

(Draft)
An
Ordinance
To provide for the governance and support of nonprofit organizations

WHEREAS nonprofit organizations 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 organizations while respecting the right of free association in the furtherance of lawful objects.

It is hereby enacted as follows: -

1. Short title, extent and commencement. – (1) This Ordinance may be called The Sindh Nonprofit Organizations (Governance and Support) Ordinance, 2002.

(2) It extends to whole of Sindh.

(3) It shall come into force at such time as the Provincial Government by notification in the official gazette specify.

(4) It shall not apply to organizations created, registered, or required to be registered under the enactments given in Schedule I of this Ordinance.

2. Definitions: - In this Ordinance, unless there is anything repugnant in the subject or context, the following words and phrases shall have the meaning set out against them:

- a) “Organization” whether described as society, agency or by any other name means a nonprofit, non-governmental association, including public trusts and the trustees thereof, voluntarily formed or set up by persons, natural or juristic, for the purpose of carrying out public benefit activities and that depends for its resources on member contributions, public subscriptions, fees for services offered, surplus from any lawful economic activity, donations, trust settlement, local or foreign assistance or government grant and includes local branches of foreign organizations but excludes such foreign organizations operating in Pakistan to whose charter Pakistan is a signatory or with whom Pakistan has signed a protocol.

Provided that an organization shall be considered to be nonprofit where the resources of the organisation including the surplus, if any, earned by the organization through the provision of goods or services is wholly employed in the furtherance of the public benefit activities of the organization and no other personal benefit, whether in cash or kind, is provided to any of its members or any other person.

- b) “Public benefit activities” include community mobilization, social welfare, development, rights advocacy, including rights of women, children and the religious minorities, charity, 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 Ordinance by the Commission.
- c) “Member-benefit association” means any association of persons whose primary object is to further the economic, social or recreational interests of its members.
- d) “Charter” means a description in writing of the purpose, aims, objects and the mode of functioning of an organization.
- e) “Governing body” means the council, committee or any other body, by whatever name called, in which the management of the affairs of the organization is vested.
- f) “Prescribed” means prescribed by rules made under this Ordinance.
- g) “Register” means the register maintained under section 6(13) and “registered” means registered under this Ordinance.
- h) “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.
- i) “Government funds” mean any grant in cash or in kind or land allotted on concessional rates by any government in Pakistan, whether Federal, provincial or district, or by any agency controlled by any government and includes any funds saved or gained from tax concessions or reduced utility tariffs specific to nonprofit organizations.
- j) “The Commission” means the Sindh Commission for Nonprofit Organizations set up under section 3 of this Ordinance and includes the Governing Board, Executive Member, and employees of the Commission and any employee of the provincial governments, or the district governments or any agency controlled by any government authorised in writing by the Commission to exercise any powers or to perform any functions on behalf of the Commission under this Ordinance.

- k) The “National Commission” means the National Commission for Nonprofit Organisations set up under the National Nonprofit Organisations (Governance and Support) Ordinance, 2002)
- l) “Board” means the Governing Board of the Commission constituted in terms of Section 3(4) of this Ordinance
- m) “Provincial Nonprofit Organizations Ordinances” mean:
 - i. The Punjab Nonprofit Organizations (Governance and Support) Ordinance, 2002
 - ii. The N.W.F.P Nonprofit Organizations (Governance and Support) Ordinance, 2002
 - iii. The Balochistan Nonprofit Organizations (Governance and Support) Ordinance, 2002

3. Sindh Commission for Nonprofit Organizations. (1) There is hereby established a Commission to be called the Sind Commission for Nonprofit Organizations.

- (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 Ordinance, 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 Karachi.
- (4) The Commission shall have a Governing Board consisting of the following fifteen members:-
 - (a) Five professionals of national 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 workers or managers or philanthropists or rights advocates associated with nonprofit organizations.
 - (c) Four ex- Officio members:
 - i) Additional Chief Secretary, Planning and Development, or his nominee not below the rank of Additional Secretary.

