



Report of the Expert Group on Societies Registration Act, 1860

**Ministry of Corporate Affairs
Government of India
June 2012**

**Dr. K.N. Chaturvedi,
Former Secretary (Legislative),
Govt. of India
New Delhi**

June, 2012

Dear

I have the privilege and honour to present the Report of the Expert Group constituted by the Ministry of Corporate Affairs vide F. No. 01/01/2010-CL.V dated 11.05.2011 to study the legislative and regulatory architecture of the Societies Registration Act, 1860 governing the functioning of the societies in India and also to study the ground situation with respect to the operation of the Societies so as to identify the regulatory gap and oversight mechanism with a view to formulate a Model law on the subject comparable with laws of other countries viz. the U.K., U.S.A., China, Brazil, South Africa and Nordic countries.

2. The terms also include a Model Legislative Framework for regulating the societies having multi-state operations, for which at present there is no law to be followed by such societies, vesting the Societies Registration Act, 1860. The Expert Group therefore decided to draft two Bills, i.e. (1) Model Law for Societies Registration Bill to be adopted by the States in respect of Societies having operations in one state (2) A new enactment on the Societies having operations/activities which are spread to more than one state in India or having pan India operations.

3. I thank you for providing me an opportunity for working with a wonderful group of dedicated professionals in presenting our views on the laws governing the societies. While the Expert Group has endeavored to take and consider views of experts and professionals, I venture to suggest that the Report may be made public by way of placing it on MCA's website to enable wider discussion of the Expert

Group's findings and draft of the Multistate Societies Registration Bill, 2012, however Model Law on Societies to be adopted and enacted by each state separately will be discussed in the next report of the Group for which the Expert Group may be given extension of time up to 30th September, 2012.

Yours Sincerely,

Dr. K. N. Chaturvedi

**Shri Naved Masood,
Secretary,
Ministry of Corporate Affairs,
Shastri Bhawan,
New Delhi**

**APPROVAL OF THE REPORT OF THE EXPERT GROUP ON
SOCIETIES REGISTRATION ACT, 1860**

1. Dr. K. N. Chaturvedi
Chairman _____

2. Smt. Renuka Kumar
Member _____

3. Sh. Pawan Kumar Vijay
Member _____

4. Sh. Suhaan Mukerji
Member _____

5. Sh. S. K. Sharma
Member _____

6. Sh. Alok Samantarai
Member – Convener _____

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Executive Summary

1. The Societies Registration Act, 1860 is a pre-independence era legislation that envisaged the incorporation, management and dissolution of societies incorporated under the said Act. The Societies which are to be registered under the said Act were mainly for non-profit making and for benevolent purposes. The nature and character of a modern society is vastly different from what was envisaged under the said Act. Societies today have acquired economic significance by the nature of their activities. Modern societies aspire to be pan-national bodies operating in larger public interest while being financially independent.

2. It was felt that the present regulatory framework did not provide for an enabling framework to multi-state societies operating across India. Therefore, the Central Government constituted this Expert Group in May, 2011 to frame a Model Law in place of Societies Registration Act, 1860, to be followed by the states and to tackle the issues relating to societies whose operations are restricted to a particular state and also to suggest a more scientific and rational regulatory environment for multi-state societies. Since preparing a new Model Law to replace, Societies Registration Act, 1860 will require a wide consultation with all states of India which will require much more time that has been given to the Expert Group for submitting its report in the matter. With that objects in mind, and that at present there is no law governing societies whose operations are spread over in more than one State which requires to be administered by the Central Government, the Expert Group has come out with the draft Multi-State Societies Registration Bill, 2012 (Bill) and the Model Law will be prepared and discussed in the second report of the Group after receiving comments/suggestions from all the states.

3. The main objective of the Proposed Bill is to provide for more enabling regulatory environment for multi-state societies with transparency and accountability in the governance of multi-state societies as its ultimate objectives. The Proposed Bill also emphasizes on the self-regulation of societies, which the Expert Group views as critical for the governance of societies operating in the new economic environment.

4. The Expert Group hopes that the proposed Bill will usher in a new era of transparency *and accountability* in the regulation of multi-state societies and enable them to meet their organizational objectives *consistent with national policy on voluntary sector*.

Chapter's summaries:

1. Chapter I provides the introduction for a new legislation on Multi-State Societies and a background for framing the Expert Group.
2. Chapter II focuses on the Societies Registration Act, 1860, providing a historical perspective to that Act and explains its shortcomings. The focus is on the complexities of economic functions of societies in present day India particularly, where the objects of a society or its operations are spread to more than one state or having pan Indian characteristics.
3. Chapter III summarizes the need for developing a new legislation on multi-state societies. The main theme of this Chapter are as follows: (a) to create an enabling environment; (b) to instill transparency; (c) to establish accountability; (d) to promote self-regulation; and (e) to modernize the regulatory framework. To sum up, a need has been felt that a new legislation is required to be enacted as the present Societies Registration Act, 1860 is inadequate to deal with the complex problems of regulating the societies having multi-state operations particularly since the activities undertaken by societies have acquired economic significance and larger public interest and the activities of societies have become multi-jurisdictional in nature and in some cases, also having foreign jurisdictions;
4. Chapters IV discuss the legislative competence of the Central Government. Since enacting a law on societies is basically a subject matter of List II of the Seventh Schedule of the Constitution of India. However, it has been noticed that societies whose operations are beyond the jurisdictions of one state may be a subject where the Parliament of India has competence for framing laws.
5. Chapters V discuss the salient features of the proposed Multi-State Societies Registration Bill.
6. Chapter VI summarizes the justification for proposing a new legislation titled "The Multi-State Societies Bill."

CHAPTER-I

Introduction

1.1 During the last two decades, changes have taken place in the Indian economy in the fields of communication, transportation, infrastructure, as well as in the methods of commerce, banking and trade. Liberalization of the economy has not only changed the way in which business operate in the global economy but also in the manner in which they are structured. The increasing importance of structural organisation of business entities has multiple implications on how they are treated by the legal regime, whether it be by way of regulation, licensing or taxation.

1.2 Today, individuals setting up business ventures have found out that the traditional corporate form is just one amongst the several ways in which business can be structured. Further, it is increasingly common for not-for-profit entities to venture beyond the traditional charitable models to meet commercial self-sufficiency and attain organisational goals. For example, registered societies or trusts that were originally envisaged as non-business entities, have, in recent years, acquired economic significance by involvement in social welfare activities that may involve commercial transactions. It is also not uncommon for societies or trusts to be operating in multiple state jurisdictions across India and also outside India.

1.3 In spite of these developments on the ground, not-for-profit entities in India continue to be regulated by pre-independence era statutes (*i.e.*, *Societies Registration Act, 1860; Indian Trusts Act, 1882; and Indian Partnership Act, 1932*) at the central level. These statutes have been subjected to multiple state amendments and heterogeneous state-level enforcement/registration mechanisms over the years which are unsuitable to meet the practical needs of such entities in the light of changed economic realities. From a governance perspective too, it is important to usher transparency and accountability by adopting new technologies and innovative mechanisms in order to enable non-corporate business entities to further the developmental growth of the nation.

1.4 As a step in this direction, this Expert Group was constituted to study the legislative and regulatory framework of registered societies in India under the Societies Registration Act, 1860 (“Act”). The Expert Group was also tasked with evaluating the practical considerations involved in the enforcement of the Act in order to recommend the most appropriate regulatory mechanism for registered societies in the light of changed economic realities.

CHAPTER-II

Background to Societies Registration Act, 1860

2.1 The concept of societies is not new to India. In ancient time, societies were the breeding ground for like-minded intellectuals to discuss important developments in the fields of arts, sciences, geology, astronomy etc or even established solely for recreational purposes. In India, societies existed in the form of religious or charitable conventions dispensing relief to the needy. However, like other social systems in India before the coming of the British, most of these societies were unorganized and operated in a haphazard manner. The Societies Registration Act, 1860 brought changes in the same and tried to consolidate the activities of a society in an organized manner.

2.2 With a view to effectively govern such societies, the Act provided for the registration of literary, scientific and charitable societies. The object of this Act, as enunciated in its preamble, was to make provisions for improving the legal conditions of societies established for the promotion of literature, science or the fine art, or for the diffusion of useful knowledge, the diffusion of political, educational or for charitable purposes. The Act was a central legislation.

2.3 Although not specifically stated within the Act, the tenor of the Act was oriented towards regulating charitable societies keeping in mind that during those times, societies were mainly established for altruistic purposes. In this respect, Section 20 of the Act specifically listed the type of societies to which the Act applies, such as charitable societies, military orphan funds or societies, societies established for promotion of science, literature, or for fine arts, societies established for intrusion and diffusion of useful knowledge, diffusion of political education, societies established for maintenance of libraries or reading rooms for general public, societies established for public museums and galleries for paintings or other works of art, collections of natural history, mechanical and philosophical inventions, instruments or designs.

2.4 Until 1947, the Act did not undergo any major changes; registration remained largely a voluntary effort. Most of the Societies constituted during those periods had a poor financial standing and were driven primarily by the strong intent and tenacity of the founding members. Post-Independence, as a consequence of Article 372¹ of the Constitution, the Act remained in force, but legislative competence to enact law of 'societies' was passed on to the State Legislatures by virtue of Entry 32 of List II of

¹ The provision of Article 372(1) of the Constitution is as under: "Notwithstanding the repeal by this Constitution of the enactments, referred to in Article 395 but subject to the other provision of this Constitution, all the laws in force in the territory of India immediately before the commencement of this Constitution shall continue in force therein until altered or repealed or amended by a competent Legislature or other competent authority"

Seventh Schedule to Constitution, i.e., '*unincorporated literary, scientific, religious and other societies and associations*'. This provision enabled a number of States to repeal the said Act or introducing multiple amendments to the Act in a short time.

2.5 The said Act was amended in its application by almost all the States and some of the Union Territories, e.g. the long title and the preamble were amended in its application to the *National Capital Territory* of Delhi and the State of Gujarat; provisions were inserted by the State Amendment Acts for the appointment of Registrar of Societies by the State legislatures of Orissa, Punjab and Haryana, U.P., Gujarat and Maharashtra. Section 3 of the Act dealing with the registration of societies was amended comprehensively in Uttar Pradesh, Assam, Maharashtra, Goa and in Union territory of Daman and Diu. Penal provisions have been inserted in the Act in its application to the States of Gujarat, Maharashtra, Goa and Union territory of Daman and Diu. Some states replaced the entire Act with cognate legislations, e.g. in Madhya Pradesh, Manipur, Karnataka, Rajasthan, Tamil Nadu and West Bengal.

2.6 The number of registered societies has also increased manifold in the last twenty years. A recent Report on Non Profit institutions in India (March 2012) by the National Accounts Division, Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India ("MOSPI Report") found that there were only 1.44 lakh societies registered till the year 1970, followed by 1.79 lakh registrations in the period 1971 to 1980 , 5.52 lakh registrations in the period 1981 to 1990, 11.22 lakh registrations in the period 1991 to 2000, and as many as 11.35 lakh societies were registered after 2000.

2.7 Another development was that societies started acquiring economic significance by way of their multi-state operations. Since inception, societies predominantly restricted themselves to charitable objects within the State and were organized for community-based objectives. As a result, societies started operating across several States spanning multiple legal jurisdictions across India and, in certain cases, even outside the country. The Act had not envisaged this development. On the contrary, the entire basis of regulation under the Act was premised on the assumption that activities carried out by societies would be local in nature.

2.8 As per the MOSPI Report, the estimated total value of output of the 31.7 lakh societies registered in India is Rs. 41292 Crore, which is sum of salary, wages and allowances, honorarium paid, interest paid, rent paid, other operating expenses (*goods and services purchased for current activities of institution*), provision for depreciation, taxes paid, consumption of stocks. Results from the MOSPI Report also states that 54% of the funding for these societies comes from grants while 16% is from donations and offerings and 16% from incomes/receipts from operations.

