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### Centre's ban on two NGOs receiving foreign funds set aside

Special Correspondent

The Madras High Court Bench here has quashed two orders passed by the Union Home Ministry, prohibiting two non-governmental organisations — Rural Uplift Centre (RUC) and Good Vision — both based in Kanyakumari district from receiving funds from foreign countries.

Passing common orders in a writ petition filed by one NGO and a civil appeal filed by another, Justice S. Vimala set aside the orders of the Ministry's foreign division on February 9 on the ground that the NGOs had not been given a proper opportunity of hearing, leading to the denial of the principles of natural justice, and not served with crucial documents that formed the basis of the prohibition.

The judge agreed with petitioners' counsel G. Rajagopal and G. Prabhu Rajadurai that the ban orders violated the NGOs' rights and, therefore, it was necessary to follow the principles of natural justice even though Section 9 and 10 of the Foreign Contribution (Regulation) Act, 2010 do not explicitly mention giving an opportunity of hearing.

However, she gave liberty to the Union Home Ministry to take appropriate action afresh against the two NGOs after giving them a reasonable opportunity of hearing and after furnishing the enquiry reports, based on which the Ministry wanted to act against them, so that they could submit their detailed replies and contest the action by taking legal recourse.

Assistant Solicitor General (ASG) K.K. Senthilvelan said RUC had received funds to the tune of Rs. 31.55 crore between 2004 and 2008 for rehabilitation of tsunami victims. Therefore, it was the government's duty to keep a check on proper utilisation of those funds and make sure that they had not been utilised wrongly.

According to an enquiry by the Ministry, there were irregularities in the construction of 183 houses for tsunami victims. The NGO had assigned construction work based on quotations received in person and not through post. It had also not invited tenders. The other charges against RUC were that it had made payments for purchase of fibre glass boats without obtaining proper bills from suppliers and indulged in irregularities in procurement of 498 fish nets apart from diverting funds meant for one project to another. However, petitioner's counsel contended that the ASG could not rely upon an enquiry report that was not furnished to the NGO.

Counsel for Good Vision, Mr. Rajadurai argued that the most crucial loss to his client was the loss of reputation. He said there was nothing to show that the NGO's activities were prejudicial to public interest.

As per the Foreign Contribution (Regulation) Act, the Centre could prohibit receipt of foreign contribution and restrain an organisation from dealing with contributions already received only if it was satisfied that such contribution was likely to affect prejudicially the sovereignty and integrity of the country, public interest, freedom or fairness of election to any legislature, friendly relations with any foreign State or harmony between religious, racial, social linguistic or regional groups, castes or communities, he added.

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