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E.C.No.1157

FORTY-FIFTH REPORT

(1986-87)

(EIGHTH LOK SABHA)

MINISTRY OF HOME AFFAIRS

VOLUNTARY ORGANISATIONS

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Presented to Lok Sabha on 23.4.1987.

LOK SABHA SECRETARIAT
NEW DELHI

April , 1987/Chaitra , 1909(S)

CHAIRMAN

*Shrimati Chandra Tripathi

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2. Shri Jai Prakash Agarwal
3. Shri Sarfaraz Ahmad
4. Shri T. Basheer
5. Shri Manoranjan Bhakta
6. Shri Birinder Singh
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29. Shri P.K. Thungon
30. Shri D.P. Yadav.

SECRETARIAT

1. Shri N.N. Mehra - Joint Secretary
2. Shri T.S. Ahluwalia - Chief Financial Committee Officer
3. Shri J.C. Malhotra - Senior Financial Committee Officer

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- * Elected w.e.f. 24.7.1986 vice Smt. Sheila Dikshit appointed Minister. Nominated Chairman w.e.f. 20.11.1986 vice Shri Chintamani Panigrahi appointed Minister.
 - ** Elected w.e.f. 24.7.1986 vice Smt. Krishna Sahi appointed Minister.
 - *** Elected w.e.f. 28.11.1986 vice Shri Chintamani Panigrahi appointed Minister.

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INTRODUCTION

I, the Chairman of Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Forty-Fifth Report on the Ministry of Home Affairs - Voluntary Organisations.

2. The Estimates Committee (1986-87) took the evidence of the representatives of the Ministries of Home Affairs and Finance on 12th and 13th January, 1987. The Committee wish to express their thanks to the Secretary, Ministry of Home Affairs and Secretary, Ministry of Finance and other Officers of both the Ministries for placing before them the material and information which they desired in connection with the examination of the subject and giving evidence before the Committee.

3. The Report was considered and adopted by the Estimates Committee (1986-87) on 16th April, 1987.

4. For facility of reference, the recommendations/observations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

NEW DELHI

April , 1987
Chaitra , 1909 (Saka)

CHANDRA TRIPATHI
Chairman,
Estimates Committee.

CHAPTER I

ORGANISATIONAL SET-UP

A. Organisational Set-up

1.1 The National Integration Division in the Ministry of Home Affairs deals with the subject of grants to voluntary organisations for promoting the cause of National Integration. The Section dealing with it is functioning on the Desk system pattern and in addition to the subject of voluntary organisations for promoting the National Integration, it also deals with the National Integration Council and its Committees, and also with various other subjects.

1.2 The National Integration Division considers sanction of grants to eligible voluntary organisations to promote the cause of National Unity and Solidarity, for such activities which may be in furtherance of the objectives of the National Integration Council contained in the declaration adopted by the council at its meeting held in Srinagar in June, 1968. These activities illustratively may relate to:

- (a) discouraging communal ill will and regional animosities and weaning the misguided elements from the path of violence;
- (b) active and energetic propagation of the principles, especially of tolerance and harmony, for which this Nation stands;
- (c) mobilising the constructive forces of the society in the cause of national unity and solidarity and giving them leadership, encouragement and articulation;
- (d) devising suitable community or group activities and programmes for fostering fellow-feeling, emphasising the privileges of common citizenship and in general raising the quality of national life.

1.3 The Foreign Contribution (Regulation) Act (FCRA) was enacted in 1976 inter alia to regulate the acceptance and utilisation of foreign contribution, whether in Indian or foreign currency, by certain persons or associations having definite cultural, economic, educational, religious or social programmes.

1.4 The FCRA Division has the following functions in relation to the associations covered under the Foreign Contribution (Regulation) Act, 1976:

- (a) processing of applications for registration under Section 6(1) of the Act;
- (b) processing of applications seeking prior permission to accept foreign contribution by associations under Section 5(1), proviso to Section 6(1), Section 6(1A) and 10(b) of the Act;
- (c) processing of cases for issue of orders under Section 5(1), proviso to Section 6(1), Section 6(1A) and 10(b) of the Act;
- (d) compilation of intimations/annual accounts etc. received from the associations and computerisation thereof.
- (e) scrutiny of intimations/annual accounts received from the associations.
- (f) identifying cases of violation of the provisions of the Act and to take appropriate action;
- (g) processing of cases for issue of orders under Section 10(a), 10(c), 12, 14 and 15 of the Act;
- (h) matters relating to appeal filed under Section 21 of the Act.
- (i) processing of cases for prosecution under Section 22, 23 and 25 read with Section 27 of the Act;
- (j) processing of cases for investigation by CBI, State Police etc.

1.5 PCRA Division in the Ministry is assisted by a Director or Deputy Secretary for work relating to PCRA.

* There are four Assistant Directors (Monitoring) and three Sections in this Division at present. Joint Secretary, (Foreigners' Division) is the controlling officer of this Division.

1.6 The sanctioned and actual (category-wise) staff strength of this Division is stated to be as under:-

	<u>Sanctioned</u>	<u>Actual</u>	
Director/Deputy Secretary	1	1	
Assistant Directors	6	4	**
Section Officers	3	3	
Accountants	6	6	
Stenographers Gr. 'C'	1	1	
Assistants	8	8	
Stenographers Gr. 'D'	6	8	***
U.D.C.P.	2	2	
L.D.C.P.	10	10	
Group 'D'	5	4	

1.7 Asked whether the adequacy of the present administrative set up of the two Divisions, viz. National Integration Division and PCRA Division, had been reviewed, the Ministry of Home Affairs in a note furnished

* At the Home of factual verification, the Ministry of Home Affairs has stated as follows:-

* Instead of 'four Assistant Directors' it may be substituted as 'six Assistant Directors.'

** Actual strength of Assistant Director is 6.

*** Actual strength of Stenographers Gr.D is 3.

to the Committee has stated that the present administrative set up of the National Integration Division was reviewed in May, 1986. Review of the administrative set up of FCRA Division was made in 1984-85 at the time of amendment of Foreign Contribution (Regulation) Act and additional posts were created in March and May, 1985. In addition, the Staff Inspection Unit had also reviewed the work of National Integration Division in 1973. However, no review ^{of work} was done in respect of FCRA Division.

1.8 Asked what were the deficiencies identified by the reviewing machinery and what changes were introduced as a result thereof, the Home Secretary stated during the evidence that:

"The law has been set right providing one for registration and the second alternative was prior permission to be obtained before receiving the same. These were the two main things. In regard to the administrative set up, there were some additions made at the level of Assistant Director, Section Officer, Accountants, Stenographer, Assistant, UDC, LDC and Group-D. So, in order to tackle the extra work that was coming in to the Division, these extra posts were sanctioned."

1.9

On being asked whether some changes were made in the machinery or structure of administrative set up after the review of FCRA Division, the Secretary of the Ministry stated during evidence :-

"Actually, if you look at the FCRA, one of a major changes was done in 1984, in the sense that earlier the Act was that they were all to intimate to us whenever a foreign contribution was received. It was in a way not very effective at that time because, if anyone did not intimate to us, we were not aware of it. So, in 1984, an amendment to the Act was done. Two main things were brought in. One was that there can be registration, a provision for enabling the organisation which gets foreign contribution regularly, not to repeatedly ask for permission."

1.10

Elaborating the point further, the representative of the Ministry stated that :-

"By making this provision it became obligatory for them to make a report and subsequently we also provided for yet another return by which even if the person does not get any contribution, as long as he has registered, he has to give us intimation (half yearly (i.e. 30th June & 31st December) to the effect that he has not received any contribution at all so that there is no room for any doubt. In respect of each and every association that registers, we have to ensure that every such report comes to the Government. So, it is now obligatory to see that all the organisations which are registered have sent their reports. Thereafter, a scrutiny is taken of the cases where Rs.5 lakhs or more amount was received during the previous year. All this work was to be done by the Assistant Directors whose posts are additionally created."