- ii) Secretary, Social Welfare Department or his nominee not below the rank of Additional Secretary.
 - iii) Secretary, Finance Department or his nominee not below the rank of Additional Secretary.
 - iv) Secretary, Excise and Taxation Department 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 and Chief Executive Member 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 Chief Minister within sixty days of the coming into force of this Ordinance.
- (6) For the first set of nominations against clauses 5(a) and (b) of this section, there shall be a Nominating Committee, appointed by the Provincial 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 nominations on the Commission to the Provincial Minister for Social Welfare. The names so submitted shall be presented by the Provincial Minister for Social Welfare to the Chief Minister who shall make appointments from amongst the names presented. Provided that the Provincial Minister for Social Welfare may advise the Nominating Committee to review its recommendations twice.

For all subsequent nominations of members described in clauses (5)(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 Provincial Minister. The Nominating Committee shall submit a panel of three names for each of the ten appointments to be made to the Board to the Provincial Minister for Social Welfare. The names so

submitted shall be presented by the Provincial Minister for Social Welfare to the Chief Minister who shall make appointments from amongst the names presented. Provided that the Provincial Minister for Social Welfare may advise the Nominating Committee to review its recommendations twice.

- (7) Two of the initial appointees described in sub-clause (5) (a) above and three of the initial appointees described in sub-clause (5) (c) 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 5(a) will be from the same profession at one time. At least four of the members described in sub-clauses (a) and (b) of clause 5 above shall be women. The Nominating Committee shall also ensure balanced geographical representation.
- (9) There shall be a Chairperson of the Board to be appointed by the Chief Minister from amongst the members of the Board described in clauses 5(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 by the Chief Minister on proven 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 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 Ordinance.

(2) The functions of the Commission shall include the following:

Governance

- i. Operate an efficient public registry of organizations registered in Sindh including initial registration information and all organizational reports filed under the Ordinance.
- ii. Exchange information with the National Commission as well as the Provincial Commissions for Nonprofit Organizations, and maintain a consolidated public registry of public benefit organizations operating in Sindh, with a summary of the provincial registry published on the Internet.
- iii. Facilitate dialogue to promote self-regulation and adoption of a code of conduct.

Support

- iv. Facilitate access to federal and provincial fiscal support regime including provision of information to organizations about tax incentives and exemptions.
- v. Publish and disseminate information that assists in capacity building of the nonprofit sector.
- vi. Help conduct an ongoing dialogue between citizen organizations and government.
- vii. Help improve internal governance and management of organizations through provision of management, legal and audit advice. The Commission may engage other agencies and organizations to provide capacity building services to organizations.
- viii. Coordinate between the Provincial Government and the citizen sector for social development planning and policy.
- ix. Publicize the success stories of the citizen sector through the media and publications of the Commission and facilitate other bodies or organizations in doing the same.
- x. Identify areas of useful research; co-opt and facilitate other bodies or organizations 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 Provincial Assembly by the Provincial 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 provincial registry.

- xii. Take any other step necessary to create an enabling environment for the nonprofit sector.

Administration

- 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.

General

- 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 provincial or district governments and prescribe procedures for the performance of such functions.
- (3) Make rules and regulations in respect of all or any of the aforesaid matters.
- (4) 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 Ordinance except those listed under the heading General 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 Ordinance as executable pursuant to a decision of the majority of the Board shall be executed in the manner prescribed.

- 5. Meetings of the Board** (a) A meeting of the Board shall be held at least twice 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.

(b) For the purposes of a meeting of the Board, six members shall constitute a quorum.

(c) 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.

(d) 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.

(e) All decisions of the Board shall be authenticated by the signature of the Executive Member or of any other member authorized 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 authorized by it.

6. Registration of Organizations. (1) Every organization in existence on, and every organization that comes into existence after, the commencement date of this Ordinance, and that declares its main office to be an office situated in Sindh may apply for registration by completing and filing with the Commission the form contained in Schedule II of this Ordinance provided that at least three persons have signed its charter as the sponsoring members.

(2) Registration will be mandatory for organisations that:

(a) Apply for or receive any government funds.

(b) Apply for or receive any foreign funds in excess of Rs. 300,000 in a single financial year.