2.9 In most of the states, the provision of submitting financial statement is not enforced. Many of the NPIs traced had poor employment and financial records and, even if they did, often refused to furnish their audited accounts, especially if they did not receive funds from statutory bodies. Even if the societies file their financial statements with Registrar's office, there is no mechanism to maintain this database, a sad commentary on the quality of statistics at the state level. A uniform country-wide approach is essential. Since NPIs need to apply to the income tax authorities for exemption of income (12-A) and 80-G (for donors to get exemption), this could be made conditional on filing returns, somewhat on the lines required for non-profit companies-perhaps leveraging the electronic platform used by the Ministry of Corporate Affairs. (As per MOSPI Report)

2.10 In view of the above, and considering all aspects involved in the matter the Expert Group proposes to prepare first legislation to regulate the activities of the Multi-State Societies Registration Bill, 2012 and thereafter would take up the exercise to prepare Model Law after wide consultation with all the states to be titled as "Societies Registration Bill" which would replace the Societies Registration Act, 1860.

CHAPTER III

Need for a New Legislation for Multi-State Societies

3.1 As discussed in Chapter II, while the volume and complexity of economic functions performed by the societies in India has increased tremendously in the past few decades, the legislative framework has not kept pace with these developments. In terms of regulation, while businesses organized in the form of a Company or a Limited Liability Partnership (“LLP”) have ushered in an era of transparency, mutuality, accountability and protection of stakeholders, the regulatory framework for societies remains inadequate in spite of widespread public interest in their functioning.

3.2 The Expert Group recognizes the need for a new and comprehensive regulatory framework for registered societies in the light of the following developments:

1. The activities undertaken by societies have acquired economic significance and larger public interest;
2. the activities of societies have become multi-jurisdictional in nature and in some cases, also in foreign jurisdictions;
3. the present regulatory framework does not contain a centralized oversight or reporting mechanism for societies operating in multiple jurisdictions;
4. there is an urgent need to align the societies to the governance requirements akin to Companies/LLP, including consequent reporting/disclosure requirements in a manner similar to the *MCA 21* e-governance platform for Companies and LLP's in India.²
5. the present regulatory framework does not provide for an enabling framework to ensure transparency and accountability in governance of societies; and

² In a special study commissioned by the Ministry of Corporate Affairs on the legislative frameworks of certain common law countries related to regulation of societies and firms (partnership and proprietorship) that are working as business entities, it was observed that countries such as Singapore, Australia and South Africa already have or are at penultimate stages of developing centralized reporting requirement for all business entities, including companies and partnerships. It is desirable that India follows their lead for regulatory reporting mechanisms and a centralized reporting system under the *MCA-21* platforms is established for partnerships, proprietorships and societies that operate outside the confines of one state.

6. the present regulatory framework does not provide for universally acceptable self-regulatory standards which are critical for the governance of societies operating in the new economic environment.

3.3 Some of the additional concerns highlighted by the MOSPI Report were as follows:

- 1) most of the states do not have computerized records of the registered societies;
- 2) in most states submitting of financial statements is not enforced strictly;
- 3) shifting of societies from its registered offices, registered societies have different popular names or have changed their names later; and
- 4) no provisions have laid down under the present act for renewal or deregistration of societies.

3.4 The new regulatory framework should aim at providing an enhanced support framework which would bring a new approach to governance of registered societies. In particular, it should be able:

- **TO CREATE AN ENABLING ENVIROMENT** towards the functioning of societies by:
 - recognising the enhanced economic significance of societies in the modern economic environment;
 - providing them the necessary regulatory support to attain financial sustainability;
 - maximising their capacity to innovate and venture into new projects; and
 - enhancing their potential to harmonise individual enterprise and collective goals.
- **TO INSTILL TRANSPARENCY** in the functioning of societies and the decision-making process thereto, both internally as well as towards third parties, by:
 - allowing access of all non-confidential/sensitive information regarding the society to its members;
 - ensuring participation by the members in all critical matters affecting the society;
 - requiring certain societies to upload their organizational information on the internet; and
 - reserving certain matters for a decision by the members only.
- **TO ESTABLISH ACCOUNTABILITY** for the actions of societies, which would also include a broad-based social audit of the society's activities, by:

- identifying and allocating liability to the Governing Body as well as other key functionaries/officers for actions of the Society;
 - providing for a review mechanism of the decision of the Board of Governors on an identified number of members objecting to such decision;
 - formulating and prescribing accounting standards for large societies; and
 - implementing oversight mechanism to measure the actual social impact of the activities of the society.
- **TO PROMOTE SELF-REGULATION** of Societies by adopting a regulator with light-touch approach, by:
- mandating submission of records/details/filings to the regulator and encouraging digital submissions for maintenance of an online system such as *MCA-21*;
 - requiring periodical submission/updates of records;
 - providing for corporate governance standards for management/functioning of the Society;
 - establishing efficient reportage and notification mechanism; and
- **TO MODERNIZE REGULATORY FRAMEWORK** in order to present Societies as a viable business/non-business corporate entity, by:
- recognizing Society as a Corporate entity;
 - categorizing Societies that need to be registered with the State or at the Central level;
 - providing the regulator with a power to collect information;
 - enabling search, seizure and summon of information by the authorities from any Society;
 - regulating the membership size and number of Societies established by a single person or group of persons;
 - expanding the ambit of activities that can be performed by a Society; and
 - providing for administrative rule-making in order to provide flexibility to update the subjective legal requirements with the passage of time.
 - shifting from traditional penalties to a graded-offence/default model, with the regulator issuing improvement notices, warnings, suspensions/fines and cancellation of license or imprisonment being used as a last resort.

CHAPTER-IV

Legislative competence of the *Parliament*

4.1 The Expert Group undertook a detailed analysis of the legislative competence of the Parliament to enact such a statute in order to understand the scope and ambit of the proposed legislation. Under the scheme of distribution of powers outlined in Schedule VII of the Constitution of India, the powers of legislation is distributed between the *Parliament and State Legislatures*.

4.2 As per the Entries 42, 43 and 44 of the Union List ("**List I**") of Schedule VII, the Parliament's power is as under:-

- a. Inter-State trade and commerce (Entry-42)
- b. Incorporation, regulation and winding up of trading corporations, including banking, insurance and financial corporations, but not including co-operative societies (Entry 43); and
- c. Incorporation, regulation and winding up of corporations, whether trading or not, with objects/activities not confined to one State, but not including universities (Entry 44).

4.3. As per Entry 32 of List II, the States have legislative competence on matter relating to *incorporation, regulation and winding up of co-operative societies within the state*. In this context it is pertinent to note that Parliament has enacted an Act titled the "Multi-State Co-operative Societies Act, 2002" (MCS Act). **The ambit of this Act extends to all the co-operative societies which serve the interest of members in more than one state.**

4.4 Further, as per Entry 28 of the Concurrent List ("**List III**") of the Constitution, Parliament has overriding power over the State legislatures to enact legislations relating to '**charities and charitable institutions, charitable and religious endowments and religious institutions.**'

4.5 The legislative field covered by the Societies Registration Act, 1860 falls under Entry 32 of the State List ("**List II**") of Schedule VII provided the activities of a society is restricted to one state only.

Entry 32 reads as under;

"Incorporation, regulation and winding up of corporations, other than those specified in List I, and universities; unincorporated trading, literary, scientific, religious and other societies and associations; co-operative societies."

In the preceding paragraphs, it has been stated that the Multi-State Co-operative Societies Act, 2002 was enacted by invoking legislative competence under Entry 44

of List I of the Seventh Schedule of the Constitution. A Law on Multi-state Societies would also fall within the legislative competence of the Parliament as the activities of such societies are not limited to one State and thus would fall outside the purview of Entry-32 of List-II of the Seventh Schedule of the Constitution. It is a settled law that the Parliament's power to enact a law extends on all subjects except those which are specifically enumerated in the State List i.e. List-II of the Seventh Schedule of the Constitution.

4.6 As a general principle, it has been held in various judgements of the Supreme Court of India that the '*pith and substance*' of the impugned statute should be considered with a view to determine whether it is within the legislative competence of a particular Legislature. Once the '*pith and substance*' of a statute is considered, the Constitution exhibits federal supremacy in matters of law making. Therefore, if any matter could be brought within *the ambit of an* Entry of List I as well as an Entry of List II or List III, the power of the Parliament shall be exclusive in so far as the matter is covered by the Entry in List I (*India Cement vs. State of Tamil Nadu, AIR 1990 SC 85*).

4.7 Based on the above *decision of the Apex Court*, it is submitted that matters governing multi-state societies in their conduct of inter-state activities would fall within the competence of the Central Government vide Entry 44 of List I.

4.8 A view that emerged in the meetings of the Group was that the economic activities of a society could be regulated by the Parliament by enacting a law under Entry 42 of List I of the Seventh Schedule of the Constitution. In *Bengal Immunity Company Vs. State Of Bihar (AIR 1955 SC 661)*, it was held that the expression '*inter-state trade and commerce*' could be interpreted to mean/include any economic activity where the movement of goods (*or services*) has occasioned under a contract from one State to another. It was further held that the *situs* of a sale is immaterial for determining the inter-State nature; there must be an inextricable link between movements from one State to another.

The expression "commerce" has also been used in American Constitution. "Commerce" is described as the commercial intercourse between nation and parts of nation in all its branches, the commerce power cannot be limited to the regulation of buying and selling, but instead must encompass all aspects of economic activity.³

4.9 Therefore, the above interpretation '*inter-state trade and commerce*' would cover societies that have objectives which are multi-state in nature or carry out activities in more than one state. Additionally, it was also argued that matters governing charitable entities fall within the exclusive domain of Entry 28 of List III.

³ Excerpt from p. 9733, Durga Das Basu, "Commentary on the Constitution of India", 8th Edn 2011;

4.10 The Parliament of India has got the competence to enact any Law or Act to regulate the activities of Foreign Societies. In the matters where there is involvement of a foreign company/society/state or country is concerned, it is only the Parliament which is competent to frame the laws. As such in the matters where the activities of Indian Societies are spread/functioning in foreign countries or societies registered in foreign countries and their activities are in India then the activities of such societies has to be governed by laws to be enacted by the Parliament.

4.11 Accordingly, the Expert Group is of the view that the Parliament of India has the legislative competence under Entry 44 of List I to enact a legislation to regulate multi-state societies whose activities are spread in more than one state across India. In an effort to catalyze modernization of the various state amendments to the current Act in a homogenous manner.

CHAPTER-V

Salient features of the Bill

5 The draft of the Multi-State Societies Registration Bill, 2012 (hereinafter referred to as “proposed Bill”) as prepared by Expert Group has the following salient features.

5.1 The Proposed Bill propose to provide an enabling framework for the registration and functioning of the multi-state societies. The definition of what constitutes a '*multi-state society*' would be determined by the objective and nature of their activities as per the provision of the Proposed Bill. The term '*inter-state activity*' has been defined under the Proposed Bill as '*any activity carried on by a society...outside its place of origin, including territories outside India.*' The definition further specifies that certain activities shall on their own give rise to a presumption of '*inter-state activity*' irrespective of whether the society concerned carries out its activity outside its place of origin/incorporation.

5.2 Such societies have been categorized as follows:

- a. Societies receiving foreign contribution exceeding such an amount as may be prescribed, as defined under the Foreign Contributions (Regulation) Act, 2010, or applying to receive such foreign contribution;
- b. Societies receiving grants/funds/donations in excess of amount as may be prescribed by the Central Government from a Non-Resident Indian;
- c. Societies receiving grants/funds/donations in excess of amount as may be prescribed directly from the Central Government;
- d. Societies receiving immovable property in excess of the value as may be prescribed by the Central Government or State Government or any agency thereof;
- e. Societies funding another society or obtaining membership of another society outside the place of origin by any society;
- f. Societies admitting persons who are not citizens of India or Non-Resident Indians as members;

5.3 As per Clause 2 (1) (n) the definition of '*inter-state activity*' also encompasses 'receipt of foreign contribution', as defined under the Foreign Contribution (Regulation) Act, 2010 ('FCRA'). An important point to consider is whether a society whose operations are limited only to its place of origin be deemed a multi-state society by virtue of the fact that it receives foreign grants. This issue has been examined in great depth and it is pertinent to point out that granting approval for receiving foreign grants under the FCRA is purely in the domain of the Central Government. The Ministry of Home Affairs under Section 11 of the FCRA grants a 'certificate of registration' and subsequently gives 'prior permission' for receiving foreign grants. In light of the foregoing, it is submitted that the societies receiving foreign grants can be subject to a 'Central Law' such as the Multi-state Societies Registration Act.

5.4 The definition further goes on to clarify that certain activities such as becoming a party to a legal proceeding or holding a meeting outside the place of origin are not considered inter-state activities per-se. The justification for providing a wide definition of '*inter-state activity*' is to ensure that there are adequate safeguard mechanisms for ensuring accountability and transparency in societies that receive foreign funding or receive funds directly from the Central Government. This has been further enabled by providing for compulsory registering and reporting mechanisms for the societies that conduct inter-state activities.

