

Nonprofit Public Benefit Organisations (Governance and Support) Act, 2003

An ACT

to provide for governance and support of nonprofit public benefit organisations

WHEREAS nonprofit public benefit organisations engaged in diverse fields, including social welfare, development, research, rights awareness and advocacy, are making significant contributions to the social and physical capital of the country, it is desirable that an enabling legislative framework be provided that promotes transparency and strengthens the capacity of such organisations while respecting the right of free association in the furtherance of lawful objects.

It is hereby enacted as follows: -

1. Short title, extent, commencement and application. (1) This Act may be called the Nonprofit Public Benefit Organisations (Governance and Support) Act, 2003.

(2) It extends to the whole of Pakistan.

(3) It shall come into force on such date as the Federal Government may by notification in the official Gazette specify.

(4) It shall not apply to organisations created and regulated under the enactments as may be notified by the Federal Government in the official Gazette.

2. Definitions. In this Act, unless there is anything repugnant in the subject or context,-

(a) “Board” means the Governing Board of the Commission constituted in terms of section 3(4) of this Act;

(b) “charter” means a description in writing of the purposes, aims, objectives and the mode of functioning of an organisation;

(c) “Commission” means the National Commission for Nonprofit Public Benefit Organisations set up under section 3 of this Act;

(d) “District Court” means the Court of District Judge having jurisdiction over the area in which the main office of the organisation is situated;

(e) “foreign funds” mean contributions received, in cash or in kind, directly or indirectly, from any individual, whether a national of Pakistan or otherwise, resident overseas, or from any person, entity or body that has its main operations or head office situated

outside Pakistan even though such person, entity or body also has an office or representative inside Pakistan;

- (f) “governing body” means the council, committee or any other body, by whatever name described, in which the control of the affairs of the organisation is vested;
- (g) “government funds” mean any grant in cash or in kind or land allotted on concessional rates by any government in Pakistan and includes any funds saved or gained from tax concessions or reduced utility tariffs specific to the public benefit organisations;
- (h) “nonprofit” means that assets, earnings or profits may not be used to provide special personal benefits, directly or indirectly, to any member of the governing body, member, founder, donor, officer or employee except for *bona fide* consideration, compensation or salary payable in conformity with the law and the charter of the organisation;
- (i) “organisation” means, unless the context requires otherwise, a public benefit organisation as defined in clause (k);
- (j) “prescribed” means prescribed by rules made under this Act;
- (k) “public benefit organisation” includes a society, agency or any other association of persons, natural or juristic, not controlled by any government, by whatever name described that is nonprofit, voluntary and is set up for one or more public benefit purposes and includes local branches of foreign organisations but excludes such foreign organisations operating in Pakistan to whose charter Government of Pakistan is a signatory or where a protocol exists between the Government of Pakistan and an organisation;
- (l) “public benefit purposes” include the promotion of general social welfare, including health and education provision, community mobilisation, prevention and relief of poverty, development, rights advocacy, including rights of women, children and the religious minorities, charity, religious instruction and support of activities of a religious nature, promotion of science, literature or the fine arts, the diffusion of useful knowledge, the diffusion of political and civic education, the foundation or maintenance of libraries or reading rooms open to the public or public museums and galleries of paintings and other works of art, collections of natural history, scientific inventions, instruments or designs, or any other purpose deemed to be of public benefit for the purposes for this Act by the Commission;
- (m) “register” means the register maintained under sub-section (6) of section 6 and “registered” means registered under this Act.

3. National Commission for Nonprofit Public Benefit Organisations. (1) There is hereby established a Commission to be called the National Commission for Nonprofit Public Benefit Organisations.

(2) The Commission shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its own name and, subject to and for the purposes of this Act, may enter into contracts, including hiring and firing of employees, and may acquire, purchase, take,

hold and enjoy movable and immovable property of every description and exercise all incidents of ownership with respect to such property.

(3) The Secretariat of the Commission shall be in Islamabad.

(4) The Commission shall have a Governing Board consisting of the following fifteen members:-

(a) Five professionals of eminence and integrity, who are not serving government officials, and have achieved national prominence in the fields of Development, Academics, Business, Law, Media, Finance, Economics, Health, Science, Engineering, Education or Accountancy.

