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5. REGISTRATION AS A PUBLIC AND CHARITABLE TRUST

GUIDELINES

5.1 What is a Public Charitable Trust?

A trust is an obligation annexed to the ownership of property and arising out of confidence reposed in and accepted by the owner, or declared and accepted by him, for the benefit of another. It is in effect the gift of property to a person or institution through the intervention of another. The person who reposes the confidence is the creator or author of the trust, the person in whom the confidence is reposed is called the trustee and the person for whose benefit the trust is created is called the beneficiary. A trust may be created for any lawful purpose. It can be revocable or irrevocable.

A public charitable trust is a trust which is not created for the benefit of specific individuals, but for the benefit of society generally or for certain sections of society.

Charitable objectives can be classified under four principal divisions:

- Advancement of religion
- Advancement of knowledge
- Advancement of commerce, health and safety of the public
- Advancement of any other object beneficial to mankind.

Some of the essentials of a public charitable trust are:

- There must be a creator or author of the trust
- There must be a trustee or trustees who become responsible for the administration of the trust
- there must be some trust property, whether in cash, assets, land or buildings
- The beneficiaries must be society generally or particular sections of society
- The objectives of the trust must be charitable or for the benefit of mankind

5.2 Requirements relating to Membership and Management Committee

There is no membership in a trust. And if the trustees can be construed to mean the management committee, there is no minimum or maximum number of trustees. This would all depend on the terms of the trust which have been drawn up.

5.3 Procedure for Registration

The procedure for the creation of a trust is very simple. A public and charitable trust can be created merely by a declaration to that effect on a Rs 10 stamp paper.

Registration is optional, not mandatory, but is advisable to give the document greater legal sanctity in case any dispute arises later. The registration would be merely as a document.

To create and register a trust a person would have to take the following steps:

- Decide the following:
 - + what the purposes/objectives of the trust are
 - + who the trustees are going to be (the creator may also be a trustee); how many trustees there will be; whether they can change and how; what the terms of their service are, what their powers and duties are
 - + who the beneficiaries of the trust are going to be
 - + what the trust property is going to be. There is no minimum value of property for starting a trust. The property can be in any form. It can also be increased later. But if there is a transfer of immovable property to the trust, this will have to be done on stamp paper on the value of the property and will have to be registered.
- Prepare the trust deed (declaration of having created a public and charitable trust). This can be done through a lawyer or by the author himself. If it is being done by the author himself, it is advisable to have a model of a public and charitable trust deed.
- Get the document registered with the sub-registrar of the Division (in Karachi) by paying a fee of Rs 20/-, a copying fee of Rs 45 and endorsement fee of Rs 5/-. Attestation by an advocate stating that he personally knows the executant will have to be done before the sub-registrar.

The actual cost of registration is Rs 10 for the stamp paper, Rs 70 for the registration. If the matter is handled through a lawyer (for drafting and registration), it would also include lawyer's fee.

5.4 Legal Status

The registration of Trust is actually the registration of the trust deed which is the gift of property to a person or institution through the intervention of another.

5.5 Functioning

The actual functioning of a trust would be dependent on the terms of the trust. There is no specific law which binds public and charitable trusts in their day-to-day functioning. But trustees are in principle bound to:

- Fulfill the purpose of the trust and obey the directions of the author
- Inform themselves about the state of the trust property
- Protect the title to trust property
- Take care of the trust property
- Prevent wastage
- Invest trust money which cannot be applied immediately

5.6 Requirements vis a vis Registration Authority

Since a trust is registered as a document, not as an organization, there is no official authority to which it is responsible. As such, there are no requirements which have to be fulfilled.

