

CHAPTER X : MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT

National Trust

10.1 Release of grants-in-aid in violation of an Act of the Parliament

The National Trust, in violation of an Act of Parliament, released grants-in-aid of Rs. 19.46 lakh during 2003-05 under “Establishment of Relief Institution Scheme” to two organisations whose office-bearers were also the members of the Board of the Trust and whose registration had expired.

The National Trust (Trust) is a statutory body set up by an Act of the Parliament in 1999 for the welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities. Section 3 (2) of Chapter II of the above Act vests the general management of the affairs and business of the Trust in a Board (Board) which exercises all powers and does all acts and things exercised by the Trust. Section 4(5) of Chapter II of the Act lays down that no member of the Board shall be a beneficiary of the Trust during the period he holds the office.

Audit noticed (June 2005) that since office-bearers of two non-government organisations (NGOs) were also members of the Board, these organisations were not eligible for any grant-in-aid according to Section 4 (5) of the Act *ibid*. However, the Trust, in violation of the provisions of the Act, released grant-in-aid of Rs. 10.97 lakh to these NGOs under “Establishment of Relief Institution Scheme” (ERI Scheme) during 2003-05 which was irregular. It was also observed that since registration of these NGOs had expired on 11 and 12 March 2005 respectively, they were not eligible for any grant-in-aid thereafter in terms of Section 4 of ERI Scheme. However, the Trust, in violation of these provisions, released (June 2005) further grant-in-aid of Rs. 8.49 lakh to these NGOs under the said scheme.

Thus, violation of the provisions of the Act by the Trust resulted in irregular release of grant-in-aid of Rs. 19.46 lakh (Rs. 10.97 lakh and Rs. 8.49 lakh) to two NGOs during 2003-05.

In response to the audit observation, the Trust stated (December 2005) that henceforth the Trust shall adhere to the provisions of the Act in letter and spirit and no grant-in-aid shall be sanctioned in favour of any NGO who are represented on the Board of the Trust. Subsequently, the Trust stated (July

2006) that in view of audit observation, it had issued recovery notices to both the organisations.

The Ministry stated (October 2006) that the office-bearers of two NGOs who had been appointed as members of the Board with effect from 9 December 2003 had been paid grant-in-aid of Rs. 13.23 lakh only during their tenure as members of the Board. It further stated that if a ban is imposed on release of grants to such NGOs whose office-bearers are members of the Board of the Trust, the NGOs will not be in a position to render services to the real beneficiaries. It justified release of grant-in-aid of Rs. 8.49 lakh to NGOs beyond the date of their registration on the ground that the process of renewal of registration in continuation of the initial registration period was in progress. The reply is not tenable as the office-bearers were declared as elected on 22 August 2003. Consequently, the grant-in-aid of Rs. 6.23 lakh paid to these NGOs during the intervening period of August 2003 to December 2003 was unethical. Further, justification of the Ministry to release grant-in-aid to NGOs whose office-bearers were members of the Board on the ground that NGOs would not be in a position to render services to the real beneficiaries does not hold good in view of the specific provision of the Act passed by the Parliament. The release of grant-in-aid to NGOs after expiry of their registration was also irregular as they were not eligible for any grant-in-aid in terms of Section 4 of ERI Scheme. The fact, therefore, remains that the Trust violated the provisions of the Act and irregularly released grant-in-aid of Rs. 19.46 lakh to two NGOs during 2003-05.