(b) Five citizens of national eminence and integrity, who are not serving government officials, with experience as development or social welfare workers or philanthropists or rights advocates and managers associated with public benefit organisations.

(c) Four ex-officio members:

i) Secretary, Planning Division or his nominee not below the rank of Additional Secretary.

ii) Secretary, Social Welfare Division or his nominee not below the rank of Additional Secretary.

iii) Secretary, Revenue Division or his nominee not below the rank of Additional Secretary.

iv) Secretary, Economic Affairs Division, or his nominee not below the rank of Additional Secretary

(d) One full-time non-voting member, to be designated the Executive Member, shall be the Secretary of the Commission, and shall be selected and appointed by the Board through applications received from the general public on such terms and conditions as the Board may determine. The appointment of the Executive Member may be terminated on grounds of misconduct, financial irregularity or inefficiency upon a resolution in this behalf passed by at least two thirds of the members of the Board.

Provided that the Board may make such interim arrangements as may be deemed necessary for the appointment of a temporary Executive Member, for a period not exceeding six months, prior to the first appointment of the Executive Member and also during any period when the post of the Executive Member is vacant on account of termination or resignation.

(5) The first appointments to the Board shall be made by the Prime Minister within ninety days of the coming into force of this Act.

(6) For the first set of nominations against clauses 4(a) and (b) of this section, there shall be a Nominating Committee, appointed by the Federal Minister for Social Welfare, consisting of three citizens, not in government service, of national eminence and integrity and two

government officers that shall submit a panel of three names for each of the ten places on the Commission to the Federal Minister for Social Welfare. The Federal Minister for Social Welfare shall present the names so submitted to the Prime Minister who shall make appointments from amongst the names presented. Provided that the Federal Minister for Social Welfare may advise the Nominating Committee to review its recommendations twice.

For all subsequent nominations of members described in clauses (4)(a) and (b) of this section, there shall be a Nominating Committee consisting of three members of the Board, other than the *ex officio* members or the Executive Member, and two other individuals, not in government service, of national eminence and integrity to be appointed by the Federal Minister for Social Welfare. The Nominating Committee shall submit a panel of three names for each of the ten appointments to be made to the Federal Minister for Social Welfare. The Federal Minister for Social Welfare shall present the names so submitted to the Prime Minister who shall make appointments from amongst the names presented. Provided that the Federal Minister for Social Welfare may advise the Nominating Committee to review its recommendations twice.

Provided that the Nominating Committee shall give prior public notice to enable expression of interest by eligible persons and prepare the panels after a transparent process of search from amongst the persons applying in response to the public notice as well as a list of eminent persons compiled by the Committee itself.

(7) Two of the initial appointees described in sub-clause (4) (a) above and three of the initial appointees described in sub-clause (4) (b) above shall be appointed for a term of four years and the rest of the initial appointees shall be appointed for a term of five years. All appointments to the Board shall be for a single non-renewable term.

(8) At least one of the members of the Board shall at all times be a practising lawyer and one a practising chartered accountant. No two members from the categories specified in sub-clause 4 (a) will be from the same profession at one time. At least four of the members described in sub-clauses 4 (a) and 4 (b) shall be women. The Nominating Committee shall strive for balance in its recommendations across the various provinces and regions of Pakistan.

(9) There shall be a Chairperson of the Board to be appointed by the Prime Minister from amongst the members of the Board described in clauses 4 (a) and (b). The first appointment of the Chairperson shall be made for a period of five years. All subsequent appointments shall be for a period of four years.

(10) No member of the Board, except the Executive Member, shall be paid any salary or other remuneration except for reimbursement of permissible expenses in accordance with the rules to be framed by the Board. The Executive Member shall be paid such remuneration as the Board may from time to time decide.

(11) (a) Any member of the Board may resign after giving notice of at least thirty days.

(b) A member of the Board may be removed or suspended by the Prime Minister on grounds of misconduct or corruption or physical or mental incapacity after due process. Provided that the Board may recommend the removal of any member, who fails to attend three consecutive meetings of the Board without providing reasonable explanation of his or her absence.

- (c) In the event of a vacancy occurring in the Board on account of death, illness, resignation or removal, the vacancy shall be filled up in the manner provided for regular appointments within a period of sixty days.