1.11 Asked whether there was any overlapping in the functions of the FCRA Division in the Ministry of Home Affairs and the Department of Economic Affairs in the Ministry of Finance for Foreign Exchange Regulation so far as the voluntary organisations are concerned, it has been stated in a note furnished to the Committee that no overlapping in the matter of administration of FERA by Ministry of Finance and FCRA by Ministry of Home Affairs has been noticed. The Foreign Exchange Regulation Act deals with the in-flow of foreign exchange, its utilisation and conservation. Such receipt of foreign exchange is not necessarily to be for the voluntary associations; even the receipt of foreign exchange by commercial organisations, individuals etc. are governed under the FERA. The Foreign Contribution (Regulation) Act was enacted inter alia to regulate the acceptance of foreign contribution, whether in Indian or foreign currency, by certain types of associations and individuals working in the important areas of national life with a view to safeguarding the values of sovereign democratic republic.

1.12 Asked ^{what} machinery existed for coordinating the activities of the National Integration Division and FCRA Division, it has been stated that there is no need for coordination between the two divisions as they are dealing with different fields.

1.13 The Committee find that whereas sanctioning of grants to Voluntary Organisations for promoting National unity and solidarity comes within the purview of National Integration Division of the Ministry of Home Affairs, the FCRA Division in that Ministry deals with the regulation of foreign contributions received by certain individuals and Voluntary Organisations. The Committee do not subscribe to the view that there is no need for coordination between these two Divisions. In the ultimate analysis, the aim of the grants either sanctioned by the National Integration Division or received from abroad should be the promotion of National unity and solidarity. Similarly, there is a strong case for coordination between the FCRA Division in the Ministry of Home Affairs and the Department of Economic Affairs, in the Ministry of Finance, which administers FERA, so far as receipt of foreign contributions by Voluntary Organisations is concerned as there may be many Voluntary Organisations which are receiving funds from abroad both through FCRA and FERA. As a matter of fact, both the Divisions in the Ministry of Home Affairs and the Department of Economic Affairs in the Ministry of Finance should evolve a well-knit mechanism so that any tendency wherever discernible, to disrupt the cause of National unity and solidarity with the funds received either from the Ministry of Home Affairs or abroad is curbed ab initio.

B. Monitoring Unit

1.14 In the Preliminary Material furnished to the Committee, it has been stated that "a Monitoring Unit with two posts of Assistant Directors was created in June, 1982 and was further strengthened with four more posts of Assistant Directors created between March, and May, 1985. There are four Assistant Directors now in position in the Monitoring Unit."

1.15 However, in reply to another question, it has been stated that:

"During the years 1983 and part of 1984, Monitoring Unit had not come into existence."

1.16 It has been stated further in the Preliminary Material that the Monitoring Unit has been directed to scrutinise the records of associations which received foreign contribution with due priority in the order shown below, in respect of various categories:

- (a) The associations who received foreign contribution over Rs.50 lakhs.
- (b) The associations who received foreign contribution between Rs.40 to Rs.50 lakhs.
- (c) The associations who received foreign contribution between Rs.30 to Rs.40 lakhs.
- (d) The associations who received foreign contribution between Rs.20 to Rs.30 lakhs.
- (e) The associations who received foreign contribution between Rs.10 to Rs.20 lakhs.
- (f) Associations who received foreign contribution between Rs.5 to Rs.10 lakhs.

1.17 So far the Monitoring Unit has scrutinised the records of associations who received foreign contribution of Rs.40 lakhs and above during 1984 and 1985.

1.18 | Asked to indicate the time by which the records of all Associations receiving foreign contribution less than Rs.40 lakhs during 1984 and 1985 was expected to be completed with the present pace of work, the Ministry in a written reply has stated that the scrutiny of records of all Associations receiving the foreign contribution between Rs.10 lakhs to Rs.40 lakhs during the year 1984 & 1985 and those receiving Rs.5 lakhs to Rs.10 lakhs during the year 1985 was expected to be completed before 31.3.1987. *

1.19 | Asked about the expertise available in the Monitoring Unit for scrutinising the annual accounts received from the Association, it has been stated that officers from the Income Tax, Audit & Accounts Service having requisite experience in the examination of accounts are functioning as Asstt. Director in the Monitoring Unit in the Division. Processing of final accounts mostly depended upon the volume of foreign contribution received and details furnished by the Associations. Scrutiny is done on selective basis.

1.20 | Explaining the term 'Selective basis', the representative of the Ministry of Home Affairs stated during evidence:

"Above Rs.5 lakhs, all are scrutinised. Below Rs.5 lakhs, if it is necessary, we scrutinise, otherwise not."

1.21 | The number of associations which received foreign contribution less than 5 lakhs during 1984 and 1985 has been stated to be 3,714 and 6,112 respectively.

* At the time of factual verification the Ministry of Home Affairs have pointed out as follows:-

"It has been since reported that scrutiny of records of all these recommendations have been complied by 31.3.87."

1.22 The Committee have been further informed that with the filling up of posts of Assistant Director, the scrutiny of records of associations for the year 1984 & 1.1.1987 1985 having taken up as on 1.1.1987 the pendency was as under:-

- i) Associations who received between Rs.30 lakhs to Rs.40 lakhs = Nil
- ii) Associations who received between Rs.20 lakhs to Rs.30 lakhs = 44
- iii) Associations who received between Rs.10 lakhs to Rs.20 lakhs = 155
- iv) Associations who received between Rs.5 lakhs to Rs.10 lakhs = 313

1.23 The voluntary organisations are required to send half yearly intimations in the prescribed form (FC-3) giving the details of foreign contribution received, source from which, the purposes for which and the amount of each contribution received by them and the purposes for which such contribution has been utilised during the half yearly period within 30 days from the end of the period. Further they are also required to send an annual audited account in the prescribed form (FC-9) duly audited by a Chartered Accountant on calendar year basis within 60 days from the end of the year.

1.24 After the registration became mandatory w.e.f. 1.1.1985 the number of the Associations who did not submit the returns within prescribed time is 1643 and the number of associations who did not submit the returns at all is 2705 for the year 1985. The Committee have been informed that there are as many as 10,595 associations registered upto 31.12.1986.

1.25 In a subsequent note furnished to the Committee, the Ministry has stated that the associations which did not submit half yearly statements/audited accounts statement for the year 1985 within the prescribed time have already been reminded to expedite the submission of returns. In this connection a circular letter addressed to all the registered Associations requesting them to furnish the prescribed returns showing 'Nil' receipt even if there was no foreign contribution received, was issued. In compliance to the circular some of the Associations have started submitting the returns.

1.26 The cases where the returns have not been submitted in time, necessary action to remind by pin-pointing lapse to the concerned Associations are issued at the time of scrutiny of cases by the Monitoring Unit/Other concerned Section.

1.27 Explaining the action taken against the defaulting organisations the Ministry has informed the Committee in a note that the defaulting organisations were informed about lapses and asked to furnish intimations etc. with the explanation for the delay. Depending on the gravity of the lapses and such information gathered from enquiries appropriate action was taken under the provisions of the Act. In respect of 6 Associations notifications in the Official Gazette have been published in 1986 requiring them to obtain prior permission to accept foreign contribution for the

defaults in sending returns within prescribed time and in the prescribed manner.

1.28 When attention of the Ministry was invited to a large number of Associations who have not submitted their returns the representative of the Ministry stated during evidence:

"We want to give them reasonable opportunity. Suppose the accounts are not ready by October or November, they will do it now. Now we will start taking action. Ignorance of the provisions of the Act cannot be taken as a plea. But still we give them reasonable opportunity."