5.7 Winding up and Dissolution

A trust is extinguished:

- When its purpose is fulfilled

- When its purpose becomes unlawful
- When the fulfillment of its purposes becomes impossible because of destruction of the trust property or otherwise
- When the trust, being revocable, is expressly revoked

INFORMATION FROM THE OFFICE OF MR MUNIR MALIK, ADVOCATE

5.8 Name/Designation of Respondent

- Mr Munir Malik, Advocate

5.9 Background information on Department and Respondent

Mr Munir Malik is an advocate who has registered a number of public and charitable trusts. He was approached for the following reasons:

- An initial examination of the Trust Act of 1882 had revealed that the Act only applied to private trusts i.e. trusts for the benefit of specific individuals. It was, therefore, necessary to learn which law applied to public and charitable trusts
- To find out how to locate NGOs registered as public and charitable trusts (for the survey)
- To learn about the registration procedure for trusts, as well as some of the basic rules concerning public and charitable trusts

5.10 Eligibility for Registration (based on the nature of activities)

There is no question of eligibility for registration as a public or charitable trust since:

- Registration is optional, not mandatory. However, it is advisable to get it registered to give the document a greater legal sanctity.
- There is no registration authority to scrutinize the document and give approval to its registration. Its registration, if done, is as a document, not as an organization.

However, a public and charitable trust must be a trust created for the benefit of society generally or a particular section society. It cannot be created for the benefit of specific individuals.

5.11 Eligibility for Registration (based on Membership and Management Committee Requirements)

Since there is no specific law which covers public and charitable trusts, there are no particular rules pertaining to them either. As such, there are no specific rules or guidelines to follow.

A trust is basically a law of equity. Some of the essentials of a public and charitable trusts are:

- There must be an author or authors of the trust who create the trust. The trust can be revocable or irrevocable
- There must be a trustee or trustees who become responsible for the administration of the trust
- There must be some trust property (or trust money) whether in cash, assets, land or buildings. If it is immovable property, its transfer to the trust would be on stamp paper on the value of the property and would also have to be registered. There is no minimum or maximum of trust property for starting a trust. It can start with a small amount which can be increased later
- There must be beneficiaries who cannot be specific individuals, but must be society generally or a particular section of society

Basically, there is no membership in a trust. And if the trustees can be construed to mean the management committee, there is no minimum or maximum. It would all depend on the terms of the trust which have been drawn up by the author.

5.12 Procedure for Registration

The procedure for registration is very simple. A public and charitable trust can be created merely by a declaration to that effect on a Rs 10 stamp paper. Registration is optional, not mandatory, but is advisable to give the document greater legal sanctity in case any dispute arises later. The registration would be merely as a document.

Since trusts are private documents registered optionally, these are located in Book 4 in the Registration of Documents offices which contains other private documents like wills etc. These cannot be examined because they are not public documents which the public can see.

5.13 Time for Registration Procedure

Since it is registered as a document, the registration will take just one or two days.

5.14 Registration Fee

There is no registration fee as such. The actual cost of registration is Rs 10/- for the stamp paper, Rs 20/- for the registration, Rs 45/- for copying and Rs 5/- endorsement fee. If the matter is handled through a lawyer (for drafting and registration), it would also include lawyer's fee.

5.15 Rights/Obligations vis a vis Authority

Since a trust is registered as a document, not as an organization, there is no official authority to which it is responsible.

There is also no official binding as to governing body or meetings etc, since these would be in accordance with the terms of the trust deed, not any specific statute.

However, in the absence of any other law, the principles laid down in the Trust Act of 1882, even though it only applies to private trusts, could also be construed to extend to public and charitable trusts eg the sections pertaining to the rights and duties of trustees.

If there is a dispute concerning a public trust, the civil courts are competent to adjudicate under Section 92 of the Civil Procedure Code.

5.16 Difficulties relating to Registration

There are no difficulties relating to registration. Since a trust is registered as a document, not an organization, it is subject to no scrutiny or approval.

5.17 Benefits of Registration as a Trust

The advantages of a trust as opposed to other types of registration are:

- Retaining control by providing succession of trustees etc and having no members

- No interference from any other body
- Simple procedure for creation, no scrutiny etc
- If they are irrevocable trusts and created for public and charitable purposes, they can apply for income tax and CBR exemptions. Income tax exemption can be obtained by application to the income tax officer, but would not be automatic. This would be based on the income tax department's own assessment of whether it is charitable and which incomes are exempt. In the last budget some changes were made, removing some income tax exemptions. CBR exemption approvals come from the Centre and require very strict proof. For CBR exemptions (which entitles donors to tax write-offs), their deed would need to contain the clauses specified by CBR.