5.5 The key provisions of the proposed Bill have been set out below:

- a. **Chapter II provides for Mode of formation of Multi-State Societies:** Like the present Act, i.e. Societies Registration Act, 1860, clause 6 of the Proposed Bill provides that any seven or more persons associated for any literary, scientific or charitable purpose and who conduct or plan to conduct inter-state activity may form a multi-state society. A multi-state society is a body corporate (Clause 15) capable of suing and being sued in its own name (Clause 17). Clause 8 provides every multi-state society must have either the words: a) "multi-state society"; or the acronym b) "MULTI-STATE SOCIETY" or MSS as the last words of its name along with the name of the state. This would enable a multi-state society to be distinguished from other kinds of societies.
- b. **Chapter II provides for Mode of Registration of Multi-State Societies:** Clause 4 of the Proposed Bill provides for compulsory registration of multi-state societies. Failure to obtain registration is an offence punishable under the proposed Bill. A provision has been introduced in the Proposed Bill which empowers the Central Government to cancel registration on grounds of non-compliance with its directions or submission of false document or for making misleading statements.

- c. Transition:** A transition provision of twelve months has been prescribed to all multi-state societies registered under the Societies Registration Act, 1860 for registration under the proposed bill (Clause 4). Failure to fulfill this requirement would be a punishable offence. It is also important to note that no existing multi-state society can utilize its funds unless it is registered under this bill. This is a mandatory requirement, non-fulfillment of which would be a punishable offence (Clause 5).
- d. Chapter II provides for Mode of reporting activities by Multi-State Societies to the Registrar:** The Proposed Bill also establishes an elaborate reporting mechanism whereby every multi-state society has to report its change in name, address or the type of activity to the Registrar (clause 11). Clause 13 requires every multi-state society to annually report a list of the names, addresses and occupations of the members of its governing body and a report on their activities indicating the nature and extent of inter-state activities. Clause 14 requires every multi-state society to maintain books of account in the prescribed form.
- e. Chapter II provides for Mode of dissolution of Multi-State Societies:** The Proposed Bill provides for two modes of dissolution for a multi-state society viz, a) voluntary; and b) compulsory. As per Clause 25, voluntary dissolution may be ordered, if, a registered multi-state society makes an application to the Central Government signed by not less than three-fifths of the members of that multi-state society. Compulsory dissolution may occur if the Central Government has reason to believe that the society is being used for unlawful purposes or for purposes prejudicial to national security, peace, welfare or public order, or if the registration of any multi-state society has been procured by fraud or misrepresentation, or if the society is being used for the purposes incompatible with its objects or if the society becomes dormant (Clause 26). Under Clause 27, the registrar may order dissolution, if he has reason to believe that the society has ceased to exist or is not carrying on any business.
- f. Chapter III provides for Mode and manner of conduct of Inspection or enquiry into affairs of the Multi-State Societies:** In what represents a departure from the Act, Chapter III of the Proposed Bill provides the power to the Central Government to call for information, or order inspection of the society in public interest or when such information/inspection is necessary for the purpose of enforcement. Clause 35 also provides that the power to conduct search and seizure of premises, if the Central Government has reason to believe that books of account or prescribed information are not being maintained in the manner provided under the Proposed Bill. It is submitted that the powers to inspect or call for information are likely to bring in much needed transparency and accountability in the functioning of the societies.

- g. Chapter III provides for Mode and manner of conduct of Investigation into the affairs of a multi-state society :** As per Clause 36, the Central Government has the power to investigate into the affairs of a multi-state society on receipt of a report of the inspector appointed under the Act or on receipt of a complaint from a member or key managerial personnel officers of the multi-state society or a member of the public that the multi-state society is not conducting its affairs in accordance with its Memorandum of Association and/or rules or in a manner oppressive to its members. It is submitted that these provisions will ensure protection of rights of members in a society and ensure that the affairs of the society are conducted in accordance with its objects.
- h. Chapter IV provides for Central Government power to take over the affairs of a multi-state society:** As per Chapter IV, the Central Government has the power to take over the affairs of a multi-state society, if it is of the opinion that the affairs of a multi-state society are being conducted or are proposed to be conducted against public interest. In such circumstances, the Central Government may take control over the affairs of the multi-state society or appoint a new Governing Body altogether.
- i. Habitual Offenders:** Under the Proposed Bill habitual offenders are very strictly deal with. Under Clause 12, if a society has furnished false or misleading documents for obtaining registration or has failed to comply with the provisions of this act an ‘improvement’ notice will be served on it. Failure to comply with the ‘improvement notice’ will result in suspension of registration. Finally if a multi-state society fails to comply with the ‘improvement notice’ even during the period of suspension, it’s registration will be cancelled.
- j. Chapter V provides for the penalties provided for offences:** The Proposed Bill adopts a graded approach to offences, providing regulators with the ability to issue ‘improvement notices’ or ‘suspend registration’ for non-compliance and prescribing penalties as a last resort.
- k. Chapter VII provides for Mode of formation of foreign society:** The Proposed Bill contains provisions on foreign societies under Chapter VII. A foreign society is defined as a society or other association of individuals incorporated outside India within the meaning of Foreign Exchange Management Act, 1999. Foreign societies are required to furnish information – copies of their charter documents, address, a list of their governing board of officer’s, address, particulars of opening and closing of a place of business in India and a declaration that none of the officers of the society or their authorized representative have been convicted or debarred from formation of companies or societies and management in India or abroad. They are also required to maintain books of account in the prescribed manner.

CHAPTER-VI

Justification

6.1 The proposed Bill will not substitute or supersede the existing framework regulating societies, i.e., the Societies Registration Act, 1860. The present statutes will continue to govern societies which are not engaged in inter-state activity and have local operational characteristics. The proposed Multi-State Societies Bill after being enacted as a Central Act will cover societies which have multi state operations or pan-national characteristics.

6.2 The proposed Bill provides for a centralized registration and reporting mechanism under the jurisdiction of the Ministry of Corporate Affairs. The multi-state nature of the business entities is determined by the scope of their activities. The legislation also contains provisions relating to protection of rights of members and provides the institutional basis for good business governance structures ensuring that businesses utilize their resources for the common good. In addition, the Expert Group has studied the key learning's from judicial pronouncements and administrative enforcement of the existing statutes in order to provide an efficient framework for regulation of multi-state societies.

Acknowledgements

1. The Expert Group wishes to acknowledge the assistance received from many quarters in completing its task. All relevant information and other documents needed by the Expert Group were promptly supplied by the Ministry of Corporate Affairs, who also provided logistical and administrative support as well as Secretarial assistance to the Expert Group.

2. The Expert Group would like to record its high appreciation for the efforts put in by professionals and experts, who provided the Expert Group with their output and suggestions.

3. The Expert Group would also like to acknowledge the in depth analysis done in papers prepared by the members of the Expert Group. The Expert Group would also specially acknowledge the painstaking works put in by Dr. K.N. Chaturvedi, Chairman of the Expert Group as well as Shri T.K. Viswanathan for their sage guidance to the Expert Group for performing on the Terms of Reference accorded to it.

4. Specific mention is required to be made for the work put in by Shri Suhaan Mukerji, Shri Aditya Prakash Rao from M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co., who along with their colleague Mr. Sudhanshu Roy assisted the Expert Group in drafting and analyzing the various provisions and working of the societies not only in India but also in advanced foreign countries. The Expert Group also acknowledges the practical suggestions and citations rendered to it by Shri Pawan Kumar Vijay, Managing Director, Corporate Professionals (India) Private Limited.

5. The Expert Group also wishes to record its high appreciation of the hard work put in by the team of officials from Ministry of Corporate Affairs who laboured hard to enable timely and smooth holding of meetings, making available the materials required for preparation of the report.

6. The Expert Group also likes to thank and appreciate Smt. Renuka Kumar, Joint Secretary, Ministry of Corporate Affairs, who provided timely support, guidance and guidelines for preparation of the report of the Expert Group and willingly took upon herself the responsibility of being the focal point for collecting information from other concerned Ministries/Departments. The Expert Group benefited greatly from her analysis and insights, based on direct experience from regulation of companies. The contributions and drafting guidance provided by Shri U.C. Nahta, DII, Ministry of Corporate Affairs were pivotal during the working of the Expert Group.

7. The Expert Group also expresses its appreciation for the work done by Shri S.K. Sharma, member of the Expert Group and Shri Alok Samantarai, Joint Director, of the Ministry of Corporate Affairs and Member-Convener of the Group, who collected papers and documents on the subject from various Ministries and coordinated the work of the Expert Group. The Expert Group expresses its special thanks to Ms. Neeti Sharma and Ms. Prerna Rohilla, Company Secretary Trainees for their zeal and enthusiasm in helping the Group for preparation of its Report and Proposed Bill.

8. Last but not the least the Expert Group acknowledges the secretarial services rendered by Smt. Durgesh Nandini, P.S. in the Ministry of Corporate Affairs.

Annex 1

Composition of and Terms of Reference to the Expert Group

1. The Ministry has decided to constitute an Expert Group to study the legislative and regulatory architecture of the Societies Registration Act, 1860 governing the functioning of the societies in India and also to study the ground situation with respect to the operation of the said Act so as to identify the regulatory gaps and regulatory oversight mechanism with a view to formulate a model law on the subject.

2. The Ministry constituted an Expert Group under the Chairmanship of Shri T.K. Vishwanathan, the then Adviser to Ministry of Law and presently the Secretary General of Lok Sabha to study the legislative and regulatory architecture of the Societies Registration Act, 1860 governing the functioning of societies in India and also to study the ground situation with respect to the operation of the said Act so as to identify the regulatory gaps and oversight mechanism with a view to formulate a Model Law on the subject. The Expert Group had the liberty to co-opt any other expert as a member or special invitee in any of its meetings, if needed, and also to invite other persons to assist in its working.

3. Owing to impending assignments on his appointment as Secretary General, Lok Sabha, Shri T.K. Viswanathan had indicated his inability to continue as Chairman of this Expert Group.

4. Keeping in view the expertise in the area, the Ministry requested Dr. K.N. Chaturvedi, former Secretary (Legislative), Government of India to be the Chairman of the Expert Group vide F.No. 01/01/2010 dated 11.05.2011. The Expert Group could commence its work under the Chairmanship of Dr. K.N. Chaturvedi in the month of September, 2011. The members of the Expert Group are as follows:

Smt. Renuka Kumar	Joint Secretary, MCA
Sh. Pawan Vijay	MD, Corporate Professionals (India) Pvt. Ltd.
Shri Suhaan Mukerji	Advocate & Partner, M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co.
Sh. S. K. Sharma	Consultant, IICA
Sh. Aloksamantarai	Joint Director, MCA, Convener.

5. The Expert Group was asked to submit its report by 30.6.2012. To finalise this report, the Expert Group held meetings at the Ministry of Corporate Affairs office and collected the materials and data from other Ministries/Departments.