The Secretary of the Ministry added:

"For non-filing of returns, of course, we can take action against them under the law. But the idea is not to start taking too many actions against 2,000 or 3,000 organisations only on the ground of technical violation."

Asked whether there was any mechanism for following up and ensuring that these Associations submitted their returns within prescribed time, the Ministry in a note has stated:

"We make appropriate enquiries about the receipt of any foreign contribution by an association which has not submitted their returns and we write to the defaulting association to comply with the provisions of the Act. Due to such persuasions there is a two-fold increase in the number of associations sending intimations to the Ministry under the Act."

1.31 Asked if the half yearly report was not given by an Association how the Ministry would deal with that Association, the Secretary stated during evidence:

"This is done in this way. For example, if a person does not report, we have to presume that he has not received. All that we have done now is, when they give these half-yearly statements, they will give a nil report if they have not received anything....."

1.32 The Associations were not required to give an explanation as to why they did not receive any foreign contribution.

1.33 The intimations and the Annual Accounts received from Associations are scrutinised by the Monitoring Unit and by the Sections in the F.C.R.A. Division and further particulars are called for wherever necessary. No special machinery exists for the purpose of carrying out inspection.

1.34 Wherever necessary, accounts or records of an Association may also be inspected or audited by an officer authorised in this regard by the Central Government.

1.35 Asked what type of discrepancies were found while scrutinising the accounts, the Ministry of Home Affairs has stated that they were either failure or delay in sending the the intimations and/or audited accounts as prescribed under the Act; and failure to furnish complete details of utilisation of the funds for each item of expenditure. The Associations were called on to explain the reasons for these lapses and to furnish the reports/details etc. and appropriate action was taken in the matter. The inspection or records of the Associations were also carried out and further action was taken as per the provisions of the Act.

1.36 Explaining the position of scrutiny of records of Associations for the year 1986, the Ministry in a note has stated that the intimation of receipt of foreign contribution

during the half year ending 31.12.86 were to be received on or before 30.1.87 and the audited accounts for the calendar year 1986 were to be received on or before 1.3.1987. Therefore, the records of the Associations for the year 1986 would be taken up for scrutiny during the financial year 1987 and 1988.

1.37 Asked whether the staff was adequate for the purpose, the Committee have been informed during evidence that:-

"There is inadequacy of staff. We see all the three-receipts, accounts and audited accounts, which are due within 60 days of the closure of the calendar year. i.e. Sixty days from December, 31."

The Committee are constrained to find discrepancies in the information contained in the Preliminary Material furnished to the Committee that 'Monitoring Unit was created in June, 1982 and strengthened between March and May, 1985' and in a subsequent note that 'during the years 1983 and a part of 1984, Monitoring Unit had not come into existence'. From these two conflicting statements, it is apparent that the Ministry did not bother to vouchsafe the veracity of the information furnished to the Committee. The Committee cannot but deplore this sort of lethargic and indifferent attitude shown by the Ministry towards the Committee. The Committee would like the Ministry to reconcile these two statements and fix responsibility.

1.39 The Committee note that the Monitoring Unit has been directed to scrutinise the records of associations receiving foreign contributions. The Committee hardly expect the Monitoring Unit with 4 Assistant Directors in position as against the sanctioned strength of 6 Assistant Directors to do full justice to the stupendous task of scrutinising the records of a very large number of associations, which is stated to be 10,595 as on 31.12.1986. The representative of the Ministry of Home Affairs has admitted during evidence that "there is inadequacy of staff". The Committee feel that at best the scrutiny of the records of the associations

was being carried out in a perfunctory manner. The Committee, therefore, would like the Ministry to go into the pros and cons of the whole issue of proper scrutiny of the records of the associations and its follow up action in all its perspectives and strengthen the Monitoring Unit accordingly so that in-depth scrutiny of the records of all the associations could be done in a continuing and systematic basis and the loopholes, if any, plugged in time. It goes without saying that the Monitoring Unit should also have a well organised 'inspection mechanism' at its disposal for checking the veracity of the particulars furnished by the Voluntary Organisations.

1.40 The Committee are perturbed to find that during the year 1985 as many as 1,643 associations did not submit their returns in time and as many as 2,705 associations did not at all file the returns. The Committee do not appreciate the lukewarm attitude adopted by the Ministry of Home Affairs in dealing with such associations. The Committee would expect the Ministry to take recourse to the provisions of the law and take stringent action especially against those associations who do not submit their returns at all. In the case of those associations who submit their returns after the expiry of the due date, a warning should be issued in the first instance and stringent action taken if they do not respond even after that. The Committee

would also like those associations which do not receive foreign contributions in a particular year to furnish together with the 'NIL' statement the reasons, if any, for not receiving foreign contributions in that period so that no further enquiry need be made from them for the relevant period.

CHAPTER II

REGISTRATION OF VOLUNTARY ORGANISATIONS

A. Registration under FCRA

2.1 Every association having a definite cultural, economic, educational, religious or social programme has either to register itself under the Foreign Contribution (Regulation) Act, 1976 with effect from 1.1.1985 to accept the foreign contribution or alternatively seek prior permission for the purpose. For registration, an association is required to apply in a prescribed form. The association or organisation has to specify a separate Bank Account through which it proposes to receive foreign contribution. The applications received are scrutinised on the basis of the information furnished in the application and/or aims and objects mentioned in the Memorandum of Association/Trust Deed. The associations whose applications are found in order are granted registration. In cases, where some information in the application form is lacking, the association is requested to furnish the missing information before the application is considered for registration. In cases where the particulars furnished in the application do not clearly indicate that the organisation has a definite cultural, economic, educational, religious or social programme or ^{if considered} otherwise/necessary, enquiries are got made before granting registration to such associations. There is no special machinery available to do this work.

2.2 Asked how it was ensured that the particulars furnished in the application form for registration were factually correct, the Ministry has stated in a note furnished to the Committee that where the information furnished regarding activities and future programme was not specific, the association was asked to supply such information. In case where the objectives of the association appear to affect prejudicially the sovereignty and integrity of India or the public interest or harmony between religious, linguistic or regional groups, castes or communities, enquiries were made about the activities of the association to check that the particulars furnished by the association were factually correct.

2.3 In a subsequent note furnished to the Committee the Ministry has stated that the information supplied by the association in the prescribed application form was generally treated as authentic. Further, in the application form for registration the signatory (Chief Functionary) undertakes to inform the Government whenever there was any change in its nature, aims and objects or the names of its office bearers, etc. However, where it was suspected that the activities of the association were not above board, field enquiries were got conducted. Of late, field enquiries were generally being made before registration was done or refused.

2.4 The applications (in original) for prior permission for acceptance of foreign contributions, were referred to the field agencies for recommendations/comments.

2.5 The total number of applications received for registration during the year 1985 was 10,282 and during the year 1986 was 1,983 as per details given in*Appendix-I.

2.6 In a note furnished to the Committee, it has been stated that the associations whose applications for registration were pending as on 1st January, 1985 and 1st January, 1986 was as under:-

<u>As on</u>	<u>No. of applications</u>	<u>Pending since</u>
1.1.1985	3,090	Less than 1 month
1.1.1986	393	Less than 3 months

2.7 During 1985, 60 cases were referred for enquiries out of which in 12 cases registration was refused and in 48 cases registration was granted. During 1986, 620 cases were referred for enquiries of which reports have been received in 382 cases. Out of these, registration has been refused in 115 cases on the basis of adverse reports. The total number of associations which were refused registration in 1986 was, however, 123. In 267 cases registration has been granted. Reports in the remaining 238 cases are awaited and are being expedited.

