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Substantially Financed

What is the meaning of Substantially financed under RTI Act

As per the [RTI Act](#) Section 2(h) of the RTI Act, which defines a 'public authority' stipulates as follows:

“[public authority](#)” means any authority or body or institution of self-government established or constituted,-

1. by or under the Constitution;
2. by any other law made by Parliament;
3. by any other law made by State Legislature;
4. by notification issued or order made by the appropriate Government, and includes any-
 1. **body owned, controlled or substantially financed;**
 2. **non-government organisation substantially financed, directly or indirectly by funds provided by the appropriate government;**

The term 'Substantially financed' is not defined in the RTI Act. When a term is not defined in an Act, the normal rule is to find the definition of the term in a relatable statute or legislation and apply the same. The definition is given in Section 14(1) of CAG Act-1971 for the term substantially financed ¹⁾

According to this Section, when the loan or grant by the government to a body/authority is not less than Rs 25 lakhs and the amount of such loan or grant is not less than 75% of the total expenditure of that body/authority, then such body/authority shall be deemed to be substantially financed by such grants/loans. Direct funding could be by way of cash grants, reimbursement of expenses etc., and indirect funding could be meeting the expenses directly or in kind ²⁾.

More Interpretations from various Court Decisions

The words “substantially financed” have been used in [Sections 2\(h\)\(d\)\(i\) & \(ii\)](#), while defining the expression public authority as well as in Section 2(a) of the Act, while defining the expression “appropriate Government”. A body can be substantially financed, directly or indirectly by funds provided by the appropriate Government. The expression “substantially financed”, as such, has not been defined under the Act.

“Substantial” means “in a substantial manner so as to be substantial”. In *Palser v. Grimling* (1948) 1 All ER 1, 11 (HL), while interpreting the provisions of Section 10(1) of the Rent and Mortgage Interest Restrictions Act, 1923, the House of Lords held that “substantial” is not the same as “not unsubstantial” i.e. just enough to avoid the de minimis principle. The word “substantial” literally means solid, massive etc. Legislature has used the expression “substantially financed” in Sections 2(h)(d)(i) and (ii) indicating that the degree of **financing must be actual, existing, positive and real to a substantial extent, not moderate, ordinary, tolerable etc.**

We often use the expressions “questions of law” and “substantial questions of law” and explain that any question of law affecting the right of parties would not by itself be a substantial question of law. In Black's Law Dictionary(6th Edn.), the word 'substantial' is defined as 'of real worth and importance; of considerable value; valuable.

Belonging to substance; actually existing; real: not seeming or imaginary; not illusive; solid; true; veritable. Something worthwhile as distinguished from something without value or merely nominal. Synonymous with material.' The word 'substantially' has been defined to mean 'essentially; without material qualification; in the main; in substance; materially.

'In the Shorter Oxford English Dictionary (5th Edn.), the word 'substantial' means 'of ample or considerable amount of size; sizeable, fairly large; having solid worth or value, of real significance; sold; weighty; important, worthwhile; of an act, measure etc. having force or effect, effective, thorough.' The word 'substantially' has been defined to mean 'in substance; as a substantial thing or being; essentially, intrinsically.' Therefore the word 'substantial' is not synonymous with 'dominant' or 'majority'. It is closer to 'material' or 'important' or 'of considerable value.' 'Substantially' is closer to 'essentially'. Both words can signify varying degrees depending on the context.

Merely providing subsidiaries, grants, exemptions, privileges etc., as such, cannot be said to be providing funding to a substantial extent, unless the record shows that the funding was so substantial to the body which practically runs by such funding and but for such funding, it would struggle to exist.

The State may also float many schemes generally for the betterment and welfare of the cooperative sector like deposit guarantee scheme, scheme of assistance from NABARD etc., but those facilities or assistance cannot be termed as “substantially financed” by the State Government to bring the body within the fold of “public authority” under Section 2(h)(d)(i) of the Act.

But, there are instances, where private educational institutions getting ninety five per cent grant-in-aid from the appropriate government, may answer the definition of public authority under Section 2(h)(d)(i).

More Common terms under RTI

- [Annual Confidential Report](#)
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- [Competent Authority under RTI Act](#)
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- RTI Act or Statutory Rules for giving information under RTI Act 2005
- Severability
- Substantially Financed
- Suo Moto Disclosure under RTI
- Third Party under RTI
- Transfer of Application to other PIO
- Vicarious Liability

~~DISCUSSION~~

1)

Substantially Financed decision- rtiindia.org

2)

Appeal No.163/ICPB/2006, F.No.PBA/06/158, Dated November 28, 2006 Appellant: Shri Veeresh Malik,
New Delhi Public authority: Indian Olympics Association / Deptt. of Sports

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