4. Powers and Functions of the Commission. (1) The Commission shall have all such powers as may be necessary to perform its functions under this Act.

(2) The functions of the Commission shall include, besides the functions mentioned elsewhere in the law, the following:

- i. Operate an efficient public registry of organisations registered in the Islamabad Capital Territory and the areas to which this Act might have been applied including initial registration information and all organisational reports filed under the Act.
- ii. Exchange information with the Federal and Provincial Governments as well as the Provincial Commissions for Nonprofit Public Benefit Organisations, and maintain a consolidated national public registry of public benefit organisations operating in Pakistan, with a summary of the national registry published on the Internet.
- iii. Facilitate dialogue to promote self-regulation activity by registered organisations complementary to the formal legal regulatory framework established through this Act, including the adoption and maintenance of norms of conduct and independent systems of performance verification.
- iv. Facilitate access to fiscal support regime including provision of information to organisations about tax incentives and exemptions.
- v. Foster the publication and dissemination of information that assists in capacity building of the nonprofit sector in association with organisations undertaking such activities.
- vi. Help conduct an ongoing dialogue between citizen organisations and government.
- vii. Help improve internal governance and management of organisations through provision of management, legal and audit advice. The Commission may engage other agencies and organisations to provide capacity building services to organisations.
- viii. Coordinate between the Federal Government and the citizen sector for fiscal support, social development planning and policy.
- ix. Promote broad societal awareness of the success stories of the citizen sector through the media and publications of the Commission and facilitate other bodies or organisations in doing the same.
- x. Identify areas of useful research; co-opt and facilitate other bodies or organisations to conduct this research.
- xi. Publish an annual report on the "State of Citizen Sector Activities for Public Benefit". This report, to be presented to the National Assembly by the Federal Minister for Social Welfare, shall be published every year except the first year of operation of the Commission and shall include an analysis of the national registry.

- xii. Take any other step necessary to create an enabling environment for the nonprofit sector.
- xiii. Employ such staff on terms and conditions to be determined by it as is necessary for the carrying out of the functions of the Commission.
- xiv. Raise funds in the form of grants, from government as well as from non-governmental sources, for the activities of the Commission in general as well as for commissioning particular projects.
- xv. Approve the annual work programme and budget of the Commission.
- xvi. Delegate any of the functions of the Commission to an officer of the Federal, Provincial or District Governments and prescribe procedures for the performance of such functions.
- xvii. Advise on any other matter referred to it by the Provincial Commissions.
- xviii. Make rules and regulations in respect of all or any of the aforesaid matters.

(3) Subject to policies laid down by the Board and such directions as the Board may issue, the Executive Member shall have the power to execute the functions of the Commission specified in this section or elsewhere in this Act except the last four functions listed under clause (2) of this section or those specified to be executed pursuant to a decision of the majority of the members of the Board.

Provided that the functions specified in this Act as executable pursuant to a decision of the majority of the Board shall be executed in the manner prescribed.

5. Meetings of the Board. (1) A meeting of the Board shall be held at least thrice in a financial year on such day, at such time and place as the Chairperson may determine. At least six members may also call a meeting of the Board.

(2) For the purposes of a meeting of the Board, nine members shall constitute a quorum.

(3) The Chairperson or, in his absence a member, elected by the members present in the meeting for the purpose, shall preside over a meeting of the Board.

(4) All decisions of the Board shall be expressed in terms of the opinion of the majority of its members present and voting. In the event of an equality of votes, the Chairperson or, as the case may be, the member presiding at the meeting, shall have a casting vote. Provided that decisions of the Board may also be taken through circulation.

(5) All decisions of the Board shall be authenticated by the signature of the Executive Member or of any other member authorised by the Board in this behalf and all other orders or instruments issued or executed by or on behalf of Board shall be authenticated by the signature of an officer of the Board authorised by it.

6. Registration of organisations. (1) Every organisation in existence on, and every organisation that comes into existence after, the commencement date of this Act, and that declares its main office to be an office situated in the Islamabad Capital Territory or in such other

territories to which the Federal Government may have extended the application of this Act may apply for registration by completing and filing with the Commission the prescribed registration forms provided that at least three persons have signed its charter as the sponsoring members.