2.8 The Ministry has informed the Committee that 9,650 associations were registered upto 31.12.1985 and 945 associations were registered during the year 1986 i.e. a total number of 10,595 associations were registered upto 31.12.1986.

Refusal of Registration

2.9 In reply to a question, as to the ground on which organisations were refused registration it has been stated that the organisations are generally refused registration on the basis of adverse reports received from field agencies. Some of the reasons on account of which registration is refused are as follows:

1. Engaged in fundamentalist religious activities.
2. Suspected of mis-utilisation of foreign contribution.
3. Conversions through dubious means.
4. Reported to be non-existent/paper organisations.
5. Suspected of being front organisation of a political party.
6. Suspected of engaged in anti-national activities.
7. Having links with another organisation prohibited/required to obtain prior permission or being investigated for any offence.

2.10 During evidence, the representative of the Home Ministry has stated:

"If we find that the antecedents of the organisation are not good or if there is any other adverse report particularly about an organisation in sensitive areas, we have to refuse them."

2.11 The Committee have been informed that representations were received from 12 associations against refusing registration in 1985 and 1986. Of these, one association had filed

a petition in the High Court, one association had been specified as an organisation of political nature not being a political party under section 5(1) of the Act. Representations of the remaining organisations had been turned down.

2.12 When asked whether the organisation is informed of the reason of refusal of registration or any publicity is given to that effect, the Secretary of the Ministry of Home Affairs has stated during evidence that if any publicity was given, the action would be questioned. It would be very difficult to prove as the registration was refused on the basis of certain reports.

2.13 When an opinion was expressed that it would be better to intimate the causes of not registering the Voluntary Organisation, he has further stated during evidence:

"It is not that we will not tell. Unless we have some concrete proof, if we go to the press and make a statement, it may work against us. So, it is very difficult. You kindly consider this."

2.14 The Committee are surprised to learn that in respect of associations applying for registration under the Foreign Contribution (Regulation) Act 'information supplied by the associations in the prescribed application form was generally treated as authentic' and that there is no special machinery available with the Ministry of Home Affairs to check the accuracy thereof. The Committee would like the Government to ensure that registration is granted to only such organisations as are actually engaged in definite cultural, economic, educational, religious or social programmes. This is of paramount importance particularly in the sensitive and border areas. The Committee are of the view that assistance of the States intelligence agencies should be sought to check the genuineness of the particulars furnished by any association applying for registration before granting registration to the association.

B. Deregistration

2.15 In regard to the reasons for withdrawal of registration of certain organisations during 1985 and 1986, the Committee have been informed that the number of associations de-registered during 1985 and 1986 was 11 and 10 respectively. Their registration was cancelled on the basis of specific requests received from the concerned associations as there is no provision for de-registration. Further 23 organisations were asked to obtain prior permission for receiving foreign contribution and 2 others prohibited for various reasons.

2.16 Asked as to what were the special circumstances under which 146 organisations were prohibited from receiving foreign contribution on their own, the Ministry in a note stated that these organisations (146) of political nature, not being a political party notified in the official gazette under Section 5(1) of the Act, "have not been prohibited from accepting foreign contribution. But after specification under Section 5(1) of the Act, these organisations are required to take prior permission of the Central Government for acceptance of any foreign contribution. These organisations have been specified having regard to the activities of the organisations or the ideology propagated by the organisation or the programme of the organisation or the association of the organisation with the activities of any political party."

2.17 Asked whether any instances had come to the notice of Government where associations though registered, in fact did not exist; the Ministry has stated in a note furnished to the Committee that:

"In one case enquiry has revealed that the association did not actually exist and it was only a paper organisation. Orders were issued under Section 6(1) of the Act requiring the association to seek permission to accept any foreign contribution."

2.18 The Committee are unhappy to find that during the years 1985 and 1986, associations numbering 11 and 10 respectively, were asked to seek withdrawal of their registration there being no provision in the Foreign Contribution (Regulation) Act for the cancellation of their registration by the Government. The Committee are perturbed to learn that in one case where subsequent enquiry revealed that a registered organisation, in fact, was only a paper organisation, the Government directed the "non-existent registered organisation" to seek permission under Section 6(1) of the Act to accept the foreign contribution. The Committee are not aware whether any foreign contribution had actually been received by the said organisation before it came to the notice of the Government that it was a paper organisation. This is indicative of the complete state of helplessness on the part of the Government where it had to correspond with an imaginary registered organisation but could not deregister the organisation.

why?

2.19 The Committee would like the Government to plug loop-holes in the FCRA by bringing forward suitable amendments to the Act at an early date including amendment empowering the Government to deregister any association registered on wrong information furnished by it or found subsequently indulging in malpractices and nefarious activities.

CHAPTER III

FOREIGN CONTRIBUTIONS

A. Receipt of Foreign Contributions

3.1 Under the provisions of Section 6(1) of the Foreign Contribution (Regulation) Act, 1976, Ministry of Home Affairs receives intimations from the associations having definite cultural, economic, educational, social or religious programmes regarding the receipt of foreign contribution either in Indian currency or foreign currency from any foreign source as defined under section 2(1)(c) of the Act.

3.2 The amount of foreign contributions intimated by the associations in India to have been received by them during the years 1980 to 1984 is as follows:

	<u>Amount (in crores of Rupees)</u>
1980	209.12
1981	230.46
1982	233.78
1983	264.22
1984	253.98

3.3 It is noted from a subsequent note furnished to the Committee that during the years 1983 and 1984 Rs.21,143.36 lakhs and Rs.16,235.66 lakhs respectively had been received as foreign contributions by all religious minorities put together.

3.4 The Committee have also been informed that according to rough estimates the amount of foreign contributions received during 1985 might be Rs.330 crores and for the year 1986 the figure would be available by the end of June, 1987.

3.5 Asked about ^{any} particular voluntary organisation which received the highest amount, the representative of the Ministry of Home Affairs has stated during evidence, "For 1984, it is approximately Rs.2 crores and it was given to one of the church organisations."

3.6 In a subsequent note, the Ministry of Home Affairs has stated that the following associations received maximum amount of foreign contribution during 1984 and 1985:

Year	Name & Address of the association.	Amount recieved.
1984	Churches Auxialinary for Social Action, Rachna Bldg., 2- Rajender Place, Pusa Road, Now Delhi.	Rs.992.19 lakhs
1985	Dharma Pratishtanam, A-214, New Friends Colony, New Delhi.	Rs.914.69 lakhs

3.7 99 associations during 1984 and 134 associations during 1985 received foreign contribution more than Rs.50 lakhs.

3.8 During evidence, the Secretary, Ministry of Finance giving his opinion about the receipt of funds in the form of foreign contribution has stated:

"I think, if the Ministry of Finance stops the remittances, the flow of foreign exchange will cease. We have to see that foreign exchange comes into the country. After the foreign exchange comes into the country, the use or misuse thereof should be checked by the regulatory agency, which I think, the Ministry of Home Affairs do that."

3.9 The Secretary, Ministry of Home Affairs added, "We do not mind if the foreign exchange comes in, but the use thereof has to be regulated."

3.10 The Secretary, Ministry of Home Affairs further informed the Committee during evidence that roughly Rs.250 crores was received every year by these associations. Before receipt of this amount, either the associations had to get themselves registered or to take permission, if not registered. These were the two controls that the Ministry was exercising. The associations were also to indicate the bank through which they were receiving the amount. This was got cross checked from the information given by RBI as to how much money each association was receiving.

3.11 The Secretary, Ministry of Finance added:-

"The Ministry of Finance comes in when FCRA money comes. At that stage, the Reserve Bank agrees to assist the Ministry of Home Affairs in the following manner:-

* At the time of factual verification, Ministry of Home Affairs have pointed out as follows:-
"Instead of 99 associations during 1984 and 134 associations during 1985, it may be substituted as 102 associations during 1984 and 144 association during 1985."

