



## THE CHARITABLE FUNDS (REGULATION OF COLLECTIONS) ACT, 1953



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# THE CHARITABLE FUNDS (REGULATION OF COLLECTIONS) ACT, 1953.

## <sup>1</sup>ACT NO. XXXI OF 1953

[3<sup>rd</sup> November, 1953]

**An Act to provide for the regulation, administration and accounting of collections of charitable donations and for the prevention of frauds.**

WHEREAS it is expedient to provide for the regulation, administration and accounting of collections of charitable donations and for the prevention of frauds ;

It is hereby enacted as follows :—

**1. Short title, extent and commencement.** —(1) This Act may be called the Charitable Funds (Regulation of Collection) Act, 1953.

(2) It extends to the <sup>2</sup>[Karachi Division].

(3) It shall come into force at once.

**(2) Definitions.** In this Act, unless there is anything repugnant in the subject or the context,—

(a) “collect” and “collection” with their grammatical variations and cognate expressions mean and include appealing for, receiving, collecting and attempting to collect, whether directly or indirectly, any donations whether in money or in kind and whether from the public in a

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<sup>1</sup>For Statement of Objects and Reasons, see Gaz. of P., 1953, Pt. IX, p. 136.

The Act has been applied to Baluchistan with effect on and from the 3<sup>rd</sup> day of November, 1953, see Gaz. of P., 1955, Pt. I, p. 28; and also extended to the Leased Areas of Baluchistan, see the Leased Areas (Laws) Order, 1950 (G.G.O. 3 of 1950).

The Act has been amended in its application to the Province of West Pakistan by W.P. Act II of 1967.

<sup>2</sup>Subs. by A.O., 1964, Art. 2 and Sch., for “Federal Territory of Karachi” which had been subs. by the Repealing and Amending Ordinance 1961 (1 of 1961), s. 3 and 2<sup>nd</sup> Sch., for “Capital of the Federation”.

public manner or from particular individuals or otherwise, for any fund to which this Act applies ; but do not include more advice by any person not himself engaged in making the collection;

- (b)** “private fund” means a fund consisting of donations whether in money or in kind given by way of charity for the benefit of an individual or a family or a group of persons related to each other or connected with each other for some purpose, when the aggregate of the donation collected or to be collected in any year exceeds or is likely to exceed in value two hundred and fifty rupees but neither exceeds nor is likely to exceeds nor is likely to exceed five thousand rupees ;
  - (c)** “charitable fund” means any fund consisting of donations whether in money or in kind given by way of charity —

    - (i)** for the benefit of an individual or a family or a group of persons related to each other or connected with each other for some purpose, when the aggregate of the donations collected or to be collected in any year exceeds or is likely to exceed in value five thousand rupees ; or
    - (ii)** for the benefit of any institution, association, society or undertaking of which the sole or a principal object is the establishment or maintenance or benefit of a mosque, dargah, orphanage, widows’ home, educational institution or other similar establishment, or the relief of poverty, sickness or distress or any other educational, religious, benevolent or philanthropic purpose ;
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- (d) “promoter” of a fund means a person holding himself responsible for the due collection, custody, administration and accounting of the donations which it is intended or proposed to make for a private or a charitable fund;
- (e) “collector” of a fund means a person actually engaged in collecting donations for a private or a charitable fund ;
- (f) “recipient” of a fund means an individual, institution, association, society or undertaking for whose benefit a private or a charitable fund is or is to be collected;
- (g) “declaration” means a declaration duly made as prescribed by the promoter or promoters of a private or a charitable fund and in force under the rules made under this Act, and stating:—
- (i) the names and addresses of the promoters of the fund ;
  - (ii) the value of the donations which it is intended to collect ;
  - (iii) the names and addresses of the collectors of the fund ;
  - (iv) the names and addresses of the recipients of the fund ;
  - (v) the objects and purpose for which the donations are to be utilized;
  - (vi) the names of the banks or the persons in whose custody the collections are to be kept ;
- <sup>1</sup>[(gg) “Commissioner” means the Commissioner of the Karachi Division ;]
- (h) “sanctioning authority” means a person appointed by the

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<sup>1</sup> Subs. by A.O., 1964, Art. 2 and sch., for clause (gg) which was ins. by the Repealing and Amending Ordinance, 1961 (1 of 1961), s. 3 and 2<sup>nd</sup> sch.

