## NGO Issues

### Promoting Accountability and Transparency - Accreditation

1. A large number receive grants from government. These organisations vary greatly in their capability and credibility. In the absence of any system of accreditation, the government has found it extremely difficult to distinguish between good organisations and those which have been set up almost solely for the purpose of receiving government grants.
2. Thus there is need to have a system of accreditation and certification for NGOs, which would facilitate and bring transparency in the Government-NGO partnership.
3. The procedure adopted for accreditation should not be so complex as to lead to harassment, delay and corruption.
4. Accountability and transparency is essential; therefore, there is a need for accreditation through an independent agency like the National Accreditation Council.

### Exemption from IT Act

1. There are inordinate delays in getting the approval for exemption from Section 80G of IT Act. In fact, there have been many instances where, by the time a certificate is made available, the case becomes due for seeking renewal.
2. Such an exemption should be granted to a charity in perpetuity; there should be no need for its renewal. The tax authorities in any case have the powers to cancel the registration if any misuse is detected. A time limit of say 90 days should be fixed for grant / rejection of approval.

## FCRA, 2010

### Prior Regulations of Foreign Contribution

1. NGO has to register itself.
2. It can receive foreign contribution only through a particular branch of one bank only as specified in the application for registration.
3. The funds can be used only through that intimidated bank branch.
4. It has to disclose to the government the amount of each foreign contribution received,
the source, and the manner in which such foreign contributions is to be utilized.

5. The Government may require it to obtain its prior permission before accepting any foreign contribution.

6. Government has the power to inspect, seize and audit.

Features and Issues

1. It expands the list of prohibited organisations to those of political nature (not being a political party) and electronic media from receiving foreign contribution.
   1. No guidelines have been given to define 'organizations of political nature not being a political party' leaving ample scope for subjectivity and harassment.

2. Contributions shall be utilised only for the purpose for which the same have been received. It prohibits the use of foreign contributions in any speculative business, 'activities detrimental to national interest'.
   1. Such terms have not been defined and leave ample scope for subjectivity and harassment.
   2. Incidentally IT Act allows the voluntary sector to invest funds in government securities and mutual funds.

3. It caps administrative expenses at 50% of the receipt of foreign contribution.
   1. The Union Government has been authorized to prescribe the element which shall be included in the administrative expenses. This gives considerable discretionary powers to the government.
   2. It may be difficult to differentiate between the administrative and project related expenses. For example, health care.

4. It makes provision for intimating grounds for refusal of registration or prior permission under the Bill.

5. It provides arrangement for sharing of information on receipt of foreign remittances by the concerned agencies to strengthen monitoring.

6. It makes registration valid for five years and renewal / cancellation after that.
   1. The Government can refuse to grant registration or permission to an organisation on grounds of indulging into conversion.
   2. A necessary condition for securing registration is that the applicant organisation should have undertaken meaningful activity in its chosen field or should have a meaningful project for the benefit of the people for whom the foreign contribution is proposed to be utilized. This again is a matter of subjective satisfaction and is open to misinterpretation.
   3. There are several grounds on which a certificate of registration could be refused. The words like likelihood of diversion of funds for 'undesirable' purposes admit subjectivity.
   4. No time limit has been prescribed in the proposed Bill for grant or refusal of a certificate of registration or its renewal. This limit was 90 days in the previous Act.

7. It allows the recipient to open more accounts in other Banks for utilizing the foreign contribution.

8. No appellate provisions are there over government’s powers to prohibit receipt of foreign contribution, to grant registration, or to order suspension / cancellation / renewal of certificate etc.

9. The powers of inspection, search and seizures may be tools for causing harassment to NGOs and puts them virtually in a position of subordination to the authorities.