They cross-check the remittances with the MHA at random basis. It cannot be done on every case. At random basis, they are cross-checking the details.

Secondly, quarterly statements are given regarding remittances of amount of Rs.10,000 and above received by missionaries, individuals, institutions, cultural and religious institutions and charitable institutions. This we are furnishing to the Home Ministry.

Thirdly, we are furnishing information on regular basis regarding remittances received by any organisation which is specified by IB, MHA.

We are handling nearly 400 to 500 crores of remittances. So, it is not possible to provide information on every case."

3.12 The Committee find that over the years there has been a steady increase in the flow of funds from foreign donors to voluntary agencies in India and for 1985 it might have touched the figure of Rs.330 crores. The Committee agree that the inflow of foreign exchange is of vital importance in the context of difficult foreign exchange position through which the country is passing. The Committee would, however, stress that there is an utmost need for close rapport between the Ministry of Finance, Ministry of Home Affairs and Reserve Bank of India to ensure that the inflow of foreign exchange is regulated strictly according to the provisions of the Foreign Contribution (Regulation) Act. They also consider that in case there is abnormal increase in the foreign contributions being received by some associations, the activities of those associations may be closely watched and, if necessary, probed in depth to dispel any misgivings about the misuse of foreign contributions by those associations.

B. Misutilisation of Foreign Contributions

3.13 Asked as to how many cases have come to the notice of Ministry of Home Affairs about misutilisation of contributions received from abroad in contravention of the provisions of F.C.R. Act, 1976 during the last three years the Ministry of Home Affairs has in a note stated that "regarding voluntary associations which received foreign contribution and are covered under the provisions of the Foreign Contribution (Regulation) Act, 1976, the intimations and audited accounts are scrutinised to see whether all the receipts have been reported and properly accounted for. In one case based on reasonable grounds to suspect contravention of the provisions of the Foreign Contribution (Regulation) Act, 1976, an inspection of the accounts of the association at Hyderabad was carried out in July, 1986. Evidence gathered at the time of this inspection tends to show misutilisation of funds of the association.

3.14 In two other cases also orders have been issued to inspect the records of these associations. The inspection is proposed to be carried out during August-September, 1986."

3.15 Wherever necessary, accounts or records of an association may also be inspected or audited by an officer authorised in this regard by the Central Government.

3.16 Asked about the inspections of associations carried out during 1986, in a note furnished to the Committee it has been stated:

"Inspections of accounts of four associations during the year 1986 have been since completed. Violation of certain provisions of the F.C.(R) Act have been noticed. Three of these associations have already been required to obtain prior

permission under the provisions of the Act and one association has been prohibited from accepting any foreign contribution."

3.17 Asked whether surprise inspections of about 30% of all other associations could be carried out in a year in the interest of checking misutilisation of the funds, the Ministry in a note has stated that there was no provision under the Act under which action for mis-utilisation could be taken. However, the accounts of the associations of high receipts were examined and if, there was any violation under the F.C.(R) Act, 1976, appropriate action was taken.

3.18 Asked specifically about the checks exercised to see that the foreign contribution was not misused, the Secretary, Ministry of Home Affairs informed the Committee during evidence:

"Under this (FCR) Act, it is not possible to know whether they are misusing the amount. ... They have to tell us about the utilisation of the money and whether they have utilised for the purpose for which they received the money."

3.19 When the Committee felt that it was only paper work and nothing concrete was being done the Secretary, Ministry of Home Affairs explaining the position further stated:

"There are two ways. One is on the basis of scrutiny of records, which may not in all cases, reveal irregularity. In their cases, we get IB report also about misuse of funds. Then, we can go and inspect the records to see how the money is spent. Our officers go and inspect the record.... Apart from going and checking their books at the present moment, the Act does not give any other power. Only if any of our other organisation reports some misutilisation, then we can go into it. At the present moment, this sort of detailed check of their activities is not there."

3.20 The Secretary, Ministry of Home Affairs further stated that the Ministry did not have a huge set up having a large staff in all parts of the country like Customs and Excise. They had to depend on checking and scrutiny of accounts of associations and some reports from IB about misutilisation.

3.21 Asked whether there is any system of physical verification, the Secretary stated:-

Physical Verification
 "It is not possible with the staff we have..... If you want to monitor the work of all the organisations who are receiving foreign funds, you will have to create a huge set-up. It may not be necessary to create such a set-up. We could use our existing set-up of the field Agency and the State Police and things like that to keep a watch. Otherwise it will be a big set-up. We should have some coordination with the State Governments."

3.22 The Secretary further added:

"Now it is the question of monitoring mechanism that we are talking of. There are two options left. One is that we have a huge monitoring mechanism run by the Home Ministry independently through out the country, have a huge set-up like the Customs & Excise. The other is to use the machinery of the State Government and field Agency etc. It is for you to consider."

3.23 Asked how the accounts are scrutinised, the Secretary, Ministry of Home Affairs explained:

".....where there is heavy expenditure indicated on certain items, whether the expenditure has actually taken place or not, it is from this angle these examinations are done. So it is a question of trying to see the accounts and see whether under the heads according to which the accounts have been prepared and submitted to us the expenditure has taken place. If there is any difference in that, then there is a suspicion that the money has been diverted to other purposes."

3.24 Emphasising his point, the Home Secretary further added that intelligence machinery with the Home Ministry

might not be a practicable thing and might lead to corruption and various other things. If services of State agencies viz. State Police Agencies and State Intelligence Agencies were used the misutilisation could be detected.

3.25 During discussion on this point, it further transpired that "There is no provision in the law to say that he has properly utilised it."

3.26 Asked whether there were any provisions under the Act by which any check could be exercised to ensure that the amount of foreign contributions were actually utilised by the organisation for the purposes for which the funds were received, the Secretary, Ministry of Home Affairs has stated during evidence:

"For detecting misutilisation of the funds, we have to depend on our intelligence agencies and then some enquiries are made and if there is something which is concrete, there is some evidence, then we decide to prosecute them and also prohibit them from receiving contribution etc. Even supposing the Act is amended, the main thing is only procedural."

3.27 In a subsequent note furnished to the Committee, the Ministry has stated that the FC(R) Act did not specifically provide for any penal action for misutilisation of foreign contribution. In case any association had contravened any provision of the Act, action as provided in the Act was taken against it.

3.28 Asked whether adequate powers existed under Foreign Contributory (Regulation) Act to check misutilisation of funds received by way of foreign contribution, the Ministry in a subsequent note stated that:

"FC(R) Act does not confer any explicit power to check misutilisation of foreign contribution at present. However, the Act is being reviewed with a view to making suitable amendment. Whether misutilisation of foreign contribution can also be made punishable under the said Act, and whether it would be practical to detect, prove and punish such cases in an effective manner is also being examined."

3.29 Asked whether Government is in the know that certain foreign missionaries are indulging in the antinational activities especially in tribal and far flung areas the Secretary has stated during evidence:

"One thing is, that externment applies only to the foreign missionaries who come here and take up the job of preaching and when we find that they are doing something inimical against the nation, against the security of the country, we take action. We consider our country as a secular country. So being a secular country, we have to treat all religions equal, but at the same time, if you find that any particular group or section acts against the nation's interest, then only we come into the picture. It is not because that a particular religion is being propagated or anything of that sort. ...It is only when we find that they over-stepped and are going against the security and all that, then we try to take action. They cannot go into the political arena and things like that. Then, if we find that their actions are not good, we try to take action. So in case of foreign missionaries, we try to extern them. But in the case of organisations where we find that funds which are coming from foreign sources are mis-utilised, we have issued orders banning some organisations from getting foreign contribution in the future. We have also put certain organisations where we found that they were behaving not in a very good manner we have put them under the prior permission category. So, we have taken action in respect of all these organisations in different ways. But we cannot take objection to the fact that certain religions are propagated."