(c) Solicit or receive any funds from non-members where the funds received from non-members in any one fiscal year exceed Rs. 300,000/-

(3) All organizations that declare an office situated in Sindh that were registered, on the commencement date of this Ordinance, under the Societies Registration Act, 1860 (Act XXI of 1860) or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961 (Ordinance XLVI of 1961) shall be deemed to have been registered under this Ordinance.

Provided that any organization that is presently registered under the Societies Registration Act, 1860 and that comes under the purview of Schedule I to this Ordinance shall not be deemed to be registered under this Ordinance.

Provided also that member-benefit associations that are presently registered under the Societies Registration Act, 1860 shall not be deemed to be registered in terms of this Ordinance.

(4) If any question arises as to whether an association or a category of associations presently registered under the Societies Registration Act, 1860, is

a member-benefit association or not the question shall be decided by the Commission. An appeal against the decision of the Commission shall lie to the District Court within whose territorial jurisdiction the main office of the association is situated.

(5) No organization shall be registered by a name that in the opinion of the Commission is deceptive or is designed to exploit or offend the religious susceptibilities of the people.

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

(7) Except with the prior approval in writing of the Commission no organization shall be registered by a name that contains any words suggesting or calculated to suggest--

- (a) any connection with the Federal Government or a provincial government or any authority or corporation of such government.
- (b) the patronage of, or any connection with, any foreign government or any international organization.

Whenever a question arises as to whether or not the name of an organization is in violation of the foregoing provisions of this section, the decision of the Commission may be appealed to the District Court within whose territorial jurisdiction the main office of the organization is situated.

(8) An organization which, through inadvertence or otherwise, is registered by a name in contravention of the provisions of subsections (3), (4) and (5) of this section:

- (a) may, with the approval of the Commission, change its name;
- (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 organization an opportunity to make representation against the proposed direction;

Provided further that no direction under clause (b) shall be issued after the expiration of three years from the date of registration of the organization or a change of name, as the case may be.

(9) Every organization carrying out work in Sindh shall declare one of its offices situated anywhere in Pakistan to be its main office. Such declaration shall be filed with the Commission even where the office declared to be the main office of the organization is not situated in Sindh.

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

(11) In the event of the Commission not advising an organization of the incompleteness in its application or intimating rejection of the application for reasons to be recorded and communicated to the applicant within sixty days, the application shall be deemed to have been accepted and the organization shall be entitled to a certificate of registration.

Provided that no application for registration shall be rejected on the ground of information pertaining to past convictions, if any, of the persons who have signed the charter of the organization not being available.

(12) In the event of rejection of the application, the applicant may file an appeal to District Court within 60 days of the receipt of the written reasons of rejection and the Court shall decide the matter within 90 days.

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

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

Explanation: An organization registered under this Ordinance shall not be required to gain any approval from any agency of the Provincial Government or any district government to work outside the district where it filed its registration forms in or outside Sindh.

- 7. Charter of organization.** – (1) Every organization shall, along with the application for registration under this Ordinance, file with the Commission a written document, to be referred to as the charter of the organization.

The charter of an organization seeking registration shall state:

- i. the name of the organization,
- ii. the objects of the organization,
- iii. the names and addresses of the initial seven signatories of the charter as well as the names and addresses of the members of the governing

body of the organization at the time that application for registration is made,

- iv. the manner in which membership of the organization may be acquired and lost,
- v. the manner in which the governing body, by whatever name described, shall come into existence and function,
- vi. the qualifications and disqualifications for any person continuing as a member of the governing body of the organization.

Provided that in the case of public trusts reference to the charter of an organization in this section shall be taken to mean reference to the trust deed or other instrument evidencing the terms of the trust and references to the governing body shall mean reference to the trustees. The reference to the general body shall not be applicable.

(2) The governing body of a registered organization, other than a trust, 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 effected through the initiation by the governing body of a proposition containing the proposed changes that shall be submitted to the members of the organization in written or printed report at least ten 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 organization shall not be carried into effect unless three-fifths of the members vote for it either in person or by proxy

(3) (i) A copy of the amendment made under sub-section (2) shall be submitted to the Commission within thirty days of the amendment having been made. If the Commission is of the view that any change in the purpose or purposes of the organization constitutes a breach of representation on the basis of which contributions in any form were obtained from persons other than the present members of the organization it may signify its disapproval of the amendment to the extent specified.

