has, in agreement with amicus curiae, Rakesh Dwivedi also directed the government to lay down guidelines for their accreditation, and devise and implement a functional accounting strategy, along with a procedure for recovery in the event that the NGOs fail to submit their balance sheets and certificate of utilisation of funds.

"There can be no doubt that the amount disbursed is public money and needs to be accounted for", the Bench has declared.

The judicial order states - "It seems the respondents (government and its various ministries and wings) are not aware of the responsibility of audit despite General Financial Rules 2005 meant for such organisations. Keeping this in view we direct to complete the process of audit of all NGOs by 31 March 2017 and submit the report to this court."



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