3.30 Asked whether there is any check over voluntary organisations which are receiving foreign contribution for religious programmes, the Secretary has stated during evidence:

"If we get reports about these organisations, which raise suspicions, we look into them.... In December 1985 we have addressed letters to the Secretaries of Home Departments of all the States and Union Territories, regarding activities of voluntary agencies in tribal/sensitive areas of the country. This circular relates to monitoring them. We have asked State Governments to help us in these matters. So, we have to get help from various sources, including State Governments and the intelligence machinery."

3.31 Asked whether any check was kept by such agencies on the credentials of organisations working in sensitive areas and enticing people for religious conversions (Particular reference to North Eastern Areas of the Country) and the number of cases detected during 1984, 1985 and 1986, the Ministry in a subsequent note furnished to the Committee has stated that the intelligence agency had been asked to keep a special watch on organisations receiving foreign funds operating in sensitive areas, and reportedly enticing people for religious conversions through dubious means. However, unless it was proved with corroborative evidence that any pecuniary advantage or specific enticement was offered for religious conversions, it was difficult to take any drastic action.

3.32 During evidence the Secretary has also stated:

"If some foreigners come to an adverse notice, we deport them....I agree with you, Sir, that we have to keep ourselves alert to foreign pressures and it is very necessary. That is the reason why we had enacted in 1976. When we found that this Act was not strong enough, we went to the extent of amending it."

Violations by Voluntary Organisations

3.33 The Committee have been informed that the organisations identified for violation of provisions of the Foreign Contribution (Regulation) Act in each of the last five years upto 1986 are as under:

Year	No. of associations	Action taken
1982	2	Under investigation by CBI.
1983	5	- do -
1984	2	- do -
1985	3	One case under investigation by CEI. Two cases prohibited to accept foreign contribution.
1986	29	4 cases under investigation by CBI. 2 cases prohibited to accept foreign contribution. 23 cases required to obtain prior permission.

3.34 The general acts of violation on the part of such

Voluntary Organisations are:

- (i) Acceptance of foreign contribution by a person or an organisation prohibited under Sections 4 and 10(a) of the Act;
- (ii) Acceptance of foreign contribution without prior permission by an association falling under Sections 5(1), 6(1A) and 10(b) of the Act;
- (iii) Acceptance of foreign contribution by an association without registering itself under Section 6(1) of the Act;

- (iv) Acceptance of foreign contribution by an association under Section 6(1) of the Act through a branch of a bank or another bank other than that specified in the application for registration;
- (v) Acceptance or delivery of any currency which has been accepted from any foreign source to any person prohibited under Section 4 of the Act or organisation specified under Section 5(1) of the Act;
- (vi) Failure to furnish intimation and audited accounts as prescribed under the Rules;
- (vii) Failure to maintain a separate set of records and bank account exclusively for foreign contribution received and utilised.

3.35

asked to state the nature of cases against

organisations identified for violation of provisions of FCRA, which were pending since 1982 and reasons for inordinate delay in finalising them, the Ministry in a note has stated that 14 organisations were identified for violation of the provisions of FCRA/FCR(R) Rules as per details of violations at

*Appendix II.

3.36

The note further says that the CBI was earlier reluctant to undertake investigations into the offences under FCRA. However, finally they accepted the cases in 1984. In all, 13 cases of organisations suspected to have violated the provisions of the FC(R) Act/Rules were referred to CBI for investigation. The CBI has returned three cases for want of proper investigation and in six cases closure reports have been filed by the CBI in the competent Court. At present only four cases are pending for investigation etc. by the CBI.

* Not appended with the Report.

3.37 In reply to a question, the Secretary has stated during evidence: "There is a lot of pressure from the State Governments also that they have to be investigated by the CBI."

3.38 Stating the steps envisaged to make the provisions of the Foreign Contribution (Regulation) Act, 1976 more stringent, the Ministry stated that "the Act has been amended only in 1985 and the compliance thereof by the associations are still under study."

3.39 The details of associations/individuals prohibited from accepting any foreign contribution; particulars of associations placed under Section 10(b) of FCRA i.e. asked to obtain prior permission before accepting foreign contribution; List of Associations which have been brought under the prior permission on category under Proviso to section 6(1) of FCRA are at Appendices III to V.

3.40 Details of associations who received contributions above Rs. 1 crore during 1984 & 1985 are given in Appendix VI.

Not appended with the Report.

3.41 The Committee note that the number of organisations detected to be mis-utilising the foreign contributions is infinitesimally small when compared to total number of organisations receiving foreign contributions (including 10,595 registered organisations as on 31.12.1986) and the magnitude of the foreign contribution flowing to the Country. The Committee have a feeling that had the Ministry of Home Affairs evolved a strong monitoring mechanism and the other investigating agencies had done their job properly and with firmness and conviction the number of organisations using the amount of foreign contributions for purposes other than declared would have swelled manifold. The Committee are of the view that mis-utilisation of contribution cannot be detected by examination of statements etc. furnished by the organisations sitting across the table, unless concurrently backed up by field action by adequate dedicated machinery. While agreeing with the view of the Ministry of Home Affairs that a very huge separate monitoring set up may not be necessary to deal with the detection of mis-utilisation of contributions the Committee feel that the existing monitoring set up requires to be strengthened to ensure regular feed-back about the correctness of utilisation of foreign contributions received by various organisations. The Committee are of the

view that the intelligence agencies are required to be geared up further to ensure that all cases referred to them for investigation are dealt with sincerely and with expedition. The Committee do not understand as to why the CBI should have been 'reluctant' to undertake investigation into the offences committed by some organisations under the Foreign Contribution (Regulation) Act. The Committee recommend that assistance of the Police and Intelligence agencies of the States should be increasingly solicited and CBI and other central intelligence agencies should closely liaise with the State agencies for the purpose.

3.42 The Committee consider that the enactment of the Foreign Contribution (Regulation) Act, in 1976 was a good step to have some direct control over the inflow of foreign contribution to the associations/ organisations. Its amendment in 1985 was also a welcome move in the right direction. The Committee, however, feel that the provisions of the Act still fall woefully short of the expectations and are totally inadequate to cope with the stupendous task that lies ahead in connection with the detection of organisations, who might be engaged in clandestine and anti-national activities with the foreign contributions received by them. There is no provision in the Act conferring explicit powers on the Government to check mis-utilisation of foreign contribution or

for taking appropriate penal action which could be taken against the erring associations. The Committee strongly recommend that the provisions of the Act should be reviewed thoroughly by an expert Committee with a view to suggesting amendments to provide for machinery to effectively check the mis-utilisation of funds by voluntary organisations etc., and the stringent punishment to be provided therefor. The Committee are aware that inflow of foreign contribution is valuable for the country but it has to be ensured that the same is not utilised for the purposes other than those declared.

CHAPTER IV

GRANTS-IN-AID TO VOLUNTARY ORGANISATIONS

1. Disbursement of Grants

4.1 The Committee have been informed that the voluntary associations which undertake the cause of national unity and solidarity are eligible for grants-in-aid for activities which may relate to discouraging communal ill-will and regional animosity, active and energetic propagation of principles of tolerance and harmony, mobilising the constructive forces of society in the cause of national unity and solidarity, devising suitable community or group activities for fostering fellow feeling etc.

4.2 The Committee have been further informed that the Ministry of Home Affairs does not register any voluntary organisation for the purpose of providing Grants-in-aid. However, Grants-in-aid is provided to voluntary organisation i.e.