Subject to the provisions of sub-section (4) of section 1, registration shall be mandatory for every organisation that,-

- (a) has received government funds during any of the last three financial years or is utilizing government funds received in any prior financial year or has applied to receive government funds; or
- (b) has received aggregate donations, contributions, and grants, including foreign funds, from non-members in excess of three hundred thousand rupees in any financial year during the last three years;
- (c) the Commission may from time to time, by notification in the official Gazette, increase the figure specified in clause (b).

(2) All societies, agencies, associations or other organisations of whatever kind that had, prior to the commencement date, declared an office situated in the Islamabad Capital Territory and such other territories to which this Act may have been applied to be the main office of the organisation and that were registered, on the commencement date of this Act, under the Societies Registration Act, 1860 (XXI of 1860) or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961) shall be deemed to have been registered under the Act and shall for all purposes be treated as an organisation registered under the Act.

Provided that any society formerly registered under the Societies Registration Act, 1860 (XXI of 1860) and deemed to have been registered under this Act may, within one year of coming into force of this Act, apply to change its registration back to the Societies Registration Act, 1860 (XXI of 1860) on the ground that it is not subject to the mandatory registration requirement contained in this section and does not pursue a public benefit purpose.

Provided further that any society, agency, association or other organisation deemed to have been registered under this Act may apply for deregistration at any time on the ground that it is not subject to the mandatory registration requirement contained in this section.

(3) The Commission shall, within sixty days from the receipt of the application for registration, issue a certificate of registration or intimate to the organisation applying for registration the deficiency in the application for registration, including any objection over the name of the organisation, submitted by it on account of which the organisation cannot be registered or provide written reasons for rejection of the application. Where intimation of deficiency in its application is provided to an organisation that has applied for registration the organisation may within thirty days redress the deficiency and re-submit its application without payment of fresh registration fee.

(4) If the Commission has not advised an organisation about the deficiency in its application or intimated the rejection of its application, along with reasons recorded in writing, within sixty days the application shall be deemed to have been accepted and the organisation shall be issued a certificate of registration.

(5) In the event of rejection of the application for registration an appeal may be preferred to

the District Court within sixty days of the receipt of the order of rejection and the Court shall decide the matter within ninety days.

(6) The Commission shall, in respect of certificates of registration issued under this Act, maintain a register containing such particulars as may be prescribed.

(7) The Commission may from time to time specify the registration fee payable.

Explanation: An organisation registered under this Act may operate anywhere in Pakistan without having to register itself again under any provincial law for the registration of organisations, subject to the condition that the organisation shall provide the relevant authority under a provincial law an attested copy of its registration certificate.

7. Name of an organisation. (1) No organisation shall be registered by a name that in the opinion of the Commission is designed to exploit or offend the religious susceptibilities of the people.

(2) An organisation shall not be registered by a name identical to that of an organisation already in existence, or so nearly resembling that name as to be deceptive, except where the organisation in existence is in the course of being dissolved and has signified its consent in such manner as the Commission may require.

(3) No organisation shall, except for reasons to be recorded in writing by the Commission, be registered after the commencement date by a name that contains any words suggesting –

- (a) any connection with the Federal Government or a Provincial Government or District Government or any authority or corporation of such Government; or
- (b) the patronage of, or any connection with, any foreign government or any international inter-governmental or multilateral organisation.

(4) An organisation which, through inadvertence or otherwise, is registered by a name in contravention of the provisions of sub-sections (1), (2) and (3)-

- (a) may, with the approval of the Commission, change its name; or
- (b) shall, if the Commission so directs, within thirty days of the receipt of such direction, change its name with the approval of the Commission:

Provided that the Commission shall, before issuing a direction for the change of name, afford the organisation an opportunity to make representation against the proposed direction;

8. Deregistration of registered organisations. (1) Any registered organisation that is not or that ceases to be subject to the mandatory registration requirements in terms of this Act may apply for deregistration at any time:

Provided that it has fulfilled the requirements of its constitution regarding the procedures to be followed when moving an application for deregistration.

(2) The Commission may allow deregistration after examination of the charter, accounts and other prescribed constitutional documents of the organisation.

(3) In the event of a delay of more than one hundred and eighty days in the determination of the application for deregistration moved by an organisation the application shall be deemed to have been accepted unless the Commission records reasons for the delay in writing. Such delay shall in no case be more than ninety days beyond the original period of one hundred and eighty days specified by this clause.