<sup>1</sup>[Commissioner] to be a sanctioning authority for the purpose of this Act ;

(i) “prescribed” means prescribed by rules made under this Act.

**3. Regulation of private and charitable funds.** —(1) No person shall make any collection for any private fund or any charitable fund except in accordance with the provisions of this Act.

(2) Nothing in this Act shall apply to any donation made directly to any individual or individuals for the personal benefit of such individual or individuals.

**4. Declarations of collections of private funds.** —(1) No person shall make any collection for any private fund unless—

(a) before the commencement of the collection a declaration in respect of the private fund has been duly made in the prescribed form and been duly delivered by hand or by registered post, acknowledgement due, to the sanctioning authority, and

(b) his name and address is duly shown as a promoter or collector of the fund in the declaration.

**5. Sanctioning of collection of charitable funds.** —(1) No person shall make any collection for any charitable fund unless before the commencement of the collection a declaration in respect of the intended collection has been duly made and delivered to the sanctioning authority, and the sanctioning authority has sanctioned the collection in writing.

(2) The sanctioning authority may refuse to sanction the collection if the object of the collection appears to it to be immoral or contrary to public policy, or if the authority is not satisfied with regard to the bona fides of the persons proposing to make the collection, or if the authority is not satisfied with regard to the proper custody of the fund or the due administration of the fund for the purpose for which it is to be collected.

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<sup>1</sup> Subs. by A.O., 1964, Art. 2 and Sch. for “Agent” which had been subs. by Ordinance, 1 of 1961, s. 3 and 2<sup>nd</sup> Sch. for “Chief Commissioner”.

(3) The sanctioning authority may sanction the collection on such conditions as it may consider it necessary to impose for ensuring the proper custody of the fund and its due administration and utilization for the objects and purposes of the fund.

(4) When the collection of any fund is intended to be for the benefit of an institution, association, society or undertaking, the sanctioning authority, if it considers it necessary, may sanction the collection on the condition that the institution, association, society or undertaking shall be registered under the Societies Registration Act, 1860 (XXI of 1860), either before the commencement of the collection or within a specified period.

(5) If the sanctioning authority sanctions the collection, it shall issue or cause to be issued certificates, in the form and manner prescribed, to persons desirous of making the collection, authorising them to make the collection ; provided that the sanctioning authority may refuse to issue or to cause to be issued any such certificate, and may cancel any certificate which has been issued, to any person, if the sanctioning authority is not satisfied with regard to the *bona fides* of the person.

(6) No person shall collect any donation for any charitable fund unless he is in possession of a certificate duly issued to him and in force under sub-section (5) authorising him to make the collection.

**6. Maintenance and audit of accounts.** —(1) Every promoter, collector and recipient of every fund or donation to which this Act applies shall maintain or cause to be maintained a true and proper account in the prescribed manner of the fund or donation collected.

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(2) The accounts of all charitable funds shall be audited and submitted to the sanctioning authority in the prescribed manner and at prescribed times or intervals.

(3) The sanctioning authority may at any time for reasons to be stated in writing require by order any accounts of any charitable fund to be audited or re-audited by a specified auditor at the cost of any particular individual or individuals.

(4) The sanctioning authority may at any time inspect or cause to be inspected any accounts maintained under this section.

(5) Any person who dishonestly or frequently tampers with, conceals or destroys any records pertaining to the collection of any fund to which this Act applies shall be deemed to have contravened this Act and be punishable accordingly.

**7. Misapplication of Funds.** —(1) No part of any donations collected for any private or charitable fund shall be used for any purpose or object other than the purpose or object for which it was collected, except under the order of a competent court, or in the case of a charitable fund, of the Treasurer of Charitable Endowments.

(2) No charitable fund in the custody of any persons authorised to hold it shall be transferred to any other persons except with the permission in writing of the sanctioning authority or under the order of a court.

(3) If any part of any donations collected for any private or charitable fund is used to any purpose or object other than that for which it was collected, or is otherwise misapplied or misappropriated in any manner, every person concerned with the collection or administration of the fund, whether as a promoter, collector or a recipient, shall unless he proves that the misuse, misapplication or misappropriation occurred without his knowledge and that he had used all due diligence to prevent such misuse, misapplication or misappropriation, shall be deemed to have acted in contravention of this section and be punishable accordingly.