- (a) A society registered under the Indian Societies Registration Act, 1860 (i.e. XXI of 1860); or
- (b) A public trust registered under any Act for the time being in force; or
- (c) A non-official body which is engaged in the organisation and development of social welfare programme and is registered under an appropriate Act.

4.3 To promote the cause of national unity and solidarity, grants are provided to voluntary or welfare organisations whose aims and objects are relatable to the objectives of the National Integration Council. It should be an organisation whose accounts

4.6 Each application for the sanction of grants should be accompanied by an attested copy of the Registration Certificate, Constitution and bye-laws of the Institution, previous year's annual report and a statement of the full receipts and payments of the institution of the previous three years certified by a Chartered Accountant or a Government auditor. Every request for a grant should indicate clearly the nature of activity or activities for which grant is sought, the expenditure which that activity or those activities is estimated to involve and the likely contribution of the organisation concerned. The proposal or request for the sanction of grants are processed in the light of above criteria and submitted to Home Minister for approval through Integrated Finance.

4.7 The Ministry of Finance has stated that Administrative Ministries/Departments of the Central Governments who have been delegated powers to sanction grants-in-aid to Public Bodies, Institutions etc. are required to keep certain points (Appendix VII) in view while sanctioning grants-in-aid.

4.8 No stipulated period has been fixed for sanctioning the grant-in-aid. Reports on the working and bona fide status of an organisation is called for from the State Governments and other agencies. The other relevant information as prescribed in the terms and conditions (Appendix VIII) is also called for. However, the grant-in-aid is sanctioned before the holding of the activities proposed by the voluntary organisation. Applications are considered for the financial year.

are regularly audited either by internal or external auditors.
No grant is provided:

- (i) to an organisation/institution managed by a State Government or local body or established under an Act of State Legislature or by a Resolution of a State Government, or local body funds other than a University or Educational Institution;
- (ii) to an institution for supplementing per capita grants by the State Government in discharge of a statutory responsibility; and
- (iii) to any individual or group of individuals running an organisation for profit.

The Ministry of Home Affairs in a note furnished to the Committee has stated that in 1968, on the recommendation of the National Integration Council, the scheme to involve voluntary organisation in the task of promotion of National Integration was finalised in consultation with the Ministry of Finance. The pattern of assistance to voluntary organisations in the cause of national integration was approved by the Ministry of Home Affairs in consultation with the Ministry of Finance.

4.5

The Ministry of Home Affairs has also informed the Committee that certain amendments/additions were made in the pattern of assistance since its inception (1968) with the approval of Ministry of Finance. The last amendment/addition was made in January, 1971.

Asked how much time did the Ministry take for sanction of grant-in-aid after the receipt of application, the representative of the Ministry of Home Affairs has stated during evidence that it varied from case to case. If complete data was given by the organisation it would take about six weeks. At the end of that period the Ministry was in a position to sanction.

4.10 The Ministry of Home Affairs in a note furnished to the Committee has stated that the maximum ceiling of amount prescribed (as approved by Ministry of Finance) for undertaking particular activity/activities is as follows:-

- | | |
|--|-------------|
| i) Seminar and Discussion groups | Rs.15,000/- |
| ii) Inter-community celebration of national days and festivals. | Rs.2,500/- |
| iii) Cultural shows | Rs.2,500/- |
| iv) Inter-regional camps and exchange of visits; | Rs.4,000/- |
| v) Publication of material bearing on issues and problems of integration and emphasising the basic national values; | Rs.5,000/- |
| vi) Citizen Committees for the maintenance of communal harmony; | Rs.2,000/- |
| vii) Undertaking objectives investigation or case-studies of local issues or events relevant to maintenance of peace, goodwill and tolerance among citizens; | Rs.2,500/- |

viii) Public meeting, exhibitions or group endeavours of a similar description to foster fellow-feeling and to highlight the essential principles of Indian nationhood and secularism; Rs. 2,500/-

ix) Supplementing the financial resources of an organisation to the furtherance of communal harmony, secularism and national unity. Rs. 5,000/-

4.11 The above ceilings are kept in view while sanctioning the grant-in-aid to voluntary organisations.

PER 1 4.12 The Grant-in-aid is of a non-recurring and non plan nature and is a promotional activity.

PER 12 4.13 The Ministry has stated in a note furnished to the Committee that the amount allocated during the last five years and the total amount sanctioned to various voluntary organisations was as follows:

<u>Year</u>	<u>Budget Allocation</u>	<u>Amount sanctioned</u>	<u>Amount spent</u>
1981-82	Rs. 5 lakhs	Rs. 3,59,600/-	Rs. 3,59,600/-
1982-83	Rs. 5 lakhs	Rs. 3,33,750/-	Rs. 3,33,750/-
1983-84	Rs. 5 lakhs	Rs. 2,35,600/-	Rs. 2,35,600/-
1984-85	Rs. 5 lakhs	Rs. 2,13,300/-	Rs. 2,13,300/-
1985-86	Rs. 107 lakhs	Rs. 1,05,31,810/-	Rs. 1,05,31,810/-

4.14 The Ministry has subsequently informed that the amount sanctioned by Ministry of Home Affairs to the various voluntary organisations had been fully utilised. However, in a few cases utilisation certificates were yet to be obtained. However, no fresh grant-in-aid was sanctioned to the organisation unless it had submitted the utilisation certificate in

regard to the earlier Grant-in-aid sanctioned for national integration activities. To assess the functioning and credence of the organisation, fresh report from the IB/State Government were called for after a period of 2-3 years.

4.15 The Ministry has further stated in a note that on account of lack of response from the voluntary organisations, the total Budget provisions on this account had not been fully utilised. In February, 1985, efforts had been made to give wide publicity to this Scheme through the State Governments. A letter in this regard was addressed by the Additional Secretary to the Chief Secretaries of all the States/Union Territories. On account of this, there had been appreciable increase in the number of new organisations applying for Grant-in-aid. Ministry of Home Affairs proposed to take a similar drive shortly.

4.16 The Secretary, Ministry of Home Affairs has stated during evidence that:

".....in case more organisations come probably we could increase the budget provision also."

4.17 The representative of the Ministry of Home Affairs agreed when asked that many voluntary organisations might not be knowing of this provision and added that:

"Partly it is so because it is a small amount and, therefore, some of the organisations are not interested in getting this amount. The organisations which come to us are very small organisations."

4.18 Asked why a sum of Rs. one crore was given as grant-in-aid to Bharat Scouts & Guides in the year 1985-86, the Ministry of Home Affairs in a note furnished to the

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"A d.o. letter from Home Minister to the Chief Ministers of all the States/Union Territories has since been addressed on 12th February, 1987."

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Ministry of Home Affairs for funds for the first time and the Ministry was monitoring their programme. *

The Secretary added:

"This (amount) has been settled with the Ministry of Finance."

4.23 In a note furnished to the Committee, the Ministry has stated that during the last five years, in the following two cases, the prescribed conditions were relaxed with the approval of competent authority:

- (1) In 1981, a Grant-in-aid of Rs.5.00 lakhs for undertaking Inter-disciplinary study of communal violence and its impact on national integration was sanctioned to the Centre for Research in Rural and Industrial Development, Chandigarh, with the approval of Ministry of Finance.
- (2) In March, 1986, a special one time grant of Rs.1.00 crore was sanctioned to Bharat Scouts and Guides as an ad hoc Grant-in-aid for promotion of activities in the cause of national integration. This case had the concurrence of Ministry of Finance.

Grants to Organisations Based in Difficult Areas

4.24 Asked whether Voluntary Organisations based in border areas or in interior/remote and difficult areas were given preference in allocation of grants, it has been stated in a note furnished to the Committee that no specific preference was given in the allocation of grants to the Voluntary Organisations based in border areas or in interior/remote and difficult areas by the Ministry of Home Affairs for promoting the cause of national unity and solidarity.