THE TRUSTS ACT 1882

(Relevant Extracts pertaining to Trusts)
Based partly on desk study and partly on interviews

The short title of the Act appears to suggest that it applies to all sorts of trusts but this is not so. As the long title and the preamble of the Act show, the Act applies to private trusts only.

There is no specific statute governing public charitable trusts, however the principles laid down in the Trusts Act 1882 even though is only applicable to private trusts can also be extended to cover public and charitable trusts, hence the utility of the Act.

DEFINITION OF TRUST, TRUSTEE, BENEFICIARY

Trust is an obligation annexed to the ownership of property and arising out of (S.3) confidence reposed in an accepted by the owner, or declared and accepted by him for the benefit of another, or of another and the owner. The person in whom the confidence is reposed is a trustee; a person who reposes confidence is the creator of the trust or settlor and the person for whose benefit the confidence is reposed is the beneficiary or the cestui que trust.

APPLICABILITY

In Pakistan under section 18 of the Transfer of Property Act charity has been classified under four principal divisions:

- Advancement of knowledge
- Advancement of religion
- Advancement of commerce, health and safety of the public
- Advancement of any other object beneficial to mankind. The illustrations to section 118 of the Succession Act also clearly indicate the nature of charitable objects and purposes.

It has already been observed that a trust in order to be valid must fulfill the three conditions known as the three certainties. This is strictly speaking not true of public charitable trusts. The certainty as to the intention to declare a binding trust and the certainty as to the property to be bound by the trust are as strictly insisted upon in

charitable trusts as in private trusts. A private trust would fail for uncertainty if the objects to be benefitted are not clearly specified; but a public charitable trust would be sustained even though the object is not specified provided there is a general intention of charity.

S.4 OF THE CREATION OF TRUSTS

LAWFUL PURPOSE: A trust may be created for any lawful purpose. The purpose of a trust is lawful unless it is (a) forbidden by law, (b) is of such a nature that if permitted it would defeat the provisions of any law, (c) is fraudulent, (d) involves or implies injury to the person or property of another, or (e) the court regards it as immoral or opposed to public policy.

Every trust of which the purpose is unlawful is void. And where a trust is created for two purposes, of which one is lawful and the other unlawful, and the two purposes cannot be separated, the whole trust is void.

S.5 TRUST OF IMMOVABLE PROPERTY

No trust in relation to immovable property is valid unless declared by a non-testamentary instrument in writing signed by the author of the trust or the trustee and registered or by the will of the author of the trust or of the trustee.

TRUST OF MOVEABLE PROPERTY

No trust in relation to moveable property is valid unless declared as aforesaid, or unless the ownership of the property is transferred to the trustee. These rules do not apply where they would operate so as to effectuate a fraud.

S.6 CREATION OF TRUST

Subject to the provisions of section 5, a trust is created when the author of the trust indicates with reasonable certainty by any words or acts (a) an intention on his part to create thereby a trust, (b) the purpose of the trust, (c) the beneficiary, and (d) the trust property, and (unless the trust is declared by will or the author of the trust is himself to be the trustee) transfers the trust property to the trustee.

S.7 WHO MAY CREATE TRUST

A trust may be created:

- a) by every person competent to contract, and
- b) with the permission of a principal civil court of original jurisdiction, by or on behalf of a minor but subject in each case to the law for the time being in force as to the circumstances and extent in and to which the author of the trust may dispose of the trust property

S.8 SUBJECT OF TRUST

The subject matter of a trust must be property transferable to the beneficiary.

It must not be merely beneficial interest under a subsisting trust.

S.9 WHO MAY BE BENEFICIARY

Every person capable of holding property may be a beneficiary.

S.10 WHO MAY BE TRUSTEE

Every person capable of holding property may be a trustee but, where trust involves the exercise of discretion, he cannot execute it unless he is competent to contract.

DUTIES AND LIABILITIES OF TRUSTEES

S.11 TRUSTEE TO EXECUTE TRUST

The trustee is bound to fulfill the purpose of the trust and to obey the directions of the author of the trust given at the time of its creation, except as modified by the consent of all the beneficiaries being competent to contract.

