

What happens if NGOs source products for sale instead of making them?

Yes correct right. No .that that that is the part where income tax does not allow you to do that because you're making that as a business income so in this regard the only acceptable model is that have two parallel organisations , and this is my strongest recommendation that if you believe you want to generate Income thru outsourcing etc. you keep your NGO as it is which will only focus on all the charitable work that is doing but for income generating a set up a private limited company or something like that whose only job is to do that business end of the year there's a profit in the private limited company give it by way of donations to the non-profits so this is the model that is being used very successfully in the UK in the USA and various other places and increasingly I am recommending this in India.