Annex 2
Multi-State Societies Registration Bill, 2012

MULTI-STATE SOCIETIES REGISTRATION BILL, 2012

Chapter : I - Preliminary

1. Short title, extent commencement and application
2. Definitions
3. Applicability
4. Multi-state society not to carry on inter-state activity without registration
5. Application for emergent cases

Chapter : II – Registration of Multi-State Societies and matters incidental thereto

6. Mode of forming a Multi-State Society
7. Materials required for registration
8. Name
9. Reservation of name
10. Registration process
11. Reporting change in particulars
12. Power to cancel registration
13. Annual reporting requirements
14. Maintenance of books of accounts
15. Multi-state society a body corporate
16. Property of multi-state society how vested
17. Suits by and against multi-state societies
18. Suits not to abate
19. Enforcement of judgment against multi-state society
20. Recovery of penalty accruing under bye-law
21. Members liable to be sued as strangers
22. Members guilty of offences punishable as strangers
23. Multi-state societies enabled to alter, extend or abridge their purposes
24. Circumstances in which a multi-state shall dissolve
25. Voluntary dissolution of a multi-state society
26. Dissolution on an order made by the Central Government
27. Cessation of existence of a society
28. Upon a dissolution no member to receive profit
29. Member defined
30. Multi-state society to have citizens as officers
31. Right of members to inspect books and records

Chapter : III – Inspection, Inquiry and Investigation

32. Power to call for information and inspect books
 33. Power to call for information relating to the affairs of a multi-state society
 34. Report on inspection
 35. Search and seizure
 36. Investigation by Central Government
 37. Investigation into affairs of the multi-state society
 38. Protection of employees, members and officers during investigation
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 40. Penalty for furnishing false statement, mutilation, destruction of documents
41. Compounding of certain offences

Chapter : IV – Power of the Central Government to take over the affairs of a multi-state society

42. Power of the Central Government to take over the affairs of a multi-state society

Chapter : V – Offences and Punishment

43. Improvement Notices for contraventions
 44. Offences and punishment
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 46. Power of the Central Government to revise orders prejudice to public interest
47. Amounts recoverable as arrears of land revenue

Chapter : VI – Governing Body Identification Number

48. Application for allotment of Governing Body Identification Number
49. Allotment of Governing Body Identification Number
50. Obligation to intimate Governing Body Identification Number
51. Obligation to indicate Director Identification Number
52. Penalty for contravention of provisions of this Chapter

Chapter : VII – Foreign Societies

53. Foreign Societies
54. Accounts of Foreign Societies
55. Display of name and other matters relating to a foreign society
56. Service on Foreign Societies

Chapter : VIII - Miscellaneous

57. Maintenance of records and right of public to inspect
58. Power of the Central Government to make rules
59. Publication of name and multi-state nature
60. Power to remove difficulties
61. Act to have overriding effect
62. Protection of acts done in good faith
63. Power of Central Government to direct multi-state societies to furnish information or statistics

First Schedule

Second Schedule

MULTI-STATE SOCIETIES REGISTRATION BILL, 2012

A

BILL

to provide for the registration and regulation of multi-state societies *and for matters connected therewith or incidental thereto.*

BE it enacted by Parliament in the Sixty-third Year of the Republic of India as follows:—

Chapter: I - Preliminary

1. Short title, commencement and extent

- 1) This Act may be called the Multi-State Societies Registration Act, 2012.
- 2) It extends to the whole of India.
- 3) It shall come into force on such date as the Central Government may, by notification, appoint and different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the commencement of that provision.

2. Definitions

- (1) In this Act, unless the context otherwise requires, -
 - (a) “activity” includes all transactions by a society related to its objectives;
 - (b) “Certificate of Registration” means a certificate of registration issued under Section 8 of the Act;
 - (c) “chartered accountant” means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 and who holds a valid certificate of practice under sub-section (1) of section 6 of that Act;
 - (d) “Chief Executive Officer” means an officer of a multi-state society who has been designated as such by virtue of an agreement with the multi-state

society or a resolution passed by the governing body or by its members, or in the absence of such person, the Secretary of the Governing Body;

- (e) “Chief Financial Officer” means a person appointed as the Chief Financial Officer of a multi-state society, or in the absence of such person, the treasurer;
- (f) “Company Secretary” means a Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 and who is appointed by a multi-state society to perform the functions of a Company Secretary under this Act;
- (g) “court” means the principal court of original civil jurisdiction where the multi-state society is registered;
- (h) “financial year” means the year starting on April 1 and ending on March 31 of every year;
- (i) “foreign society” means a society or other association of individuals incorporated outside India within the meaning of Foreign Exchange Management Act, 1999; as defined under section 53 of this Act
- (j) “governing body” means the governors, council, directors, committee, trustees or other body with whatever nomenclature to whom by the rules and regulations of the multi-state society the management of its affairs is entrusted;
- (k) “governing body identification number” means an identification number which the Central Government may allot to any individual intending to be appointed as member of Governing Body of a multi-state society or to any existing member of Governing Body of a multi-state society, for the purpose of his identification as such;
- (l) “Improvement notice” means a notice issued under Section [] by the Central Government or any other officer/authority empowered by the Central Government.
- (m) “inspector” means any officer appointed by the Central Government for the purposes of Chapter III of this Act;
- (n) “inter-state activity” means any activity carried out by a society directly or indirectly for cash, or for deferred payment or for commission, remuneration or other valuable consideration from the place other than place of origin including overseas transaction and also to include the following:

(i) – The Receipt of foreign contribution, as defined under the Foreign Contributions (Regulation) Act, 2010, or an application/registration to receive such foreign contribution in excess of the amount as may be prescribed.

(ii) – The Receipt of grants/funds/donations, in excess of amounts as may be prescribed, from a Non-Resident Indian.

(iii) – The Receipt of grants/funds/donations, in excess of such amounts as may be prescribed, directly from the Central Government.

(iv) – Receipt of immovable property from the Central Government or any agency thereof in excess of such value as may be prescribed shall be deemed as an inter-state activity within the meaning of this clause.

(v) - Funding of another society or membership of a society outside the place of origin by any society shall be deemed as an inter-state activity within the meaning of this clause.

(vi) – Admitting persons who are not citizens of India or Non-Resident Indians as members shall be deemed as an inter-state activity within the meaning of this clause.

Explanation – The following activities being conducted outside the place of origin shall not be considered an inter-state activity:

(i) Becoming a party to a legal proceeding or effecting settlement of a legal proceeding or of a legal claim or legal dispute;

(ii) Holding a meeting of managers or partners outside the place of origin;

(o) “member” means a person as defined under Section 26;

(p) “memorandum of association” means the document of a multi-state society as submitted under Section 3 of this Act

(q) “multi-state society” means any multi-state society registered under this Act or any society carrying on inter-state activity;

(r) “officer” includes any manager or person in accordance with whose instructions the Governing Body or any one or more Committees of the multi-state society are accustomed to act or who controls the day to day functioning of the multi-state society or a part thereof;

- (s) “place of origin” means the State in which the multi-state society is registered;
- (t) “quarter” means one of four three-month intervals of a financial year starting on April 1 and ending on March 31;
- (u) “Regional director” means Regional Director, as notified by the Ministry of Corporate Affairs.
- (v) “Registrar” means the Registrar, of multi-state societies, as notified by the Ministry of Corporate Affairs.
- (w) “Rules and regulations” means the rules and regulations of the multi-state society filed with the registrar.
- (x) “secretary” means the secretary of a multi-state society appointed in accordance with its memorandum of association or rules and regulations;
- (y) “society” means any society registered under the Societies Registration Act, 1860;
- (z) “Treasurer” means the treasurer of a multi-state society appointed in accordance with its memorandum of association or rules and regulations.

3. Applicability

(1) This Act shall be applicable to:

- (a) all multi-state societies incorporated after the commencement of this Act;
- (b) all multi-state societies incorporated before the commencement of the Act, whether under:
 - (i) Societies Registration Act, 1860; or
 - (ii) Any other law relating to societies in force in any state or in pursuance of the Societies Registration Act, 1860;

and where the registration for such multi-state society has not been cancelled.

4. Multi-state society not to carry on inter-state activity without registration

(1) Notwithstanding anything contained in any Act, all multi-state societies shall be registered under this Act.

- (2) No multi-state society shall carry on any inter-state activity without registration under this Act:

Provided that all multi-state societies registered under the Societies Registration Act, 1860 and conducting interstate activities shall register under this Act or cease all inter-state activity within twelve months from the date of commencement of this Act or close of the next financial year, whichever is later.

- (3) Subject to the provisions of Section 5, any multi-state society carrying on inter-state activity in violation of sub-section (1) shall have committed an offence punishable as prescribed under Schedule – I of this Act.

5. Application for emergent cases

- (1) Notwithstanding anything contained under Section 4, a multi-state society registered under the Societies Registration Act, 1860 prior to the commencement of this Act may receive the following funds pending registration under this Act:

- (a) foreign contribution, as defined under the Foreign Contributions (Regulation) Act, 2010;
- (b) grants/funds/donations from a Non-Resident Indian;
- (c) grants/funds/donations in excess of Rupees Ten Lakh per financial year directly from the Central Government.

- (2) No funds received under Sub-section (1) shall be utilized before the multi-state society receives registration under this Act.

- (3) Any multi-state society in contravention of Sub-section (2) shall have committed an offence punishable as prescribed under Schedule – I of this Act.

Chapter : II – Registration of Multi-State Societies and matters incidental thereto

6. Mode of forming a Multi-State Society

- (1) Any seven or more persons associated for any literary, scientific or charitable purpose, or for any such purpose as is described in Section [] of this Act and who conduct or plan to conduct inter-state activity by such association shall, by subscribing their names to a memorandum of association and filing the

same with an application for registration as a multi-state society to the Registrar in the manner prescribed.

- (2) Form 1 in Table A of Schedule-I of this Act shall form the baseline for the memorandum of association and rules and regulations for all multi-state societies.
- (3) If Form 1 in Table A of Schedule-I of this Act is not the baseline for the memorandum and rules and regulations of any multi-state society or a part thereof, the Form shall automatically apply to such memorandum and rules and regulations or part thereof.

7. Documents required for registration

(1) An application for registration of Multi-State Societies shall consist of the following:

- (a) An application in the form as may be prescribed
- (b) A copy of the memorandum of association, which shall contain the following:
 - (i) The name of the multi-state society;
 - (ii) The object of the multi-state society;
 - (iii) The address which shall be the registered office of the multi-state society;
 - (iv) The names, addresses, and occupations of the governors, council, directors, committee or other governing body to whom, by the rules of the multi-state society, the management of its affairs is entrusted;
 - (v) Provision for distribution of multi-state society property upon winding down; and
 - (vi) Details of existing or planned interstate activity;
 - (vii) For a multi-state society which is affiliated to or is being registered pursuant to Chapter VII herein, provide details of the operations of such Foreign Society and the linkages/affiliation of the proposed multi-state society with such Foreign Society
- (c) A copy of the rules and regulations of the multi-state society, certified to be a correct copy by all members of the governing body.

8. Name

(1) Every multi-state society shall have either the words “multi-state society” or the acronym “MULTI-STATE SOCIETY” or “MSS” as the last words of its name alongwith the name of the state in which the society has its place of origin.

(2) No multi-state society shall be registered by a name which, in the opinion of the Central Government is—

- (a) undesirable; or
- (b) identical or too nearly resembles to that of any other partnership firm or multi-state society or limited liability partnership or body corporate or a registered trade mark of any other person under the Trade Marks Act, 1999 (47 of 1999).

Provided that sub-section 2 (b) shall not be a ground for refusal for an application made by a multi-state society already registered under the Societies Registration Act, 1860 prior to the commencement of this Act and providing satisfactory evidence of registration of such name.

9. Reservation of name

(1) A person may apply in such form and manner and accompanied by such fee as may be prescribed to the Registrar for the reservation of a name set out in the application as—

- (a) the name of a proposed multi-state society; or
- (b) the name to which a multi-state society proposes to change its name.

(2) Upon receipt of an application under sub-section (1) and on payment of the prescribed fee, the Registrar may, if he is satisfied, subject to the rules as may be prescribed in this regard, that the name to be reserved is not one which may be rejected on any ground referred to in Section 6, reserve the name for a period of three months from the date of intimation by the Registrar.

10. Registration process

- (1) The Registrar shall receive the application, collect a registration fee and process the application in the manner prescribed by Central Government.
- (2) Notwithstanding anything contained in this act, if a multi-state society has ceased to exist or ceased to carry out multi-state activities it will not be eligible re-registration post cessation.

11. Reporting change in particulars

- (1) A multi-state society shall intimate the Registrar in such manner as may be prescribed, of the following:
 - a. Changes in its name or place of origin;
 - b. Amendments to its rules and regulations;
 - c. Changes in the composition or contact information of the members of its governing body;
 - d. Opening or closing of branches or other places of business;
 - e. Expansion of inter-state activities into new States or cessation of activities in a given State.
- (2) Reporting shall be done within 30 working days of the change taking effect.
- (3) Any multi-state society that is in contravention of sub-section (1) shall be subject to such fine as prescribed by Central Government under this Act.

12. Power to cancel registration

- (1) If the Central Government has reasonable ground to believe that any multi-state society registered under this Act has furnished false or misleading documents for obtaining registration under this Act or has failed to comply with the provisions of this Act, it may, by an improvement notice served on the multi-state society –
 - (a).state the grounds for believing that the multi-state society has furnished false or misleading documents for obtaining registration under this Act or has failed to comply with the provisions of this Act;
 - (b).specify the matters which constitute the multi-state society's failure to comply;
 - (c).specify the measures which, in the opinion of the said Central Government, the multi-state society must take, in order to secure compliance; and
 - (d).require the multi-state society to take those measures within a reasonable period (not being less than fourteen days) as may be specified in the notice.