S.12 TRUSTEE TO INFORM HIMSELF OF STATE OF TRUST PROPERTY

A trustee is bound to acquaint himself, as soon as possible, with the nature and circumstances of the trust property to obtain, where necessary, a transfer of the trust property to

himself and (subject to the provisions of the instrument of trust) to get in trust moneys invested on insufficient or hazardous security.

S.13 TRUSTEE TO PROTECT TITLE TO TRUST PROPERTY

A trustee is bound to maintain and defend all such suits and (subject to the provisions of the instrument of trust) to take such other steps as regard being had to the nature and amount or value of the trust property, may be reasonably requisite for the preservation of the trust property and the assertion or protection of the title thereto.

S.14 TRUSTEE NOT TO SET UP TITLE ADVERSE TO BENEFICIARY

The trustee must not for himself or another set up or aid any title to the trust property adverse to the interest of the beneficiary.

S.15 CARE REQUIRED FROM TRUSTEE

A trustee is bound to deal with the trust property as carefully as a man of ordinary prudence would deal with such property if it were his own; and in the absence of a contract to the contrary, a trustee so dealing is not responsible for the loss, destruction or deterioration of the trust property.

S.16 CONVERSION OF PERISHABLE PROPERTY

Where the trust is created for the benefit of several persons in succession, and the trust property is of a wasting nature or a future or reversionary interest, the trustee is bound, unless an intention to the contrary may be inferred from the instrument of trust, to convert the property into property of a permanent and immediately profitable character.

S.17 TRUSTEE TO BE IMPARTIAL

Where there are more beneficiaries than one, the trustee is bound to be impartial, and must not execute the trust for the advantage of one at the expense of another.

S.18 TRUSTEE TO PREVENT WASTE

Where the trust is created for the benefit of several persons in succession and one of them is in possession of the trust property, if he commits, or threatens to commit, any act which is destructive or permanently injurious thereto, the trustee is bound to take measures to prevent such act.

S.19 ACCOUNTS AND INFORMATION

A trustee is bound (a) to keep clear and accurate accounts of the trust property, and (b) at all reasonable times, at the request of the beneficiary to furnish him with full and accurate information as to the amount and state of the trust property.

S.20 INVESTMENT OF TRUST MONEY

Where the trust property consist of money and cannot be applied immediately or at an early date to the purposes of the trust, the trustee is bound (subject to any direction contained in the instrument of trust) to invest the money on the following securities, and on no others:

- a) In promissory notes, debentures, stock or other securities of any Provincial Government of the Central Government, or of the United kingdom of Great Britain and Ireland.
- b) In bonds, debentures and annuities charged or secured before the 15th August, 1947 by the Parliament of the United Kingdom of the revenues of India or of the Governor-General-in-Council or of any province.
- c) In stock or debentures of, or shares in, Railway or other companies the interest whereon shall have been guaranteed by the Secretary of State for India-in-Council or by the Central Government or in debentures of the Bombay Provincial Co-operative Bank Limited, the interest whereon shall have been guaranteed by the Secretary of State for India-in-Council or the Provincial Government of Bombay.
- d) In debentures or other securities for money issued, under the authority of any Central Act or Act of a Legislature established in a Province by or on behalf of any municipal body, port trust or city improvement trust in any Presidency Town, or in Rangoon Town or by or on behalf of the trustees of the port of Karachi.

- e) On a first mortgage of immovable property situated in a Province.
- f) On any other security expressly authorized by the instrument of trust, or by any rule which the High Court may from time to time prescribe in this behalf.

REGISTRATION

A public and charitable trust can be created merely by a declaration to that effect on a Rs 10 stamp paper. Its registration is not mandatory, merely optional. However, it is advisable to get it registered to give the document a greater legal sanctity.

Some essentials of public and charitable trust are:

- 1) There must be some trust property (or trust money) whether in cash, assets, land or buildings (if it is immovable property, its transfer to the trust would be on stamp paper on the value of the property and would also have to be registered).

No minimum or maximum. Can also be increased later.