(ii) Any change in the purpose of an organization that has been disapproved by the Commission will cease to be effective upon the expiry of twenty days from the date the disapproval is communicated to the organization concerned.

(iii) An appeal to the District Court having jurisdiction over the area in which the main office of the organization concerned is situated shall lie against an order of the Commission disapproving a change in the purpose or purposes of the organization.

- 8. Rights of registered organizations.** (1) The property, movable and immovable, belonging to an organization registered under this Ordinance, if

not vested in trustees, 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 organization.

(2) Every organization registered under this Ordinance 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 organization 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 it shall be competent for a person having a claim or demand against the organization to sue the organization in the name of its chief operating officer or the chairperson of the governing body.

Provided also 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 organization 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 organization.

(4) Any member of a registered organization who may be in arrear of a subscription or other amount, including penalty, which, according to the charter of the organization or rules, regulations or bye-laws under such charter is payable to the organization or against whom the organization 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 organization is situated.

9. Obligations of registered organizations. Every organization registered under this Ordinance shall:

(a) maintain true and complete accounts and, where its annual receipts are in excess of Rs 3,000,000/- have its accounts audited by a qualified chartered accountant. Accounts of an organization with annual receipts below Rs. 3,000,000/- but in excess of Rs. 500,000/- may be verified by a cost and management accountant. Accounts of organizations with annual receipts of upto Rs. 500,000/- may be verified by a retired audit officer or the branch manager of the bank with which it maintains its major account.

Provided that an organization may choose to engage auditors prescribed for organizations with higher receipts.

- (b) deposit all moneys received by it into a separate account in the name of the organization with any scheduled bank post office or national savings centre.
 - (c) submit to the Commission annual narrative reports along with financial accounts containing details of activities, assets and liabilities once a year in accordance with the rules framed by the Commission.
 - (d) file, once in every year, within fourteen days of the annual general meeting of the organization, or, if the charter of an organization does not provide for an annual general meeting, in the month of January a list with the Commission of the names, addresses and occupations of the members of the governing body of the organization.
- 10. Rights and obligations of all organizations regarding foreign funds.** (1) All organizations, whether or not required to be registered under this Ordinance, but excluding those that are registered with the National Commission, 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 Ordinance, prior permission from any provincial or district government agency 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 National Commission on a quarterly basis.
- 11. Public disclosure.** (1) Any person may inspect and obtain certified copies of any document filed by an organization in terms of section 6 or section 7 of this Ordinance. The fee for provision of certified copies may be prescribed by the Commission from time to time.
- (2) Any person may inspect and obtain certified copies of the annual reports of the Commission, the copies of finalised inquiry reports and any other document deemed to be a public document by the Commission for the purposes of this Ordinance or any other law for the time being in force.
- 12. Financial irregularity.** (1) On receipt of a complaint in writing alleging financial irregularities supported by one-third of the members or one-third of the governing body of a registered organization or from a person or body that had contributed more than 5% of the total funds received by the organization in the last year for which final accounts are available, the Executive Member shall authorise an external auditor to carry out inspection of the books of the organization complained against and to submit a report with respect to the matters alleged in the complaint.

- (2) Executive Member shall, if authorised specifically or generally by rules prescribed by the Board, cause an external audit to be carried out of an organization as regards which an apprehension of serious financial irregularity exists even though no complaint as envisaged by this section has been filed against such organization.
- (3) Upon authorisation of an external audit in terms of sub-section (1) or (2), the Executive Member may direct immediate possession of the books of account, ledgers or the relevant electronically preserved data of the organization by an officer of the Commission in order to enable copies of the relevant record to be made.
- (4) In the event of a complaint being found by the Commission to be false, vexatious or frivolous, the Commission may impose a fine of up to Rs. 25,000/- on each one of the complainants.
- (5) In the event of the external auditor's report indicating serious financial irregularity, the Executive Member shall forward a copy of the report to the Board and initiate an inquiry. The organization concerned shall be provided with the auditor's report and the issues required to be addressed by the organization 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 organization has caused loss to or has misappropriated funds of the organization, the Commission may initiate civil as well as criminal proceedings against such office bearer or member, including all proceedings for the recovery of the misappropriated funds.
- (6) (a) 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 organization it may suspend 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 possessing jurisdiction over the area in which the main or head office of the organization is situated.
- (b) Upon a reference made to it under sub-clause (a) the District Court shall decide the matters referred to it within a period of 120 days. All persons found to be responsible for financial irregularities with respect to the funds of a registered organization shall stand removed from the governing body of the organization, the membership of the organization or from the office held by them.
- (c) The vacancies caused by the removal of the members of the governing body of an organization in terms of sub-clause 6(b) shall be filled in accordance with the charter of the organization, 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.