- (2) If the multi-state society fails to comply with an improvement notice under Sub-section (1), its registration may be suspended for a period as may be deemed fit by the Central Government.
- (3) If the multi-state society fails to comply with the improvement notice even during the period its registration has been suspended under Sub-section (2), the Central Government may cancel the registration in the prescribed form and manner .

Provided that no cancellation shall be done by the Central Government without affording the multi-state society an opportunity of being heard.

13. Annual reporting requirements

Each multi-state society shall file with the Registrar, in such form and by such date as prescribed by Central Government, including the following:

- a. A list of the names, addresses and occupations of the governors, council members, director, committee members, or other governing body members those entrusted with the management of the affairs of the multi-state society;
- b. An annual report of activities indicating the nature and extent of inter-state activities being conducted by the multi-state society, in the form and manner prescribed by the Central Government.

14. Maintenance of books of accounts

- (1) Every multi-state society shall keep at its registered office proper books of account with respect to –
 - (a) all sums of money received and expended by the multi-state society and the matters in respect of which the receipt and expenditure take place;
 - (b) all sales and purchases of goods by the multi-state society; **and**
 - (c) the assets and liabilities of the multi-state society:

Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Governing Body may decide and, within seven days of the decision, it shall file with the Registrar a notice in writing giving the full address of that other place.

- (2) Where a multi-state society has a branch office, whether within or outside India, the multi-state society shall be deemed to have complied with the

provisions of sub-section (1), if proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarized returns, made up to dates at intervals of not more than three months, are sent by the branch office to the multi-state society at its registered office or the other place referred to in sub-section (1).

(3) For the purposes of sub-sections (1) and (2), proper books of account shall not be deemed to be kept with respect to the matters specified therein, -

(a) If such books are not kept as are necessary to give a true and fair view of the state of affairs of the multi-state society or branch office, as the case may be, and to explain its transactions; and

(b) if such books are not kept on accrual basis and according to the double entry system of accounting.

(4) The books of account of every multi-state society relating to a period of not less than eight years immediately preceding the current year together with the vouchers relevant to any entry in such books of account shall be preserved in good order:

Provided that in the case of a multi-state society incorporated less than eight years before the current year, the books of account for the entire period preceding the current year together with the vouchers relevant to any entry in such books of account shall be so preserved.

(5) If any of the persons referred to in sub-section (6) fails to take all reasonable steps to secure compliance by the multi-state society with the requirements of this section, or has by his own wilful act been the cause of any default by the multi-state society thereunder, he shall have committed an offence punishable in a manner provided under Schedule-I of this Act:

Provided that in any proceedings against a person in respect of an offence under this section consisting of a failure to take reasonable steps to secure compliance by the multi-state society with the requirements of this section, it shall be a defence to prove that a competent and reliable person was charged with the duty of seeking that those requirements were complied with and was in a position to discharge that duty:

(6) The persons referred to in sub-section (5) are the following, namely:

(a) where the multi-state society has a Chief Executive Officer, such Chief Executive Officer or President and all officers of the multi-state society; and

(b) where the multi-state society has neither a Chief Executive Officer, every member of the Governing Body of the multi-state society.

(7) If any person, not being a person referred to in sub-section (6), having been charged by the Chief Executive Officer or President or the Governing Body, as the case may be, with the duty of seeing that the requirements of this section are complied with makes default in doing so, he shall, in respect of each offence, shall have committed an offence punishable in a manner prescribed under Schedule-I of this Act.

15. Multi-state society a body corporate

A multi-state society registered under this Act shall be deemed to be a body corporate.

16. Property of multi-state society how vested

The movable and immovable property, belonging to a multi-state society shall be deemed to be vested in the multi-state society.

17. Suits by and against multi-state societies

Every multi-state society shall be capable of suing or being sued in its own name:

Provided that it shall be competent for any person having a claim, or demand against the multi-state society, to sue the officers, if the rules and governing body do not otherwise provide for a named defendant.

18. Suits not to abate

No suit or proceeding in any Civil Court shall abate or discontinue by reason of the person, by or against whom such suit or proceedings shall have been brought or continued, dying or ceasing to fill the character in the name whereof he shall have sued or been sued, but the same suit proceedings shall be continued in the name of or against the successor of such person.

19. Enforcement of judgment against multi-state society

(1) If a judgment shall be recovered against the officers named on behalf of the multi-state society, such judgment shall not be put in force against the property, movable or immovable, against the officers, but against the property of the multi-state society.

Provided that sub-section (1) shall not be applicable if the judgment is in pursuance of any fraud or mismanagement by the officers.

- (2) The application for execution shall set forth the judgment, the fact that the named party representing the multi-state society sued or was sued on behalf of the multi-state society only, and shall require the judgment to be enforced only against the property of the multi-state society.

20. Recovery of penalty accruing under bye-law

Recovery of pecuniary penalties imposed under a valid bye-law of a multi-state society may be recovered in any court having jurisdiction where the defendant resides or where the local branch of the multi-state society imposing the penalty is situated.

21. Members liable to be sued as strangers

(1) Any member who may be in arrear of a subscription which according to the rules of the multi-state society he is bound to pay, or who shall possess himself of or detain any property of the multi-state society in a manner or for a time contrary to such rules, or shall injure or destroy any property of the multi-state society, may be sued for such arrear or for the damage accruing from such detention, injury, or destruction of the property in the manner hereinbefore provided.

(2) **Where** the member-defendant shall be successful in any suit or other proceedings brought against him at the instance of the multi-state society, and shall be adjudged to recover his costs, such member-defendant may elect to proceed to recover the same from the officers in whose name the suit was brought, or from the multi-state society, and in the latter case shall have process against the property of the said multi-state society in the manner above described:

Provided that a successful member-defendant shall only have the right to recover his costs from the officers in whose name the suit was brought if, in the written opinion of the Board such officers had not acted in good faith or in pursuance of this Act or any rules or orders made thereunder or the multi-state society's interests and objectives, or in respect of the publication by or under the authority of the Central Government.

22. Members guilty of offences punishable as strangers

Any member of the multi-state society who shall steal, purloin, or embezzle any money or other property, or willfully, and maliciously destroy or injure any property of such multi-state society, or shall forge and deed, bond, security for money, receipt, or other instrument, whereby the funds of the multi-state society may be exposed to

loss, or shall commit any other criminal offence duly designated by the Registrar in regulations under this Act, shall be subject to the same prosecution, and, if convicted, shall be liable to be punished in like manner, as any person not a member would be subject and liable to in respect of the like offence.

23. Multi-state societies enabled to alter, extend or abridge their purposes

(1) Whenever it shall appear to the governing body of any multi-state society registered under this Act, which has been established for any particular purpose or purposes, that it is advisable to alter, extend, or abridge such purpose to or for other purposes within the meaning of this Act, or to amalgamate such multi-state society either wholly or partially with any other multi-state society, such governing body may submit the proposition to the members of the multi-state society in a written or printed report, and may convene a special meeting for the consideration thereof according to the regulations of the multi-state society;

(2) Notwithstanding the powers granted in subsection (1), no such proposition shall be carried into effect unless such report shall have been-

- (a) intimated to every member twenty days previous to the special meeting convened by the governing body for consideration of the change;
- (b) agreed to by the votes of three-fifths of the members delivered in person or by proxy;
- (c) confirmed by the votes of three-fifths of the members present and voting at a second special meeting convened by the governing body at an interval of one month after the former meeting; and
- (d) duly submitted to the Registrar.

(3) The Registrar may, by rules and regulations promulgated under this Act, impose further restrictions or requirements on the amalgamation of multi-state societies and the notice and approval processes for amendment.

24. Circumstances in which a multi-state shall dissolve

A multi-state society shall be dissolved under the following circumstances:

- (a) If, in the opinion of the Registrar, the multi-state society has ceased to exist;

- (b) On an application made by two-thirds of the total number of members of the multi-state society;
- (c) On an order made by the Central Government under **Section 26**.

25. Voluntary dissolution of a multi-state society

- (1) Any registered multi-state society which proposes to dissolve itself voluntarily by making an application to the Central Government signed by not less than three-fifths of the members of any multi-state society.
- (2) On receiving the application of dissolution, the Central Government shall issue notices to the relevant departments/authorities prescribed by the Central Government, notifying them of the proposal of the members to dissolve the multi-state society and seeking their approval in the mode and manner prescribed by the Central Government.
- (3) Before issuing notices under sub-section (2) above, the Registrar must satisfy himself that the proposed dissolution of the multi-state society may be in accordance with its rules.
- (4) If the relevant departments/authorities under sub-section (2) are of the opinion that certain terms and conditions must be complied with by the multi-state society before they grant approval for dissolution of the multi-state society, the relevant departments/authorities shall communicate such terms and conditions to the Central Government who shall notify the multi-state society of the same in writing and the multi-state society shall submit its response/compliance report, in the manner prescribed by the Central Government, to the Central Government who shall in-turn submit it to the relevant departments/authorities to assess whether such terms and conditions have been met or not and accordingly grant/deny approval for dissolution.
- (5) After receiving approval from the relevant departments/authorities under sub-section (2), the Central Government shall take or cause to be taken all necessary steps for the disposal and settlement of the property of the multi-state society, its claims and liabilities according to the rules of the said multi-state society applicable thereto, as provided as part of the application for registration:

Provided that in case the rules and regulations of multi-state society do not provide for disposal and settlement of the property of the multi-state society in the event of its dissolution, the Governing Body shall decide on a scheme of disposal and settlement

of the property of the multi-state society, which shall be ratified by no less than half the members of the multi-state society:

Provided further that in case where such ratification of a majority of the members has not been obtained after three consecutive notices to all the members of the multi-state society in accordance with this sub-section, the Governing Body shall make an application to the Registrar and obtain his approval for scheme of disposal and settlement of the property decided by the members of the Governing Body:

Provided **also** that whenever any Government is a member of, or a contributor to, or otherwise interested in any multi-state society registered under this Act, an application under sub-section (1) herein to dissolve such multi-state society shall not be made without the consent of the Government.

Explanation: The voluntary dissolution of the multi-state society shall not take place unless three-fifths of the members have expressed their desire for dissolution by their votes delivered in person, or by proxy, at a general meeting convened for that purpose.

26. Dissolution on an order made by the Central Government

- (1) A multi-state society may be dissolved by the Central Government, if it is determined by the Central Government or relevant departments/authorities prescribed by the Central Government that:
- (a) any multi-state society is being used for unlawful purposes or for purposes prejudicial to national security, peace, welfare or public order;
 - (b) the registration of any multi-state society has been procured by fraud or misrepresentation;
 - (c) any multi-state society is being used for purposes incompatible with the objects and rules of the multi-state society;
 - (d) the membership of the multi-state society is reduced below seven and continues to be below seven for a period of three months;
 - (e) the rules of any multi-state society are or have been inadequate for its proper management and control and the multi-state society has failed without reasonable cause to amend its rules within 3 months of, and in accordance with, a direction from the Registrar to amend its rules for those purposes;

- (f) any multi-state society has willfully contravened any provision of this Act or of any regulations made thereunder, or of any of the rules of the multi-state society;
- (g) if the Central Government is of the opinion that it is just and equitable that the multi-state society should be wound up:

Provided that no such order shall be passed by the Central Government without affording the multi-state society an opportunity of being heard.

- (2) No order under sub-section (1) shall be made by the Central Government without issuing notices to the relevant departments/authorities prescribed by the Central Government, notifying them of the proposal to dissolve the multi-state society and receiving their approval for such dissolution in the mode and manner prescribed by the Central Government
- (3) The order of the Central Government made under sub-section (1) shall be affixed in a conspicuous manner on any building occupied by the multi-state society and sent to all the members.
- (4) Any multi-state society which continues to operate after an order against it under sub-section (1) shall be guilty of an offence and punishable as prescribed under Schedule – I of this Act.