(4) Appeal against an order to deregister or an order refusing to deregister passed by the Commission may be preferred within sixty days of receipt of the order to the District Court.

9. Charter of organisation. Every organisation shall, along with the application for registration under this Act, file with the Commission a written document, to be referred to as the charter of the organisation. The charter of an organisation seeking registration shall state,-

- (a) the name of the organisation,
- (b) the public benefit purposes of the organisation,
- (c) the names and addresses of the initial three signatories of the charter as well as the names and addresses of the members of the governing body of the organisation at the time that application for registration is made,
- (d) the manner in which membership of the organisation may be acquired and lost,
- (e) the manner in which the governing body, by whatever name described, shall come into existence and function, and
- (f) the qualifications and disqualifications of any person continuing as a member of the governing body of the organisation.

10. Procedure of amendment of charter. (1) The governing body of a registered organisation may amend its charter in accordance with the manner for amendment provided for in the charter itself:

Provided that an amendment that affects any purpose specified in the charter may be established by the governing body through a proposition containing the proposed amendment. A copy of the proposition shall be forwarded to each member of the organisation at least fifteen days prior to a meeting of the members convened to consider the proposition. A proposition that seeks to amend or alter any of the purposes of the organisation shall not be carried into effect unless three-fifths of the members vote for it either in person or by proxy.

(2) A copy of the amendment made under sub-section (1) shall be submitted to the Commission within thirty days of the amendment having been made. If the Commission is of the opinion that any change in the purpose or purposes of the organisation constitutes a breach of representation on the basis of which contribution in any form was obtained from Government or persons other than the present members of the organisation it may seek safeguard for the utilisation of such contribution for the purpose for which it was obtained. In the absence of such safeguard being provided by the organisation the Commission may signify its disapproval of the

amendment to the extent specified.

(3) Any change in the purpose of an organisation will come into effect ninety days after it has been communicated to the Commission if the Commission has not sought safeguards as per sub-section 2 or disapproved the change.

(4) An appeal against an order of the Commission disapproving a change in the purpose or purposes of an organisation may be preferred to the District Court within sixty days of the receipt of the order of the Commission.

11. Rights of registered organisations. (1) The property, movable and immovable, belonging to an organisation registered under this Act shall be vested in the governing body in existence from time to time. In all proceedings, civil and criminal, such property may be described as the property of the organisation.

(2) Every organisation registered under this Act may sue or be sued in the name of the person or persons authorised and designated for this purpose by the charter or the rules and regulations of the organisation and in default of such authorisation in the name of such person as shall be appointed by the governing body for the occasion:

Provided that a person having a claim or demand against the organisation may sue the organisation in the name of its chief operating officer or the chairperson of the governing body:

Provided further that no suit or proceeding in any civil court shall abate or discontinue by reason of the death, loss of authorisation or removal from office of the person by or against whom such suit or proceedings shall have been brought or continued but shall continue in the name of and against the successor of such person.

(3) A judgment against a person or officer named on behalf of an organisation shall not be enforced against the property, movable or immovable, or against the body of such person or officer but only against the property of the organisation.

(4) Any member of a registered organisation who may be in arrear of a subscription or other amount, including penalty, which, according to the charter of the organisation or rules, regulations or bye-laws under such charter, is payable to the organisation or against whom the organisation has a claim for return of money or property or payment of damages may be sued for such arrear or for the return of such money or property or for the payment of damages where such member is resident or where the main office of the organisation is situated.

(5) All registered organisations shall be exempt from the purview of the Charitable Funds (Regulation of Collection) Act, 1953 (XXXI of 1953) subject to the rules made by the Commission in this respect.