- (d) Where a reference has been made to the District Court under sub-clause (a) 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 till the final decision in terms of sub-clause (a) above. The vacancies created as a result of such suspensions shall be filled up in accordance with the charter or bye-laws of the organization.
- (e) Any member of the governing body or any other member or office bearer suspended under sub-section (d) shall not act as office-bearer of the organization during the period of his suspension.
- (f) An appeal shall lie before the High Court against a final order passed by the District Court under sub-clause (b) and against any interim order passed by the District Court under sub-clause (d).

13. Compulsory dissolution of an organization.

(1) (a) Upon an organization as a whole, rather than an individual member of the governing board or a member of the general body or an office bearer, being held to have indulged in criminal activity and the concerned members of the governing board of the organization, other members or office-bearers having been convicted and sentenced to more than one year or a fine in excess of Rs. 100,000/- the District Court shall pass an order for the winding up of the organization and appoint a liquidator nominated by the Commission for the purpose of winding up the affairs of the organization.

(b) The District Court shall pass an order of dissolution upon being satisfied that the affairs of the organization have been wound up.

(2) (a) A creditor of an organization may through an application filed before the District Court possessing jurisdiction over the area in which the main office of an organization is situated seek an order to wind up the affairs of an organization that is unable to pay its debts.

(b) The District Court shall pass an order of winding up and appoint a liquidator where the District Court arrives at the conclusion that the debts of the organization cannot be discharged or otherwise settled to the satisfaction of the creditors.

14. Dissolution on account of failure of registered organization to comply with its charter or the provisions of this Ordinance.

(1) Registration of an organization that has, in the opinion of the Commission, persistently disregarded over a twelve month period obligations imposed on it by this Ordinance and by its own charter shall be revoked in accordance with rules prescribed by the Commission after granting the organization concerned an opportunity of hearing.

Provided that the Commission will, prior to revocation, issue reasonable warnings to the organization concerned and offer assistance to such organization with the compliance of the provisions of this Ordinance.

(2) Appeal against an order of revocation of registration shall lie before the District Court having jurisdiction over the area in which the main office of the organization is situated.

(3) An organization whose registration has been revoked shall be eligible to re-apply for registration after the lapse of a period of one year from the date of revocation. Such organization may be re-registered provided the Commission is satisfied that during the period of revocation it was able to demonstrate its ability to fulfil the obligations imposed by its own charter and by this Ordinance on registered organizations.

(4) If upon the expiry of one year from the revocation of an organization's registration the Commission is not satisfied that the violations that had resulted in de-registration have ceased or that the organization is capable of functioning in accordance with this Ordinance, it may file a petition before the District Court seeking dissolution of the organization.

(5) (a) The District Court shall pass an order of winding up and appoint a liquidator where the District Court arrives at the conclusion that the organization has materially and without reasonable cause disregarded its own charter as well as the provisions of this Ordinance.

(b) The District Court shall pass an order of dissolution upon being satisfied that the affairs of the organization have been wound up.

15. Voluntary dissolution of a registered organization. (1) A registered organization 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 organization may file an application for dissolution before the District Court having jurisdiction over the area in which the main or head office of the organization is situated.

(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 organization are outstanding, order that the organization 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 that the affairs of the organization have been wound up.

16. Consequences of an order to wind up. (1) Whenever a registered organization 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 organization not to part with such money securities or assets without the previous permission in writing of the Court.
- (b) Appoint a liquidator to wind up the affairs of the organization with power to institute and defend suits and other legal proceedings on behalf of the organization 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 majority of two thirds of the governing body of the organization. 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 organization 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.

