Why was the Lokpal and Lokayukta Act enacted?
The Lokpal and Lokayukta Act was enacted to regulate and control corruption in public institutions. Because NPOs are considered voluntary organizations serving a public purpose, they are covered by the act.

To whom does the act apply?
The act applies to all public servants. According to the act, the term "public servant" includes each member of the governing board of an NPO, including any decision-making officer such as the chief executive officer and chief operating officer, that receives more than ten million Indian rupees (approximately $154,000) in grants from the central or state government or one million rupees (approximately $15,400) in donations or grants from foreign sources under the Foreign Contribution Regulation Act (FCRA).

What is to be declared or disclosed under the act?
Per Section 44 of the act, all public servants must declare to the competent authority information related to the following:
1. Assets (including any homes, vehicles, investments, jewelry, etc.) of which the public servant is an owner or beneficiary; and
2. Liabilities (if any).
**To whom should this declaration or disclosure be made?**

If an NPO receives government grants, it must make a declaration to the ministry providing the largest proportion of government grants during the previous year. For example, if an NPO received a grant of 6,500,000 rupees (approximately $100,000) from the Ministry of Health and a grant of 650,000 rupees (approximately $10,000) from the Ministry of Culture, it sends its declaration to the Ministry of Health only.

Additionally, if the NPO also receives foreign contributions, regardless whether it also receives government grants or not, it must make declarations to the Ministry of Home Affairs.

Ministries must publish all disclosures on their websites by August 31 of each year. This means that information about the assets and liabilities of every public servant is publicly available.

**What are the consequences of non-compliance?**

Non-disclosure of assets by public servants is considered a civil offense. The lokpal has the authority to initiate an inquiry and even confiscate the assets of non-compliant public servants.

**Why are there concerns about the Act’s application to NPOs?**

Board members of NPOs in India, like board members around the world, are private about their wealth and do not want personal information to be shared in the public domain. These individuals worry that if their wealth is disclosed in the public domain, this may potentially attract the attention of extortionists or fundraisers. Many also dislike declaring their wealth simply because they are volunteering their time or expertise as board members.

In addition, NPOs are concerned that the act may demotivate individuals from becoming board members and assuming leadership roles in civil society.

**Why is this law not yet in force?**

At present, the act has been amended so that there is no requirement to file declarations until the government drafts new or amended rules. Compliance will be necessary once the new rules and forms are issued.