12. Obligations of registered organisations. Every organisation registered under this Act shall,

- (a) Maintain true and complete accounts, according to format prescribed by the Commission, and, where its annual receipts are in excess of three million rupees, have its accounts audited annually by a qualified chartered accountant. Accounts of an organisation with annual receipts below three million rupees but in excess of five

hundred thousand rupees may be verified by a cost and management accountant. Accounts of organisations with annual receipts up to five hundred thousand rupees may be verified annually by the branch manager of the bank with which it maintains its major account:

Provided that an organisation may choose to engage auditors prescribed for organisations with higher receipts;

- (b) deposit all moneys received by it into a separate account in the name of the organisation with any scheduled bank, post office or national savings centre;
- (c) submit to the Commission an annual report along with financial accounts and a statement of assets and liabilities once a year in accordance with the rules prescribed by the Commission.
- (d) file, once in every year, within fourteen days of the annual general meeting of the organisation, or, if the charter of an organisation does not provide for an annual general meeting, in the month of January, a list of the names, addresses and occupations of the members of the governing body of the organisation, with the Commission.

13. Rights and obligations of all organisations regarding foreign funds. (1) Notwithstanding the provisions of subsection (4) of section 1 of the Act, all organisations including nonprofit organisations registered under the Companies Ordinance, 1984, whether or not required to be registered under the Act, shall file with the Commission at the end of each fiscal year details of foreign funds received in excess of Rs. 100,000/-. The details to be provided shall include the identity of the donor, the amount, and the purposes for which funds were received.

(2) Subject to the registration requirement prescribed by the Act, prior permission of any government agency, Federal or Provincial, will not be needed to solicit or receive funds from any foreign source or from local representatives or offices of donors that have their main operation or head office situated outside Pakistan.

(3) The Commission shall consolidate the information received in terms of this section and transmit it to the Federal Government on a quarterly basis.

14. Public disclosure. (1) Any person may inspect and obtain certified copies of all documents and applications filed by an organisation.

(2) Any person may inspect and obtain certified copies of finalised inquiry reports and any other document deemed to be a public document by the Commission or by any other law for the time being in force.

(3) The fee for provision of certified copies may be prescribed by the Commission from time to time.

15. Financial irregularity. (1) On receipt of a complaint in writing against a registered organisation alleging financial irregularity supported by one-third of the members in general or one-third of the members of the governing body or from a person or body that had contributed more than five percent of the total funds received by such organisation in the last year for which

final accounts are available, the Commission shall, if a *prima facie* case of serious financial irregularity is made out on the basis of record available and after giving both parties an opportunity of being heard, authorise an external auditor to carry out within sixty days inspection of the books of the organisation complained against and to submit a report with respect to the matters alleged in the complaint.

(2) The Commission shall, if a *prima facie* case of serious financial irregularity is made out against a registered organisation on the basis of record available and after giving the organisation opportunity of being heard, authorise an external auditor to carry out within sixty days an audit of the organisation even though no complaint as envisaged by sub-section (1) has been filed.

(3) Upon authorisation of an external audit in terms of sub-section (1) or (2), the Commission may direct immediate possession of the books of account, ledgers and other relevant specified record by an officer of the Commission in order to allow copies of the relevant record to be made:

Provided that all record taken into possession shall be returned to the organisation within a period of fourteen days.

(4) The external auditor shall, upon authorisation in writing, complete the audit and submit the audit report within sixty days:

Provided that the Commission may extend the period of sixty days on the basis of a request in writing from the external auditor clearly stating the grounds for such request.

(5) In the event of a complaint being found by the Commission to be vexatious or frivolous, the Commission may impose a fine of up to twenty five thousand rupees on each one of the complainants. In the case of a member of the governing body or other member or an official of an organisation being fined under this sub-section, he shall stand removed from the office held by him as well as the membership of the organisation. Appeal against an order imposing a fine in terms of this sub-section may be preferred within sixty days of such order to the District Court having jurisdiction over the area in which the main office of the organisation complained against is situated.

(6) In the event of the external auditor's report indicating serious financial irregularity, the Commission shall initiate an inquiry. The organisation concerned shall be provided with the auditor's report and the issues required to be addressed by the organisation or any of its office bearers or members who shall be provided due opportunity of being heard. Where on inquiry it is found that by any wilful action an office-bearer or member of an organisation has caused loss to or has misappropriated assets of the organisation, the Commission may initiate civil as well as criminal proceedings against such office bearer or member, including proceedings for the recovery of the misappropriated funds or assets.

(7) If upon completion of its inquiry, the Commission is satisfied that a serious financial irregularity has been committed with respect to the affairs of a registered organisation, it may suspend, after recording reasons in writing, one or more members of the governing body or such other members or office bearers thereof as appear to be responsible for the irregularities detected and file a reference within a period of seven working days before the District Court.