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

Provided that every organization may nominate another organization 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.

17. Amalgamation or reconstitution of an organization. (1) A proposal to amalgamate, wholly or partially, an organization with another may be initiated by the governing body and shall be submitted to the members of an organization in written or printed report 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.

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

18. Certification of tax benefit status. (1) Every organization, registered under this Ordinance, may seek tax benefit status by moving an application in this regard in the prescribed form before the Commission or an agency accredited by the National Commission and authorized by the Federal Government to receive such applications.

The application in this regard shall be supported by such documents and information as may be specified by the National Commission. Such applications will be processed by an authorised accredited organization or other body that may recommend to the Central Board of Revenue the grant of tax benefit status.

Provided that no application for tax benefit status shall be received from an organization unless the charter of the organization:

- (a) Provides for a general body of members as well as a governing body. The governing body shall not consist of less than three members.
- (b) Stipulates that the governing body of the organization shall draw at least half of its numbers from the members of the general body through an election for this purpose.
- (c) Provides that all members of the governing body, whether themselves members of the general body or not, shall be elected by the general body. No remuneration shall be payable to the members of the governing body except for actual expenses. The governing board shall appoint executive officers, including a chief executive by whatever name described, for carrying out the functions of the organization. Such executive officers may or may not be members of the general body of the organization and shall be paid salaries as may be determined by the governing board.
- (d) Specifies the length of the tenure of the members of the governing body of the organization, where such length is not less than one year and not more than three years.
- (e) Provides for an annual meeting of the general body of members as well as for the requisitioning of other meetings of the general body by ten per cent or more of the members.
- (f) Provides for the approval of the annual audited accounts of the organization by the general body.
- (g) Provides for the filing of a complaint by any member of the general body against any executive officer of the organization before the governing board and obliges the governing board to decide such complaints within a period of sixty days.

(2) Public charitable trusts will be eligible to seek tax benefit status on fulfilment of criteria prescribed by the Commission.

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

- (a) A Fund-in-Trust as may be set up by the Provincial Government or by the Commission for the purposes of this Ordinance. 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 Provincial Government may make from time to time;
 - (ii) Grants of money and sums borrowed or raised by the Commission from any person, organization 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.
- (2) The Commission shall approve its annual budget in a special session, to be chaired by the Provincial Minister for Social Welfare.
- (3) The Commission may re-appropriate within its approved budget of the year without any reference to any authority.

20. Accounts and Audit. (1) Commission shall have an account to which shall be credited all grants and contributions made by the Provincial Government or by any person, organization 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 Provincial Government.

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

21. Commission to exercise the powers of civil court. (1) The Commission shall, for the purposes of this Ordinance, 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.

22. Opportunity of being heard. – No administrative order or action adversely affecting any person or organization shall be passed or taken under this Ordinance unless such person or organization is afforded an opportunity of being heard.

23. Penalties. – (1) Any person who-

- (a) contravenes any of the provisions of this Ordinance or any rule made thereunder, or
- (b) makes any false statement or false representation in any application or document for registration under this Ordinance, or in any report or statement submitted to the Commission,

shall be punished with a fine that may extend to Rs. 50,000.

(2) No court shall take cognizance of an offence under this Ordinance except upon a complaint in writing made by the Commission or by an officer authorised by it.

24. 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 Ordinance.

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

26. Repeal. – The Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961) is hereby repealed. The provisions of the Societies Registration Act, 1860 shall cease to apply to organizations that come under the purview of this Ordinance from the commencement date of this Ordinance.

Schedule I

(Section 1(4))

1. Madaris (Registration and Regulation) Ordinance 2002
2. The Companies Ordinance 1984
3. The Cooperative Societies Act, 1925
4. The Mussalman Wakf Act, 1923
5. Wakf Properties Ordinance, 1979
6. Charitable Endowments Act, 1890
7. Pakistan Engineering Council Act, 1975
8. Legal Practitioners and Bar Councils Act, 1975
9. Medical and Dental Council Ordinance, 1962