27. Cessation of existence of a society

- (1) If the Central Government has reason to believe that any registered multi-state society has ceased to exist or is not carrying on any business or is not in operation, it may publish in the *Gazette of India* a notification calling upon the multi-state society to furnish him with proof of its existence within 3 months from the date of the Notification. A copy of the said Notification shall be sent by registered post to the place of business of the multi-state society.
- (2) If at the expiration of the 3 months, the Central Government is satisfied that the multi-state society has ceased to exist, it shall issue notices to the relevant departments/authorities prescribed by the Central Government, notifying them of the cessation of business or operation of the multi-state society and seeking their approval for declaring that the multi-state society has ceased to exist in the mode and manner prescribed by the Central Government.
- (3) If a Multistate Society ceases to be a Multistate Society then it can be treated under the provisions of the Dormant societies for a period as may be prescribed.

- (4) After receiving approval from the relevant departments/authorities under sub-section (2), the Central Government may issue a Notification to that effect shall be published in the *Gazette of India*, and the multi-state society shall be deemed to have ceased to exist from the date of the publication.

28. Upon a dissolution no member to receive profit

- (1) If upon the dissolution of any multi-state society registered under this Act in accordance with provisions contained herein, there shall remain, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the said multi-state society or any of them, but shall be given to some other multi-state society, to be determined by the memorandum of association or, in the absence of an applicable provision, the terms and conditions for dissolution set out by the relevant departments/authorities prescribed by the Central Government whose approval has to be taken before such dissolution, or in default thereof, by the court with original civil jurisdiction over the multi-state society's place of origin:
- (2) Every decision under sub-section (1) shall be published in the *Gazette of India* within thirty days from the date of the said decision.

29. Member defined

For the purposes of this Act, a member of a multi-state society shall be a body corporate or a person, whether a citizen of India or not, who, having been admitted therein according to the rules and regulations thereof, shall have paid a subscription, or shall have signed the roll or list of members thereof, and shall not have resigned in accordance with such rules and regulations:

Provided that in all proceedings under this Act no person shall be entitled to vote or be counted as a member whose subscription at the time shall have been in arrears for a period exceeding three months.

30. Multi-state society to have citizens of India as officers

- (1) Majority of the officers and members of the Board of every multi-state society registered under this Act shall be citizens of India.
- (2) If, for reasons of death, resignation or removal, of such officers and/or members of the Board as referred to under Sub-section (1), the multi-state society does not have majority of persons who are citizens of India as its officers and/or members of the Board, the multi-state society shall appoint

such number of citizen(s) of India as officers and/or members of the Board within a period of three months from the date of death, resignation or removal of the officers and/or members of the Board to under Sub-section (1) so as to comply with the requirements of Sub-section (1).

31. Right of members to inspect books and records

- (1) Every member of a multi-state society desirous of inspecting the books and records maintained by the multi-state society shall be entitled to do so during reasonable hours after giving not less than two days notice in writing to the multi-state society.
- (2) Subject to Sub-section (1), every member shall be entitled to inspect the following books and records maintained by the society:
 - (a) Minutes of the meetings of the Governing Body and various committees or sub-committees constituted as per the rules and regulations;
 - (b) Annual accounts, returns and all statutory documents submitted.
- (3) Member so inspecting the books and records maintained by the multi-state society shall be entitled to make copies of such records solely at his own expense.

Provided that in case the books and records cannot be copied outside the multi-state society, the office of the multi-state society shall make available appropriate copies to the member concerned at a cost prescribed by Central Government.

Chapter : III – Inspection, Inquiry and Investigation

32. Power to call for information and inspect books

- (1) Where on a scrutiny of any document filed by a multi-state society or on any information received by the Central Government or in public interest, the Central Government is of the opinion that any further information or explanation or scrutiny of any further documents relating to the multi-state society is necessary for the purposes of this Act, the Central Government may by a written notice require the multi-state society:

- (a) to furnish in writing such information or explanation; or

(b) to produce documents,

within such reasonable time, as may be specified in the notice.

- (2) On the receipt of a notice under sub-section (1), it shall be the duty of the multi-state society and of its officers to furnish such information or explanation and produce the documents within the time specified by the Central Government:

Provided that where such information or explanation relates to any past period, the persons who had been officers or in the employment of the multi-state society or members of the Governing Body for such period, if so called upon by the Central Government through a notice served on them in writing, shall also furnish such information or explanation.

- (3) The Central Government may on a scrutiny of any document filed by a multi-state society or on any information received by the Registrar under sub-section (1), authorize an inspector to make an inspection and the inspector may, during the course of such inspection, as the case may be,:

- a) make or cause to be made copies of books of account and other books and papers; or
- b) place or cause to be placed any marks of identification in such books in token of the inspection having been made

- (4) If no information or explanation is furnished to the Central Government within the time specified under sub-section (1) or if the Central Government, on an examination of the documents furnished, is of the opinion that the information or explanation furnished is inadequate or that the affairs of the multi-state society are being mismanaged or that it believes that an offence may have been committed under this Act, it may, by another written notice, call on the multi-state society to produce for inspection, such further books of account, books, papers and explanations as it may require at such place and at such time specified in the notice:

Provided **further** that before any notice is served under this sub-section, the Central Government shall record its reasons in writing for issuing such notice.

- (5) If the Registrar is, satisfied on the basis of information available with or furnished or on a representation made to it by any person, that the business of a multi-state society is being carried on for a

fraudulent or unlawful purpose or against public interest, the Central Government may, after informing the multi-state society of the allegations made against it by a written order, call on the multi-state society to furnish in writing any information or explanation on matters specified in the order within a specified time and carry out such inquiry deemed fit:

Provided that the Central Government shall provide the multi-state society a reasonable opportunity of being heard before issuing any such order.

- (6) Without prejudice to the foregoing provisions of this section, the Central Government may, if it is satisfied that circumstances so warrant, direct inspection of books and papers of a multi-state society by any inspector appointed or any officer designated/authorized by it for the purpose.
- (7) The Central Government may, by general or special order, authorize any authority for inspection of books of account of a multi-state society or class of multi-state societies having regard to the circumstances so required.
- (8) Where a multi-state society fails to furnish any information called for under this section within the time provided, the multi-state society shall be guilty of an offence punishable as prescribed under Schedule – I of this Act.

33. Power to call for information relating to the affairs of a multi-state society

- (1) Where on a scrutiny of any document filed by a multi-state society or on any information received by the Central Government, the Central Government is of the opinion that any information relating to the affairs of the multi-state society is required for the purposes of this Act, the Central Government may by a written notice require a member of a multi-state society or any third party who, in the opinion of the Central Government, may have such information, :
 - (a) to furnish in writing such information or explanation; or
 - (b) to produce documents,within such reasonable time, as may be specified in the notice.

- (2) Where a member of a multi-state society or any third party fails to furnish any information called for under this section within the time provided the member

of a multi-state society or any third party shall be guilty of an offence punishable as prescribed under Schedule – I of this Act.

34. Report on inspection

Any inspector appointed or any officer designated/authorized by the Central Government shall after the inspection of the books and papers submit a report in writing to the Central Government and such report may include a recommendation that further investigation into the affairs of the multi-state society is required.

35. Search and seizure

(1) If upon receipt of information, the inspector appointed or any officer designated/authorized by the Central Government has reasonable ground to believe that the books and papers of a multi-state society, or documents relating to the officers or any member of the Governing Body or any member of the multi-state society, are likely to be destroyed, mutilated, altered, falsified or secreted, he may, after obtaining an order from the special authority for the seizure of such books and papers,—

- (a) enter, with such assistance as may be required, and search, the place or places where such books or papers are kept; and
- (b) seize such books and papers as he considers necessary after allowing the multi-state society to take copies of, or extracts from, such books or papers at its cost.

(2) The inspector appointed or any officer designated/authorized by the Central Government shall return the books and papers seized under sub-section (1), as soon as practicable, and in any case not later than thirty days after such seizure, to the multi-state society from whose custody or power such books or papers were seized:

Provided that the inspector appointed or any officer designated/authorized by the Central Government may call for the books and papers for a further period of thirty days by an order stating the reasons in writing for extending such period;

Provided further that the inspector appointed or any officer designated/authorized by the Central Government may, before returning such books and papers, take copies of, or extracts from them or place identification marks on them or any part thereof or deal with the same in such other manner as he considers necessary without affecting their material form.

- (3) The provisions of the Code of Criminal Procedure, 1973 relating to searches or seizures shall apply, *mutatis mutandis*, to every search and seizure made under this section.

36. Investigation by Central Government

- (1) Where the Central Government is of the opinion, that it is necessary to investigate into the affairs of a multi-state society for the purposes of any law in force, including -

(a) on receipt of a report of the inspector appointed or any officer designated/authorized by the Central Government under section 35;

(b) on receipt of a complaint from a member or officers of the multi-state society or a member of the public that the multi-state society is not conducting its affairs in accordance with its memorandum of association and/or rules and regulations;

(c) on intimation of a resolution passed by a multi-state society that the affairs of the multi-state society ought to be investigated; or

(d) for public interest,

it may order an investigation into the affairs of the multi-state society.

(2) Where an order is passed by a court that the affairs of a multi-state society ought to be investigated, the Central Government shall order an investigation into the affairs of that multi-state society.

(3) For the purposes of this section, the Central Government may designate such persons or group of persons to investigate into the affairs of the multi-state society and to report thereon in such manner as the Central Government may direct.

37. Investigation into affairs of the multi-state society

(1) The inspector appointed or any officer designated/authorized by the Central Government may conduct an investigation into the affairs of the multi-state society,—

(a) on an order issued under Section 36;

(b) on receipt of a complaint from a member or officers of the multi-state society or a member of the public that the multi-state society is not conducting its

affairs in accordance with its memorandum of association and/or rules and regulations;

- (c) on an application made by not less than one-fifth of the members of a multi-state society; or
- (d) on an application made to it by any other person or otherwise, if it is satisfied that there are circumstances suggesting all or any of the following -
 - (i) that the multi-state society was formed for any fraudulent or unlawful purpose; or
 - (ii) in a manner oppressive to any of its members; or
 - (iii) that the affairs of the multi-state society is being conducted with intent to defraud its creditors, members or any member of the public; or
 - (iv) that the persons concerned in the formation of the multi-state society or the management of its affairs have been guilty of fraud, misfeasance or other misconduct towards the multi-state society or towards any of its members; or
 - (v) the members of the multi-state society have not been given all the information with respect to its affairs which they might reasonably expect under its rules and regulations of this Act,
- (2) If after an investigation it is shown that the affairs of the multi-state society are being conducted in violation of this Act or any other law in force, every officers, members, and employees of the multi-state society who are in default shall be guilty of an offence punishable as prescribed under Schedule – I of this Act.

38. Protection of employees, members and officers during investigation

- (1) If-
 - (a) during the course of any investigation of the affairs of a multi-state society; or
 - (b) during the pendency of any proceeding against any officers or member of a multi-state society,

such multi-state society or body corporate or person exercising the appropriate authority proposes to-

- (i) discharge or suspend; or
- (ii) punish, whether by dismissal, removal, reduction in rank or otherwise; or
- (iii) change the terms of employment to the disadvantage of,

any employee, member or officer of the multi-state society, the multi-state society shall inform the inspector appointed or any officer designated/authorized by the Central Government in writing of the action proposed against the employee, member or officers prior to such action being taken and if such inspector or officer has any objection to the action proposed, it shall notify such objections in writing to the multi-state society, body corporate or person concerned.

- (2) If the inspector appointed or any officer designated/authorized by the Central Government has raised an objection under sub-section (1), the multi-state society, body corporate or person concerned shall not take the action proposed without the approval of such inspector or officer.
- (3) It shall be an offence to take action against any employee, member or officers for items set out in sub-section (1) without intimating the inspector or officer or where the inspector or officer has not given his approval under sub-section (2).
- (4) If the multi-state society does receive an objection notice from the inspector or officer under sub-section (2) within thirty days from the date of intimation, the multi-state society may proceed to take the proposed action against the employee, member or officer of the multi-state society.

39. Freezing of assets of a multi-state society on inquiry or investigation

- (1) Where it appears to the Central Government that the removal, transfer or disposal of funds, assets, properties of a multi-state society is likely to take place in a manner that is prejudicial to the interests of the multi-state society, members or creditors or the public, it may by order direct that such transfer, removal or disposal shall be subject to such terms and conditions as it may deem fit or not take place for a specified period not exceeding one year.

Provided that the Central Government shall not pass any order under sub-section (1) without giving the multi-state society a reasonable opportunity of being heard and recording its reasons in writing.

- (2) In case of any removal, transfer or disposal of funds, assets, or properties of the multi-state society in contravention of the order of the Central Government *under* sub-section (1), the multi-state society shall have committed an offence punishable as prescribed under Schedule – I of this Act.