(8) Upon a reference made to it under sub-section (7), the District Court shall decide the

matters referred to it within a period of one hundred and twenty days. All persons found to be responsible for financial irregularity with respect to the funds of a registered organisation shall stand removed from the governing body of the organisation, the membership of the organisation or from the office held by them.

(9) The vacancies caused by the removal of the members of the governing body of an organisation in terms of sub-section (8) shall be filled in accordance with the charter of the organisation, but in no case later than sixty days from the date of removal of the members of the governing body found responsible for financial irregularities.

(10) Where a reference has been made to the District Court under sub-section (7) the District Court may make such interim orders confirming or reversing the suspension of the members of the governing body or a member or an office bearer as may be considered appropriate by the Court. The vacancies created as a result of such suspensions shall be filled up in accordance with the charter or bye-laws of the organisation.

(11) Any member of the governing body or any other member or office bearer suspended under sub-section (10) shall not act as office-bearer of the organisation during the period of his suspension.

16. Dissolution on account of failure of registered organisation to comply with its charter or the provisions of this Act. (1) An organisation that has persistently disregarded obligations imposed on it by this Act or by any other law for the time being in force or its own charter pertaining to maintaining or filing of reports and accounts or governance procedures shall, without prejudice to other penalty or action under this Act or any other law in force, be dissolved in accordance with rules prescribed by the Commission after granting the organisation concerned an opportunity of being heard:

Provided that, prior to initiation of dissolution proceedings in terms of this section, the Commission shall allow every organisation failing to comply with the provisions of this Act or its own charter pertaining to the maintaining or filing of reports and accounts or governance procedures a period of six months to comply with the said provisions. The period of six months shall commence from the date of receipt by the organisation concerned of notice issued by the Commission intimating the organisation of such failure.

(2) If upon expiry of the six month compliance period the Commission is not satisfied with the steps taken by the organisation concerned for complying with the provisions of this Act or its charter, as the case may be, the organisation will be allowed an opportunity to show cause in writing and at a duly convened hearing, within a period of thirty days, against the initiation of dissolution proceedings against the organisation. The Commission may thereafter, if considered appropriate, file a petition before the District Court seeking dissolution of the organisation.

(3) The District Court shall pass an order of winding up and appoint a liquidator when it arrives at the conclusion that the organisation has materially and without reasonable cause disregarded its own charter as well as the provisions of this Act. The District Court shall pass an order of dissolution upon being satisfied that the affairs of the organisation have been wound up.

17. Voluntary dissolution of a registered organisation. (1) A registered organisation may be dissolved in accordance with the procedure for dissolution given in its charter subject, however, to the provisions of sub-section (2).

(2) Pursuant to the decision for voluntary dissolution taken in terms of sub-section (1) a registered organisation may file an application for dissolution before the District Court.

(3) The District Court shall issue notice to the Commission and the public-at-large on the first date of hearing of an application for voluntary dissolution.

(4) The District Court may, if satisfied that no liabilities of the organisation are outstanding, order that the organisation concerned shall be wound up and appoint a liquidator for this purpose.

(5) The District Court shall pass an order of dissolution upon being satisfied after the examination of the report of liquidator, that the affairs of the organisation have been wound up.

18. Consequences of an order to wind up. Whenever a registered organisation is ordered to be wound up, the Court shall,-

- (a) order the bank, post office, national saving centre and all other persons who hold money, securities or other assets on behalf of the organisation not to part with such money, securities or assets without the prior permission in writing of the Court;
- (b) appoint a liquidator to wind up the affairs of the organisation with power to institute and defend suits and other legal proceedings on behalf of the organisation and to take such necessary action as may appear to him to be necessary for such purpose with the approval of the Court:

Provided that in the event of voluntary dissolution the liquidator to be appointed shall be nominated by a two third's majority of the governing body of the organisation. If the Court, for reasons to be recorded, deems the person nominated to be inappropriate for appointment as a liquidator it shall reject the nomination made and seek a fresh nomination from the governing body of the organisation concerned. In the event of the governing body failing to nominate a person to be the liquidator the Court shall appoint any person deemed fit to be the liquidator; and

- (c) order, after consultation with the Commission, that assets of the organisation remaining after satisfaction of all debts and liabilities of the organisation be transferred to another registered organisation having objects similar to the objects of the organisation dissolved. In no circumstances shall the assets of the dissolved organisation be distributed amongst the members of the organisation:

Provided that every organisation may nominate another organisation having objects similar to its own for the purpose of transfer of assets in the event of dissolution and such nomination shall be taken into account by the Court.