- 2) There must be an author or authors of a trust who create the trust.
- 3) There must be a trustee or trustees who become responsible for the administration of the trust.
- 4) The beneficiaries cannot be specific individuals, but must be society generally or a particular section of society.

- A trust can be revocable or irrevocable
- They are not automatically income-tax exempt, but would have to apply for such exemption if they are created for public and charitable purposes
- For CBR exemptions (which entitles tax exemption), they would need to contain the clauses specified by the CBR
- Only irrevocable trusts can get income-tax and CBR exemptions
- Income tax exemptions can be obtained from the income tax officer upon application (based on their own assessment of whether the trust is charitable, and which of its incomes are exempt)

- CBR exemption approvals are made at the federal level and require very strict proof
- Some changes were made removing some income tax exemptions in the last budget

A trust is basically a law of equity. There are no specific rules or guidelines which have to be followed. It is registered as a document and is, therefore, not subject to any security. Therefore, there is no binding conditions regarding governing bodies or meetings etc.

The advantages of a trust as opposed to a registered NGO are:

- Retaining control by providing succession of trustees etc
- No interference from any other body
- Simple procedure

Trusts cannot be located in the registration of documents offices because they are not public documents, not even compulsorily registerable. These are private documents registered optionally and located in book 4 which contains other private documents, such as wills etc.

If there is a dispute over a private or charitable trust, the courts are competent to adjudicate under S.92 of the Civil Procedure Code.

RIGHTS AND LIABILITIES OF THE BENEFICIARY

55. Rights to rents and profits: The beneficiary has, subject to the provisions of the instrument of trust, a right to the rents and profits of the trust property.

56. Rights to specific execution, right to transfer of possession: The beneficiary is entitled to have the intention of the author of the trust specifically executed to the extent of the beneficiary's interest.

57. Right to inspect and take copies of instrument of trust, accounts etc: The beneficiary has a right, as against the trustees and all persons claiming under him with, notice of the trust, to inspect and take copies of the instrument of trust, the documents of title relating solely to the trust property, the accounts of the trust property and the

vouchers (if any) by which they are supported, and the cases submitted and opinions taken by the trustee for his guidance in the discharge of the duty.

58. Right to transfer beneficial interest: The beneficiary, if competent to contract, may transfer his interest, but subject to the law for the time being in force as to the circumstances and extent in and to which he may dispose of such interest.

59. Right to sue for execution of trust: Where no trustees are appointed or all the trustees die, disclaim, or are discharged, or where for any other reason the execution of a trust by the trustee is become impracticable, the beneficiary may institute a suit for the execution of the trust, and the trust shall so far as may be possible, be executed by the court until the appointment of a trustee or new trustee.

60. Right to proper trustee: The beneficiary has a right (subject to the provisions of the instrument of trust) that the trust property shall be properly protected and held and administered by a proper person and by a proper number of such persons.

61. Right to compel to any act of duty: The beneficiary has a right that his trustee shall be compelled to perform any particular act of his duty as such, and restrained from committing any contemplated or probable breach of trust.

62. Wrongful purchase by trustee: Where a trustee has wrongfully bought trust property, the beneficiary has a right to have the property declared subject to the trust or retransferred by the trustee if it remains in his hands unsold, or if it has been bought from him by any person with notice of the trust, by such person. But in such a case the beneficiary must repay the purchase money paid by the trustee, with interest and such other expenses (if any) as he has properly incurred in the preservation of the property, and the trustee or purchaser must (a) account for the net profits of the property, (b) be charged with an occupation rent, if he has been in actual possession of the property, and (c) allow the beneficiary to deduct a proportionate part of the purchase money if the property has been deteriorated by the acts or omissions of the trustee or purchaser.