40. Penalty for furnishing false statement, mutilation, destruction of documents

- (1) Where any person or body corporate is required to provide an explanation or make a statement during the course of inspection, inquiry or investigation under this Act,-
- (a) destroys, mutilates or falsifies, or conceals or tampers or unauthorisedly removes, or is a party to the destruction, mutilation or falsification or concealment or tampering or unauthorised removal of, documents connected to the subject matter of the inspection, inquiry or investigation, including the documents relating to the property, assets or affairs of the multi-state society;
 - (b) makes, or is a party to the making of, a false entry in any document concerning the multi-state society; or
 - (c) provides an explanation which is false or which he knows to be false,

he shall be guilty of an offence punishable as prescribed under Schedule – I of this Act.

41. Compounding of certain offences

- (1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, offences punishable under this Act (whether committed by a multi-state society or any officer thereof) specified under Schedule-I as compoundable offences, may, either before or after the institution of any prosecution, be compounded by the Regional Director:

Provided that the sum so specified shall not, in any case, exceed the maximum amount of the fine which may be imposed for the offence so compounded;

Provided further that any offence covered under this sub-section by any multi-state society or its officer shall not be compounded if the investigation against such multi-state society has been initiated or is pending under this Act.

- (2) Nothing in sub-section (1) shall apply to an offence committed by a multi-state society within a period of three years from the date on which a similar offence committed by it was compounded under this section.

Explanation — For the purposes of this section, any second or subsequent offence committed after the expiry of a period of three years from the date on which the offence was previously compounded, shall be deemed to be a first offence;

- (3) Every application for the compounding of an offence shall be made to the Regional Director in a form prescribed by the Central Government.
- (4) Where any offence is compounded before the institution of any prosecution, no prosecution shall be instituted in relation to such offence, either by the Regional Director or by any member of the multi-state society or by any person authorized by the Central Government against the offender in relation to whom the offence is so compounded.
- (5) The Regional Director may direct the party making an application for compounding of an offence under this Act to make available any return, account or other document, or pay such fees as prescribed under this Act within a specified time.
- (6) Any officer or other employee of the multi-state society who fails to comply with any order made under sub-section (5) shall be guilty of an offence punishable as prescribed under Schedule – I of this Act.
- (7) No offence which is included under Part B of Schedule – I under this Act shall be compoundable.

Chapter : IV – Power of the Central Government to take over the affairs of a multi-state society

42. Power of the Central Government to take over the affairs of a multi-state society

- (1) If, the Central Government is of the opinion that the affairs of a multi-state society are being conducted or are proposed to be conducted against public interest, then the Central Government may
 - a. take control over the affairs of the multi-state society;
 - b. appoint any person or body of persons to oversee the management of the multi-state society in a manner as may be specified;
 - c. appoint any person or body of persons to directly manage the multi-state society in a manner as may be specified;

d. appoint a new Governing Body.

- (2) On taking over the management of the multi-state society, any person authorized under sub-section (1) shall run the multi-state society in accordance with its memorandum of association or the rules and regulations or for such period of time as may be specified by the Central Government according to rules and regulations notified by the Central Government.
- (3) Where any person authorized under sub-section (1) is of opinion that the replacement or change of any Governing Body or committees of the multi-state society or amendment of memorandum of association or rules and regulations thereof is necessary for the purpose of meeting the objectives of the multi-state society, he shall, on such terms and conditions and subject to such limitations or restrictions as may be prescribed, make such replacement or amendments, as the case may be after taking specific approval from the Central Government.

Explanation: For the purposes of this Section, 'Central Government' means the concerned Ministry which has, as per Government of India (Allocation of Business) Rules, 1962, the administrative control over the subjects that form the main objects of the multi-state society or which are the sectors in which the multi-state society operates.

Chapter : V – Offences and Punishment

43. Improvement Notices for contraventions

- (1) Notwithstanding anything contained herein, for a contravention or violation of the provisions of this Act by a multi-state society, the Central Government or any officer/authority authorized by it may serve an improvement notice served to the multi-state society –
- (a).stating the grounds for believing that the multi-state society has failed to comply with the provisions of this Act;
 - (b).specifying the matters which constitute the multi-state society's failure to comply;
 - (c).specifying the measures which, in the opinion of the said Central Government, the multi-state society must take, in order to secure compliance; and

(d).requiring the multi-state society to take those measures within a reasonable period (not being less than fourteen days) as may be specified in the notice.

- (2) If the multi-state society fails to comply with an improvement notice under Sub-section (1), its registration may be suspended for a period (not exceeding sixty days) as may be deemed fit by the Central Government.
- (3) If the multi-state society fails to comply with the improvement notice even during the period its registration has been suspended under Sub-section (2), such contravention or violation of the provisions of this Act shall be punishable as set out under the First Schedule or as specified under the appropriate rules, regulations, directions, orders, notifications issued in pursuance of this Act.
- (4) The Central Government shall have reasons recorded in writing for every contravention or violation of the provisions of this Act by a multi-state society in which it decides not to issue improvement notice under Sub-section (1).

44. Offences and punishment

Subject to Section 42, a contravention or violation of the provisions of this Act shall be punishable as set out under the First Schedule.

Chairman 's comments- Offences and penalties are not to be provided in the rules, regulations, directions ,orders and notifications.

45. Interpretation of the First Schedule

- (1) Reference to a provision of this Act under the First Schedule includes any rules, regulations, directions, orders notifications and the like issued thereunder.
- (2) Offences under Part A of the First Schedule are punishable with fine only and those under Part B of the First Schedule are punishable with imprisonment and a fine, as the case may be.
- (3) The First Schedule provides, at appropriate places, the maximum as well as minimum quantum of fine for a particular offence and in determining the amount of fine to be levied for any offence, regard must be had to the following:
 - (a) nature & gravity of offence,
 - (b) injury to members caused by the offence,
 - (c) injury to public caused by the offence,

- (d) repetitive or continuous nature of the offence,
- (e) the size of multi-state society, i.e. its annual revenue, number of members,
- (f) nature of activities carried on by the multi-state society.

46. Power of the Central Government to revise orders prejudicial to public interest

Notwithstanding anything contained in this Act, the Central Government shall have the power to call for and examine the records of any proceedings under the Act conducted by the Registrar and if on such examination it considers, for reasons recorded in writing, that the order in such proceedings are prejudicial to public interest, it may pass such order thereon as the circumstances may justify.

47. Amounts recoverable as arrears of land revenue

- (1) Any fine or penalty imposed under this Act, whether against a multi-state society or any person, shall be recoverable by the Central Government as arrears of land revenue.
- (2) For proceedings under sub-section (1) the Central Government shall have the power to attach and conduct sale of immovable/movable property of the person in default or by appointing a receiver for the management of the properties of the person in default.

Chapter : VI – Governing Body Identification Number

48. Application for allotment of Governing Body Identification Number

- (1) Every -
 - (a) individual, intending to be appointed as a member of the Governing Body of multi-state society; or
 - (b) member of the Governing Body of a multi-state society appointed before the commencement of this Act,

shall make an application for allotment of Governing Body Identification Number to the Central Government in such form, and manner alongwith such fee, as may be prescribed:

Provided that every member of Governing Body appointed before the commencement of this Act, shall make, within sixty days of the commencement of this Act, such application to the Central Government:

Provided further that every applicant, who has made an application under this section for allotment of a Governing Body Identification Number, may be appointed as a member of the Governing Body in a multi-state society, or, hold office as member of the Governing Body in a multi-state society till such time such applicant has been allotted the Governing Body Identification Number.

49. Allotment of Governing Body Identification Number

- (1) The Central Government shall, within one month from the receipt of the application under section 48, allot a Governing Body Identification Number to an applicant, in such manner as may be prescribed.
- (2) No individual, who had already been allotted a Governing Body Identification Number under section 48, shall apply, obtain or possess another Governing Body Identification Number.
- (3) A person in contravention of Sub-section (2) shall have committed an offence punishable in a manner prescribed under Schedule – I of this Act.

50. Obligation to intimate Governing Body Identification Number

- (1) Every existing member of Governing Body of a multi-state society shall, within one month of the receipt of Governing Body Identification Number from the Central Government, intimate his Governing Body Identification Number to the multi-state society or all multi-state societies wherein he is a member of the Governing Body.
- (2) Every multi-state society shall, within one week of the receipt of intimation under Sub-section (1), furnish the Governing Body Identification Number of all members of its Governing Body in such mode and manner as may be specified by the Central Government.

51. Obligation to indicate Director Identification Number

- (1) Every person or multi-state society, while furnishing any return, information or particulars as are required to be furnished under this Act, shall quote the Governing Body Identification Number in such return, information or particulars in case such return, information or particulars relate to the member of Governing Body or contain any reference to the member of the Governing Body.

52. Penalty for contravention of provisions of this Chapter

- (1) If any individual or member of Governing Body of a multi-state society, or a multi-state society, contravenes any of the provisions of this Chapter, every such individual or the multi-state society, as the case may be, who or which, is in default, shall have committed an offence punishable in a manner prescribed under Schedule-I of this Act.

Chapter : VII – Foreign Societies

53. Foreign Societies

- (1) Every foreign society shall, within thirty days of the establishment of its place of business in India, deliver to the Registrar for registration:
 - (a) a certified copy of the, charter, statutes, or memorandum and articles, of the foreign society; and if the instrument is not in English language, a certified translation thereof in English Language;
 - (b) the full address of the registered or principal office of the society;
 - (c) a list of the board of officers, including governors, directors, and secretary of the society containing such particulars as may be prescribed;
 - (d) the name and address or the names and addresses of one or more persons resident in India authorized to accept on behalf of the society service of process and any notices or other documents required to be served on the society;
 - (e) the full address of the office of the society in India which is to be deemed its principal place of business in India;
 - (f) particulars of opening and closing of a place of business in India on earlier occasion or occasions;
 - (g) declaration that none of the officers of the society or the authorized - representative in India has ever been convicted or debarred from formation of companies or societies and management in India or abroad; and
 - (h) any other information as may be prescribed.
- (2) Where any alteration is made or occurs in the documents delivered to the Registrar under this section, the foreign society shall, within thirty days of

such alteration, deliver to the Registrar for registration, a return containing the particulars of the alteration in the prescribed form.

54. Accounts of Foreign Societies

- (1) Every foreign society shall, in every calendar year, submit the following to the Registrar -
 - (a) make out a balance sheet and profit and loss account in such form, containing such particulars and including or having annexed or attached thereto such documents as may be prescribed; and
 - (b) deliver a copy of those documents to the Registrar

Provided that the Central Government may, by notification, direct that, in the case of any foreign society or class of foreign societies, the requirements of clause (a) shall not apply, or shall apply subject to such exceptions and modifications as may be specified in that notification.

- (2) If any such document as is mentioned in sub-section (1) is not in the English language, there shall be annexed to it a certified translation thereof in the English language.
- (3) Every foreign society shall send to the Registrar along with the documents required to be delivered to him under sub-section (1), a copy of a list in the prescribed form of all places of business established by the society in India as at the date with reference to which the balance sheet referred to in sub-section (1) is made out.

55. Display of name and other matters relating to a foreign society

- (1) Every foreign society shall –
 - (a) conspicuously exhibit on the outside of every office or place where it carries on foreign business in India, the name of the society and the country in which it is incorporated in letters easily legible in English characters, and also in the characters of the language or one of the languages in general use in the locality in which the office or place is situated;
 - (b) cause the name of the society and of the country in which the society is incorporated to be stated in legible English characters in all business letters, bills and correspondences;

56. Service on Foreign Societies

- (1) Any process, notice, or other document required to be served on a foreign society shall be deemed to have been served if it has been delivered to the address given to the Registrar under section 43 and left at, or sent by post to, such address which has been so intimated to the Registrar or by electronic mode.

Chapter : VIII - Miscellaneous

57. Maintenance of records and right of public to inspect

- (1) The Registrar shall maintain the Register, which shall include a publicly available, online list of all registered multi-state societies and the documentation accompanying their registration.
- (2) Any person may inspect any documents kept with the Registrar, in accordance with the rules made under Destruction of Records Act, 1917, being documents filed or registered by him. In pursuance of this Act, or making a record of any fact required or authorized to be recorded or registered in pursuance of this Act, on payment for each inspection of such fee as prescribed by Central Government;
- (3) Any person may require a copy or extract of any document or any part of any document, to be certified by the Registrar, on payment of a reasonable fee as prescribed by the Central Government; and such certified copy shall be prima facie evidence of the matters therein contained in all legal proceedings.