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**8. Application of Act VI of 1890.** Notwithstanding anything contained in the Charitable Endowments Act, 1890, hereinafter referred to as “the said Act” every fund which is a charitable fund for the purposes of this Act shall be deemed to be a charitable endowment and the purpose of every such fund shall be deemed to be a charitable purpose for the purposes of the said Act, and the said Act shall apply accordingly.

**9. Powers of sanctioning authority.** The sanctioning authority may at any time for reasons appearing to it to be sufficient cancel or alter any order made or direction given by it under this Act.

**10. Appellate authority.** —(1) The <sup>1</sup>[Commissioner] may appoint a person to be the appellate authority for the purposes of this Act, and when there is no person so appointed, the <sup>1</sup>[Commissioner] shall himself be the appellate authority.

(2) Any person who is dissatisfied with any order passed or direction given or refusal to make any order or give any direction by the sanctioning authority, may within thirty days of the order, direction or refusal, appeal against it to the appellate authority, and the appellate authority may thereupon make such order as it thinks fit in accordance with this Act.

**11. Revision.** The <sup>1</sup>[Commissioner] and when the order sought to be revised is passed by the <sup>1</sup>[Commissioner] the <sup>2</sup>[Provincial Government] may at any time revise any order made by the appellate authority or otherwise under this Act and pass such order in accordance with this Act as it deems proper.

**12. Penalty for contraventions.** Any person who acts in contravention of any of the provisions of this Act or the rules made thereunder or of any order made, direction given or condition imposed under this Act shall be punished with imprisonment of either description for a term which may extend to six months or with fine or with both.

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<sup>1</sup> Subs. by A.O., 1964, Art. 2 and Sch., for “Agent” which had been subs. by the Repealing and Amending Ordinance, 1961 (1 of 1961), s. 3 and 2<sup>nd</sup> Sch., for “Chief Commissioner”.

<sup>2</sup> Subs. *ibid.*, for “Central Government”



**13. Offences cognizable, bailable and non-compoundable.** An offence punishable under this Act shall be cognizable, bailable and non-compoundable.

**14. Prosecution subject to sanction by District Magistrate.** No prosecution under this Act shall be commenced except with the previous sanction of the District Magistrate.

**15. Jurisdiction of Magistrates.** No court inferior to that of a magistrate of the first class shall try an offence under this Act.

**16. Application of other laws.** Save as provided, the provisions of this Act shall be in addition to and not in derogation of any other law for the time being in force.

**17. Exemptions.** The <sup>1</sup>[Commissioner] may by a general or a special order exempt any fund or any person, institution, association, society or undertaking from all or any of the provisions of this Act, and the exemption may be made subject to such conditions as the <sup>1</sup>[Commissioner] may think proper.

**18. Rules.** —(1) The <sup>1</sup>[Commissioner] with the prior consent of the <sup>2</sup>[Provincial Government] shall by notification in the official Gazette make rules<sup>3</sup> to carry out the purposes of this Act.

(2) Without prejudice to the generality of the foregoing power, the rules may provide for—

- (a) the form and contents of declarations and the verification of statements made therein;
- (b) the periods for which declarations shall remain in force and the manner in which the periods may be extended or terminated;
- (c) the form and manner in which receipts for donations may be given and the maintenance of proper vouchers for the purposes of the accounts;

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<sup>1</sup> Subs. by A.O., 1964, Art. 2 and Sch., for "Agent" which had been subs. by the Repealing and Amending Ordinance, 1961 (1 of 1961), s. 3 and 2<sup>nd</sup> Sch., for "Chief Commissioner".

<sup>2</sup> Subs. *ibid.*, for "Central Government".

<sup>3</sup> For the Charitable Funds (Regulation of Collections) Rules, 1956, see Gaz. of P., 1956, Pt. VI, pp. 119—124.

- (d) the maintenance of proper books of accounts and the auditing of the accounts;
- (e) the periodical submission of statements of accounts ;
- (f) the supervision, inspection and examination of accounts ;
- (g) the payment of charges for forms of declarations, certificates, etc.

**19. Protection of persons acting under this Act.** No prosecution, suit or legal proceeding shall be instituted against any person in respect of anything which is in good faith done or intended to be done in pursuance of this Act.