OF VACATING THE OFFICE OF TRUSTEE

70. How an office can be vacated: The office of a trustee is vacated by his death or by his discharge from his office.

71. Discharge of trustee: The trustee may be discharged from his office only as follows:

- a) by the extinction of the trust
- b) by the completion of his duties under the trust
- c) by such means as may be prescribed by the instrument of trust
- d) by appointment under this Act of a new trustee in his place
- e) by consent of himself and the beneficiary, or where there are more beneficiaries than one, all the beneficiaries, being competent to contract, or
- f) by the court to which a petition for his discharge is presented under this Act

OF THE EXTINCTION OF TRUSTS

77. How a trust can be extinguished: A trust is extinguished:

- a) when its purpose is completely fulfilled
- b) when its purpose becomes unlawful
- c) when the fulfillment of its purpose becomes impossible by destruction of the trust property or otherwise, or
- d) when the trust, being recoverable, is expressly revoked

DEED OF DECLARATION OF CHARITABLE TRUST

THIS DEED OF DECLARATION OF A CHARITABLE TRUST is made at Karachi this _____ day of _____ 19____ by _____ son of _____, Muslim, adult, resident of _____ hereinafter referred to as the "SETTLOR".

WHEREAS the Settlor is desirous of setting up a Charitable Trust with the objectives mentioned herein;

AND WHEREAS for the aforesaid purpose the Settlor desires to create a Trust in respect of the amount of Rs 500/- presently held by the Settlor in the form of cash, hereinafter referred to as the Trust Property.

NOW THIS DEED WITNESSETH that in pursuance of his aforesaid desire the Settlor does hereby declare that the Trust Property is and shall continue from this day in perpetuity as Trust Property and be held by the Trustees for this time being in perpetuity for the charitable objects and subject to the terms, conditions, powers and duties hereinafter contained.

NAME OF THE TRUST

1. The Trust shall be known as Charitable Trust.

THE TRUST ESTATE

2. The Trust Property together with all accretions and additions thereto and all other properties whether moveable or immovable settled hereafter by the Settlor himself or received from others by way of a settlement designated as such by the Trustees hereby constituted for the objects of the Trust or acquired or purchased as provided in Para 23 of this Deed shall constitute the TRUST ESTATE.

NAME IN WHICH THE TRUST ESTATE SHALL STAND

3. All the properties of the Trust Estate shall be held in the name of _____ Charitable Trust.

OBJECT OF THE TRUST

4. Subject to the expenses and deductions hereinafter contained, the entire net income of the Trust. Estate shall be applied by the Trustees solely on the following charitable objects and in the order in which the said objects are set forth hereunder, the first being preferred to the second, the second to the third and so forth.
- i) To provide medical assistance to the needy and poor and for that purpose to maintain hospitals, dispensaries, clinics, drug stores and for that purpose to employ Doctors, Chemists, Pathologists and other Medical and Administrative Staff.
 - ii) To provide for the maintenance of orphanages, Mosque Schools, Primary Schools and other Education Institutions and to provide low cost education to the poor.
 - iii) To afford relief in time of distress to poor persons.
 - iv) To assist deserving needy students by making contribution towards their school and college fees, books and other expenses by means of prizes, scholarships and loans on easy terms.

NET INCOME

5. Out of the income, rents and profits realised from the Trust Estate, and from the amounts received in terms of Para 22 hereinafter other than amounts specifically designated as a settlement to the Trust Estate, the Trustees for the time being shall in the first instance pay all the Municipal, Government or other charges or taxes payable to any public authorities in respect of the Trust and thereafter shall be empowered to expend a sum not exceeding 20% of the gross income, rents and profits from the Trust to meet the cost of repairs to the properties, renewing the leases thereof and/or for other purposes to the advantages of the Trust Estate. The Trustees for the time being shall likewise have the power to spend a reasonable part of the gross income, rents and profits of the Trust for payment of honorarium to employees and/or agents employed by the Trustees for the time being and other necessary expenditure including Book Charges for carrying out the objects of the Trust. After making aforesaid deductions what remains shall form the net income of the Trust and shall be utilized by the Trustees in the manner referred to in para 4, above.

SETTLOR TRUSTEE AND FIRST TRUSTEES

6. The Settlor hereby agrees to act as one of the trustees and shall continue to act as such as long as he likes to continue. The Trust Estate shall at all times all the trustees jointly and be administered by them in their capacity.
7. The first trustees of the trust shall be the Settlor and the following persons:

8. The First Trustees and thereafter the Trustees for the time being shall have power to appoint a Secretary and such other employees and/or agents as they think necessary to help them in the management of the Trust and on such remuneration as they think fit provided that the total expenses incurred on such management do not exceed the limits specified in clause 5 above.