* At the time of factual verification, the Ministry of Home Affairs has clarified as follows:-

"Ministry of Home Affairs receives periodical implementation reports on the activities under taken by the Bharat Scouts and Guides by the utilising the Grants in aid."

4.25 It has been stated that wide publicity to the scheme had already been given through State Governments/UT Administrations and it was upto the voluntary organisation based in those areas to take initiative in this regard.

4.26 The following organisations based in border/remote and difficult areas had received grant-in-aid from Ministry of Home Affairs:-

J&K

Cultural Trust, Kupwara, Kashmir, J&K.

Assam

1. Prantiya Samaj Kalyan Ashram, North Lakhimpur, Assam.
2. Bajali Pragati Sangha, Pathasala, Assam.
3. Janjati Samaj Kalyan Ashram, Assam.
4. Bajali Mahila Samity, Assam.
5. Garmora Model Satra Hills and Plains Cultural Institution, Assam.
6. Gauripur Vivekanand Club, Distt. Dhubri, Assam.

Manipur

1. The Chingu Fanganba Social Welfare Association, Phayeng, Manipur.

4.27 Ministry of Home Affairs in a note furnished to the Committee has stated that after the issue of sanction letter, it took 8 to 10 days for the issue of cheque/demand draft. A copy of the forwarding letter under which the cheque/demand draft was sent to the voluntary organisation was also endorsed to the National Integration Division which kept a watch on the timely release of grants.

4.28

In a further note furnished to the Committee, the Ministry has stated that to ensure that the grant-in-aid was utilised properly recommendations/reports were called for from the State Governments and Directorate of Intelligence Bureau. Certain conditions were also specified in the sanction letter to ensure that the sanctioned amount was used for the activity for which it had been sanctioned. The organisations were also required to submit audited statement of accounts and utilisation certificate duly certified by the chartered Accountant within a stipulated time (mentioned in the letter of sanction). The utilisation certificates received after due audit by the Chartered Accountants were not scrutinised further.

4.29

In a note furnished to the Committee it has been stated that any unspent balance out of sanctioned amount is to be credited to the Government Account in accordance with the prescribed instructions. The grant cannot be transferred to another organisation or activity without the prior permission of the sanctioning authority. A progress report on the implementation of the activities for which grant-in-aid had been sanctioned was also to be sent by the voluntary organisation.

4.30

In reply to a question, the Ministry of Finance has stated in a note furnished to the Committee that "there is no provision in the General Financial Rules for transferring unspent amount of the grant to another organisation."

4.31

Asked in how many cases the grant given was utilised for a purpose other than for which it was given, the Ministry, in reply, has stated that no such case in the

last 3 years had come to their notice. However, the change in dates to hold the particular activity was allowed by the Ministry in consultation with Integrated Finance.

4.32 It has been stated that the voluntary organisation who is provided grant-in-aid, was expected to meet at least one third of the total estimated expenditure of the particular activity/activities.

4.33 Asked what machinery was available with the Ministry of Home Affairs to ensure that the voluntary organisation actually met at least one third of the expenditure of a particular activity, the Ministry in a note furnished to the Committee has stated that after the activities were undertaken by the organisation it was required to submit the audited statement of accounts of expenditure. The statements of accounts were checked by the Ministry of Home Affairs whether one third of the expenditure had been met by the voluntary organisation. The Ministry has also added that no percentage of contribution had been laid down as ^apre-condition but it was ordinarily expected that the organisation would contribute one third of the estimated expenditure. According to the Ministry, the organisation could not be forced for refund of a part of amount already utilised.

4.34 The Ministry of Home Affairs in a note furnished to the Committee has stated that the grant-in-aid to Voluntary Organisation was ^{also} provided by various other Ministries for the activities coming under the purview of the subjects dealt with by them.

4.35

The Ministry of Home Affairs in reply to a question has stated that no coordination was maintained with other Ministries which were also providing grants to voluntary organisations as the purpose for which such grants were released were different.

4.36

The institution/organisation was required to submit a certificate to Ministry of Home Affairs to the effect that no grant had been received for the same purpose from any other Central Government Department.

4.37

The Secretary, Ministry of Home Affairs has also informed the Committee during evidence that there was no coordination with other Ministries in this regard. He added that Planning Commission had instructed the State Governments to have an Apex body to coordinate the activities where all the major voluntary organisations were represented. Some instructions had also been issued for coordination at the State level.

4.38 The Committee note that grants-in-aid are given by the Ministry of Home Affairs to voluntary organisations which are inter alia engaged in discouraging communal illwill and regional animosities; weaning the mis-guided elements from the path of violence; propagation of principles of tolerance and harmony; mobilising forces for national unity and solidarity and for fostering fellow feeling for raising the quality of national life. The Committee are unhappy to find that despite such laudable objectives for which grants-in-aid are offered, sufficient number of voluntary organisations are not coming forward to avail of the grants simply because Government has not given adequate publicity to the scheme. According to Ministry's own admission during evidence, many voluntary organisations might not be aware of the Scheme. This is also evident from the fact that during the years 1983-84 and 1984-85 the Ministry has not been able to disburse even 50% of the amount of Rs.5 lakhs provided in the Budget for those years. The Committee, therefore, desire that adequate publicity to the scheme should be given through appropriate media so as to encourage response from voluntary organisations working in the fields. The Committee feel that special drive in this connection is called for in the remote, hilly, difficult and sensitive border terrains of the country.

4.39 The Committee are unhappy to be informed that apart from the utilisation certificates, which in some cases may not be received from voluntary organisations getting grants-in-aid, there is no other mechanism available with the Government to ensure that the grants-in-aid given to the voluntary organisations have in fact been utilised for promoting the cause of national integration and solidarity of the country. The Committee consider that it is incumbent on the Government to ensure that the grants-in-aid given to voluntary organisations are in no way mis-utilised by any voluntary organisation. The help of the State intelligence agencies and the Central Intelligence agencies can be sought with advantage to go into the working of any voluntary organisation about whose credentials there is the slightest doubt.

4.40 The Committee are surprised to learn that no coordination is being maintained with other Ministries which are also providing grants-in-aid to voluntary organisations. The Committee consider that to keep an effective check on the voluntary organisations, there is an imperative need for maintaining close coordination and liaison among various Ministries disbursing grants-in-aid in different spheres. The Committee suggest that a special cell in the Ministry of Home Affairs should be created wherein information about the grants disbursed by various Ministries should be received and analysed.

4.41 The Committee note that the last amendment/addition in the pattern of assistance of grants-in-aid was made in January, 1971. The Committee desire the Ministry of Home Affairs to again review the grants-in-aid scheme as more than 16 years have elapsed since it was last amended.

B. Equitable Sanctioning of Grants-in-Aid

4.42 Asked whether there was equitable release of grants to voluntary organisation in different States, the Ministry in a note furnished to the Committee has replied in the negative and stated that the amount of grant-in-aid was based on the proposed activities of the organisation.

4.43 Statement showing the amounts given to voluntary organisation in different States may be seen at Appendix IX.

4.44 The Committee are unhappy to find that there are wide disparities in the amounts of grants-in-aid sanctioned to different States in as much as grants-in-aid to the tune of Rs.1,00,85,500 and Rs,90,000 were sanctioned to Union Territories of Delhi and Chandigarh respectively whereas in the case of Jammu & Kashmir and Himachal Pradesh the grants-in-aid were as low as Rs.1930 and Rs.2,200 respectively. The Committee would like to impress upon the Government the desirability of equitable sanctioning of grants-in-aid, as far as possible, to various States and Union Territories, keeping in view the overall objective of promoting national integration.