19. Amalgamation or reconstitution of an organisation. (1) A proposal to amalgamate, wholly or partially, a registered organisation with another registered organisation may be initiated by the governing body and shall be submitted to the members of an organisation in written or printed form at least ten days prior to a meeting of the members convened to consider the proposal. A proposal to amalgamate or reconstitute shall not be carried into effect unless three-fifths of the members vote for it either in person or by proxy.

Provided that a registered organisation may amalgamate only with another registered organisation.

(2) A copy of the resolutions under sub-section (1) shall be submitted to the Commission within thirty days of the resolution having been made.

20. Fund of the Commission. (1) There is hereby established, for the purposes of this Act, a Fund to be administered and controlled by the Commission. The Fund shall consist of-

- (a) A Fund-in-Trust as may be setup by the Federal Government or by the Commission for the purposes of this Act. The yearly proceeds from the Fund-in-Trust shall be credited to the account of the Commission to finance expenditures in accordance with its approved budget.
- (b)
 - (i) such grants as the Federal Government may make from time to time;
 - (ii) grants of money and sums borrowed or raised by the Commission from any person, organisation or authority, including foreign donors, for the purposes of meeting any of its obligations or discharging any of its duties;
 - (iii) income from investments and all other sums or property which may in any manner become payable to or vested in the Commission in respect of any matter incidental to the exercise of its functions and powers;
 - (iv) registration fees and fines collected.

(2) The Commission shall approve its annual budget in a special session, to be chaired by the Federal Minister for Social Welfare.

(3) The Commission may re-appropriate within its approved budget of the year without any reference to any authority.

21. Accounts and Audit. (1) Commission shall have an account to which shall be credited all grants and contributions made by the Federal Government or by any person, organisation or authority and out of which shall be disbursed the expenditure to be made and incurred by the Commission.

(2) The accounts of the Commission shall be maintained in such form and manner as may be prescribed and shall be audited by an auditor appointed by the Federal Government.

(3) The Commission shall, after the end of every financial year, submit to the Federal Government the audited annual statement of accounts of the Commission, together with the report of the auditor.

22. Commission to exercise the powers of civil court. (1) The Commission shall, for the purposes of this Act, have the powers of a Civil Court to:

- (a) summon and enforce the attendance of any person and examining him on oath;
- (b) compel the production of documents;

- (c) receive evidence on affidavits, and
- (d) issue commission for the examination of witnesses.

23. Opportunity of being heard. No administrative order or action adversely affecting any person or organisation shall be passed or taken under this Act unless such person or organisation is afforded an opportunity of being heard.

24. Penalties. Any person who-

- (a) contravenes any of the provisions of this Act or any rule made thereunder, or
 - (b) makes any false statement or false representation in any application or document for registration under this Act, or in any report or statement submitted to the Commission,
- shall be punished by the Commission with a fine that may extend up to fifty thousand rupees.

25. Indemnity. No suit, prosecution, or other legal proceedings shall be instituted against any person for anything that is done in good faith or intended to be done in good faith under this Act.

26. Rules. The Commission may, by notification in the official Gazette, make rules not inconsistent with any provision of this Act.

27. Removal of difficulties. In the event of any difficulty in giving effect to the provisions of this Ordinance during the period of transition after the repeal of the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), the Federal Government may, by notification in the official Gazette, make such provisions as may be necessary:

Provided that this power shall not be exercised beyond the period of one year from the commencement date of this Act.

28. Repeal and savings. (1) The Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961) is hereby repealed.

(2) Notwithstanding the repeal under sub-section (1), all orders made, actions taken, or notifications issued under the repealed enactment shall be deemed always to have been lawfully and validly made, taken, and issued under the provisions of this Ordinance and shall continue to be in force unless amended, varied, withdrawn, rescinded or annulled by an authority competent to do so under this Ordinance.