BOARD OF TRUSTEES

9. Any vacancy in the office of Trustees arising during the like time of the Settlor shall be filled by the Settlor himself. After the death of the Settlor the Trustees surviving him and the Trustee nominated by him as provided hereinabove shall constitute the Board of Trustees. So long as the Settlor is alive, he has to be the Chairman of the Board of Trustees. After the death of Settlor, or in the event of his incapacity or resignation, the remaining Trustees shall elect one from amongst themselves as Chairman.
10. After the death of the Settlor in the event of the death, resignation or removal of any one of the remaining Trustees, the vacancy shall be filled by the remaining surviving Trustees. The Board of Trustees shall at any time be not less than three or more than six.

QUORUM OF TRUSTEE

11. A quorum for a meeting of the Board of Trustees shall be three.

WHEN A TRUSTEE MAY ACT

12. No person other than the Settlor, who is selected, nominated or appointed as a Trustee shall be entitled to act as such under this Deed whether upon his first or subsequent appointment until he shall have signed a declaration in the Minute Book of the Trustees to the effect that he accepts the office of a Trustee and is willing to act as such.

DISQUALIFICATION OF TRUSTEES

13. Any Trustee other than the Settlor whether original or appointed hereafter or co-opted as provided in paras 9 and 10 above who shall become bankrupt or unfit or unable to act or who shall notify in writing to the other Trustees his wish to resign or who shall for two years omit to attend any meeting of the Trustees shall thereupon vacate his office and the Trustees for the time being shall as soon as possible cause a minute of such vacancy to be entered in their minute book.

APPOINTMENT OF NEW TRUSTEES

14. Whenever the number of Trustees shall be reduced below the minimum number of THREE, the vacancy or vacancies shall immediately be filled up so as to bring the number to THREE. Such vacancy shall be filled up by the remaining Trustees.

FEES OF TRUSTEES

15. Every Trustee other than the Settlor shall be entitled to an honorarium of Rs 10/- for each meeting whether ordinary or special that he attends.

MANAGEMENT AND CONTROL OF THE TRUST ESTATE

16. Subject to the provisions of this Deed the management and control of the Trust Estate and affairs of the Trust hereby constituted shall vest in the Trustees who shall act from time to time in accordance with the decision of the majority of Trustees present and voting at a meeting, or resolving the same by a one or more circulars duly signed by a majority of the Trustees.

17. The Trustees may appoint any necessary or proper officers, employees or agents for their assistance in the administration and management of the Trust hereby constituted. Every appointment so made shall be recoverable by the Trustees at their pleasure. The Trustees may pay to their Secretary and the other officers, employees of agents such annual salaries or other remuneration as they may from time to time decide provided always that the expenses incurred on such salaries or remuneration including the honorarium paid to the Trustees for attendance at meeting shall not exceed the maximum percentage of income provided in that behalf in clause 5 above.
18. The Secretary shall conduct the correspondence and other business relating to the Trust, shall summon the meetings and keep the minutes of all meetings of the Trustees, shall keep or cause to be kept the accounts of the Trust and shall perform such other duties as the Trustees may reasonably require.
19. The Trustees shall cause fully accounts to be entered in proper books of accounts provided for the purpose of all monies, received and paid respectively on account of the Trust, such books of account shall be made up for each year and shall be thereupon signed by the Chairman of the Meeting.
20. The Trustees shall open a Bank Account for purpose of keeping the Trust Funds. All monies received on account of the Trust shall after retaining the necessary account for petty cash be forthwith paid into the credit of that account and all payments made on account of the Trust shall as far as convenient be made by cheques.
21. All cheques (and pay orders) for the payment of money shall be signed by the Settlor and one other Trustee and after the Settlor has ceased to be a Trustee, all such cheques and pay orders shall be signed by any two of the remaining Trustees as decided by the Board of Trustees.
22. The Trustees may receive any additional donations or endowments for the general purposes referred in para 4 above provided always that unless such endowments or donations are not specifically designated as a settlement to the Trust Estate, such additional donations and endowments shall be available for utilization in terms of para 5.

23. It shall be within the competence of the Trustees to sell and convert into cash the Trust Estate or any part thereof and hold the proceeds of such sale or sales after payment therefrom of the expenses incidental thereto upon Trust to apply the same in the purchase of either immovable properties and/or to invest the same in Trust Securities, which immovable properties and/or Trust Securities shall become the Trust Estate and be subject to the terms and conditions thereof.

MEETINGS AND PROCEEDINGS OF THE BOARD OF TRUSTEES

24. The Trustees shall hold meetings at least once in each year at such time and in such places as they shall from time to time appoint. At each of such meetings the Trustees shall inter alia scrutinise the accounts and call for and scrutinise reports of all the institutions aided out of the Trust Funds.
25. A Special Meeting shall be convened by the Secretary if any and whenever not less than three Trustees shall make a requisition to that effect stating the subjects to be considered at such meetings and may also be convened by the Secretary at any time he thinks fit.
26. Notice in writing of every meeting whether general, special or adjourned shall be delivered or sent or posted to each of the Trustees at least three clear days before the date of the meeting; and so far as in the case of an adjourned meeting the interval between the original and adjourned meetings will permit. Every notice of meeting shall state the place, day and hour of the meeting and every notice of a special meeting shall further state the matter to be discussed there at.
27. If a quorum shall not have assembled within half an hour after the time appointed for any meeting, the meeting shall stand adjourned to the same day of the next week at the same time and place and the Trustees present at the adjourned meeting shall constitute a quorum.
28. A meeting of the Board of Trustees shall be summoned within two months of the death of the Settlor. Such meeting may be convened by any son or daughter or son-in-law of the Settlor or any of their male decedents. At such first meeting the Trustees shall make all the necessary arrangements for the general conduct of the business and affairs of the Trust.

29. As long as the Settlor is alive and so long as he shall continue as one of the Trustees, he shall be and have the privilege of being the Chairman of the meeting of the Trustees at which he shall be present and it shall not be competent for the Trustees by any resolution passed by them or otherwise to deprive him of this right but he may waive it when and often as he may please and in that event or when he is absent from the meeting the Trustees shall elect one from amongst those present to act as Chairman for that occasion.
30. Every matter shall be determined by the majority of the Trustees present and voting on the question. The Chairman shall have a casting vote whether or not he shall have previously voted on the same question but no other Trustee shall in any circumstances give more than one vote. A minute book shall be kept by the Trustees for the time being and proper entries made therein of all business transacted by the Trustees.

GENERAL POWER TO MAKE REGULATIONS

31. Subject to the provisions of this Deed the Trustees shall have full power from time to time to make regulations for the conduct of their business and their meetings and for the management and administration of the Trust and such regulations shall be binding on all persons affected thereby.

DISSOLUTION

32. The Trust constituted hereby is in perpetuity but if for any reason the Trust is validly ordered to be wound up, all its assets after meeting all its liabilities shall be transferred to another institution having similar activities and being approved by the Central Board of Revenue, or by the Federal Government provided that intimation of such transference shall be given to the Central Board of Revenue within three months of the dissolution.

MISCELLANEOUS

33. The Settlor during his lifetime and the Board of Trustees thereafter shall have the power to amend or alter this trust deed to remove ambiguities or legal difficulties and to avail tax or other exemptions, provided that no change shall be made in the trust deed without the prior approval of the Central Board of Revenue. In any event such amendment must not be in derogation to the wishes of the Settlor in setting up the Trust.

34. Notwithstanding any thing contained herein, the entire income of the Trust shall be used for the promotion of its objectives and no part thereof shall be distributed for the benefit of any relatives of the Settlor or the Trustees. Income set apart or not utilized shall not exceed 25% of the total income or Rs 10,000/- whichever is less and the amount exceeding this limit shall be invested in NIT Units or such securities as may be specified by the Central Board of Revenue.

IN WITNESS WHEREOF the aforesaid Settlor has both in his capacity as the Settlor and as one of the First Trustees for the time being set his hand to this Deed.

SETTLOR/TRUSTEE OF