58. Power of the Central Government to make rules

- (1) The Central Government may, by notification in the Official Gazette make rules **[and regulations]** to carry out the provisions of this Act.
- (2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—
 - (a) the fees which shall accompany registration, inspection, and copies of official documents.
 - (b) the fines which shall accompany violations of the provisions of this Act. **[For imposition of fines there must be a substantive provision]**
 - (c) the form and manner in **which an application is to be made** under Sections 4 and 5.
 - (d) the details to be provided in an application for registration. **[Prescribing the form and content of the application for registration].delete**
 - (e) prescribing limits on the dissolution of multi-state societies under Sections 24;
 - (f) any other matter which is required to be, or may be, prescribed.

59. Publication of name and multi-state nature

- (1) Every multi-state society shall ensure that its invoices, official correspondence, website, and publications bear the following, namely :—
1. the name, address of its registered office, year of registration under this Act, and registration number of the multi-state society;
 2. the name of the serving secretary;
 3. a statement that it is registered as a multi-state society.
- (2) Any multi-state society which contravenes the provisions of sub-section [1] shall be guilty of an offence punishable as prescribed under Schedule – I of this Act.

60. Power to remove difficulties

(1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act as may appear to it to be necessary for removing the difficulty:

Provided that no such order shall be made under this section after the expiry of a period of two years from the commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be, after it is made, before each House of Parliament.

61. Act to have overriding effect

The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

62. Protection of acts done in good faith

No suit, prosecution or other legal proceeding shall lie against the Central Government or the Registrar or any other officer appointed by the Central Government in respect of anything which is in good faith done or intended to be done in pursuance of this Act or any rules or orders made thereunder, or in respect of the publication by or under the authority of the Central Government.

63. Power of Central Government to direct multi-state societies to furnish information or statistics

- (1) The Central Government may, by order, require multi-state societies generally, or any class of multi-state societies, or any multi-state society, to furnish such information or statistics with regard to their or its constitution or working, and within such time, as may be specified in the order.
- (2) Every order under sub-section (1) shall be published in the Official Gazette and may be addressed to multi-state societies generally or to any class of multi-state societies, in such manner, as the Central Government may think fit and the date of such publication shall be deemed to be the date on which requirement for information or statistics is made on such multi-state societies or class of multi-state societies, as the case may be.
- (3) For the purpose of satisfying itself that any information or statistics furnished by a multi-state society or multi-state societies in pursuance of any order under, sub-section (1) is correct and complete, the Central Government may by order require such multi-state society or multi-state societies to produce such records or documents in its possession or allow inspection thereof by such officer or furnish such further information as that Government may consider necessary.
- (4) If any multi-state society fails to comply with an order made under sub-section (1) or sub-section (3), or knowingly furnishes any information or statistics which is incorrect or incomplete in any material respect, the multi-state society shall be an offence punishable under Schedule – I of this Act.

Schedule

Offences and penalties

(refer to Section [] of the Act)

Punishable with fine only

Offence Section/Provision contravened	-	Fine	Penalty Continuing Offence	for	Compoundable (Y/N)	Governing Body (Y/N)	Liable	Authority

Punishable with imprisonment, with or without fine

Offence Section/Provision contravened	-	Fine	Imprisonment	Penalty for Continuing Offence	Compoundable (Y/N)	Governing Body (Y/N)	Liable	Authority

SECOND SCHEDULE

TABLE A

REGULATION 1

INTERPRETATION

- (1) In these regulations –
 - (a) “**the Act**” means the Multi-State Societies Registration Act, 2011;
 - (2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the multi-state society.

REGULATION 2

ANNUAL REPORT

- (1) The Governing Body of a multi-state society shall prepare in respect of each financial year of the multi-state society, in the manner prescribed, an annual report containing:
 - (a) objects of the multi-state society and any changes thereto;
 - (b) membership criterion and any changes thereto;
 - (c) detailed statement of accounts, as per Regulation 5;
 - (d) updated list of members;
 - (e) updated list of officers;
 - (f) detailed governance and management structure, including all sub-committees and their members;
 - (g) a statement on the activities of the multi-state society during that year;
 - (h) number of meetings held by the Governing Body, members and committees;
 - (i) a list of all movable and immovable assets;
 - (j) liabilities of the multi-state society;
 - (k) payments made to officers and members;
 - (l) exemptions under the Income Tax Act, 1961;
 - (m) list of donors with details of donations received during the financial year;
 - (n) all deviations and violations of the memorandum of association and rules and regulations of the multi-state society in that year;
 - (o) PAN Card and details of the bank accounts held;

(p) registration/permissions obtained under Foreign Contribution (Regulation) Act, 2010.

(3) Where in any financial year the gross receipts or expenditure exceeds ` *five lakhs*, the annual report prepared under this section shall be filed with the Registrar by the Governing Body within ten months from the end of that year.

(4) Any annual report transmitted to the Registrar under this regulation shall have attached to it the statement of accounts prepared for the financial year in question as per the Act, together with the accounts of the multi-state society for that year as have been audited as per the requirements of the Act, a copy of the report made by the auditor on that statement of accounts or (as the case may be) on that account and statement.

(1) The Governing Body of a multi-state society shall preserve, for at least ten years from the end of the financial year to which it relates, any annual report prepared by them under this regulation which they have not been required to transmit to the Registrar.

REGULATION 3

FILING OF INFORMATION OR RETURNS

The Secretary of the multi-state society shall cause the following information to be filed with the Registrar annually in the month of April:

- a. A consolidated list of members of the multi-state society at the end of March 31 of every year;
- b. A consolidated list of members of the Governing Body of the multi-state society at the end of March 31 of every year;
- c. Its registered office;
- d. Particulars of the total amount of indebtedness of the multi-state society at the end of March 31 of every year;
- e. Information or returns relating to persons employed by the multi-state society;
- f. Information relating to convictions for breaches of the Act on part of the multi-state society or its members or any member of the Governing Body at the end of March 31 of every year, however, this disclosure shall be only in respect of one single year at the end of March 31 and need not be repeated for every subsequent year; and
- g. Any other information or particulars as may be deemed fit and proper by the Governing Body.

The Secretary of the multi-state society shall cause the following information to be sent to every member of the multi-state society at the end of every quarter:

- a. Any changes to the membership of the multi-state society at the end of each quarter;
- b. Any changes to the constitution of the Governing Body at the end of each quarter;
- c. A list of income and expenditure statement of the multi-state society at the end of each quarter;
- d. A list of major activities and initiatives taken by the multi-state society during the quarter;
- e. A list of all major contracts and arrangements exceeding a value of ` *fifty thousand rupees* entered into by the multi-state society;
- f. Any changes to the auditors of the multi-state society at the end of each quarter;
- g. Any notices of enquiries concerning the affairs of the multi-state society received from the office of the Registrar; and
- h. Any other information or particulars as may be deemed fit and proper by the Governing Body.

REGULATION 4

MAINTENANCE OF ACCOUNTS

- i. The Governing Body shall ensure that accounting records are kept in respect of the multi-state society which are sufficient to show and explain all the multi-state society's transactions, and which are such as to:
 - (a) disclose at any time, with reasonable accuracy, the financial position of the multi-state society at that time; and
 - (b) enable the Governing Body to ensure that, where any statements of accounts are prepared by them the Act or these regulations contained in Table A of Schedule I, those statements of accounts comply with the requirements as laid down in the Act and the regulations.
- (2) The financial year of the multi-state society shall be from 1st April to 31st March.
- (32) The accounting records shall in particular contain:
 - (a) entries showing from day to day all sums of money received and expended by the multi-state society, and the matters in respect of which the receipt and expenditure takes place; and
 - (b) a record of the assets and liabilities of the multi-state society;

(c) encumbrances created on the property of the multi-state society and of all alienations made and loans taken or advanced on behalf of the multi-state society.

(4) The Treasurer, on behalf of the Governing Body, shall be required to maintain the books of account at the Registered Office of the multi-state society.

(5) The books of account shall be open for inspection by any member of the multi-state society during normal business hours and with prior notice of 2 days to the Treasurer and Governing Body.

REGULATION 5

FORM OF BALANCE SHEET AND OTHER ACCOUNTS

(1) Every balance sheet of a multi-state society shall give a true and fair view of the state of affairs of the multi-state society as at the end of the financial year and shall be in the form as may be prescribed by the Government or as near thereto as circumstances admit or in such other form as may be approved by the Government either generally or in any particular case.

(2) Every profit and loss account of a multi-state society shall give a true and fair view of the profit or loss of the multi-state society for the financial year and shall, subject as aforesaid, comply with the requirements of as may be prescribed by the Government, so far as they are applicable there to.

(3) Every profit and loss account and balance sheet of the multi-state society shall comply with the standards of accounting recommended by the Institute of Chartered Accountants of India constituted under the Chartered Accountants Act, 1949 as may be prescribed by the Government. Where the profit and loss account and the balance sheet of the multi-state society do not comply with the accounting standards, such societies shall disclose in its profit and loss account and balance sheet, the following, namely:

- (a) the deviation from the accounting standards;
- (b) the reasons for such deviation; and
- (c) the financial effect, if any, arising due to such deviation.

REGUALTION 6

ANNUAL AUDIT OR EXAMINATION OF MULTI-STATE SOCIETY'S ACCOUNTS

- (1) The accounts of a multi-state society shall be audited by the auditors of the multi-state society, if the multi-state society's gross receipts or expenditure in the financial year exceeds ` *five lakhs*.

- (2) The auditors shall be appointed by the General Body to audit the accounts and hold office till the conclusion of the next Annual General Body Meeting.
- (3) The auditors shall have a right of access at all times to the books of account and vouchers of the multi-state society, whether kept at the head office of the multi-state society.
- (4) Explanation as the auditor may think necessary for the performance of his duties as auditor.
- (5) In case of casual vacancy of the auditors, the General Body shall fill the vacancy by making an appointment within three months of the vacancy being notified to the General Body.
- (6) The General Body may remove the auditors before the expiry of its terms of office. However, the auditor so removed shall have the right to give representation to be read out at the General Body meeting.
- (7) The bank account of the multi-state society shall be opened in the name of the multi-state society. All receipts of the multi-state society will be paid into this account and all debits would only be made in accordance with the Act and the rules of the multi-state society.

REGULATION 7

MEMBERS RIGHT OF INSPECTION OF ANNUAL REPORTS ETC.

- (1) The annual report and all other documents of the multi-state society shall be open to inspection by the members at all reasonable times.
- (2) Where any member requests the Governing Body of a multi-state society in writing to provide him with a copy of the multi-state society's most recent accounts the Governing Body of the multi-state society shall comply with the request within a period of fifteen days from the date on which the request is made.

REGULATION 8

DISCLOSURES

- (1) Every member of the Governing Body of a multi-state society who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the multi-state society, shall disclose the nature of his concern or interest at a meeting of the Governing Body of the multi-state society.
- (2) Every member of the multi-state society who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the multi-state society, shall disclose the nature of his concern or interest at a meeting of the Governing Body of the multi-state society.
- (3) The disclosure required to be made under this regulation shall be made at the meeting of the Governing Body at which the question of entering into the contract or arrangement is first taken into consideration.
- (4) For the purposes of this regulation, a general notice given to the Governing Body by an interested member of the multi-state society or member of the Governing Body, to the effect that he is a member of a specified body corporate or firm or any other entity and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm along with the nature of his concern or interest, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made.
- (5) No member of the multi-state society or member of the Governing Body shall take any part in the discussion of, or vote on, and contract or arrangement entered into, or to be entered into, by or on behalf of the society, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.
- (6) Every member of the Governing Body or of the multi-state society who contravenes the provisions of this regulation shall be punishable with fine which may extend to [*insert amount*].

REGUALTION 9

WHISTLE BLOWER POLICY

(1) The multi-state society may establish a mechanism for its members or employees of the multi-state society to report to the Governing Body concerns about unethical behavior, actual or suspected fraud or violation of the Act or rules made thereunder.

(2) The policy shall compulsorily provide for protection from criminal or civil liability, departmental inquiry, demotion, harassment and discrimination of whistle blowers, i.e., the persons who bring to light specific instances of illegality, criminality, corruption, miscarriage of justice, any danger to public health and safety in the multi-state society.

(3) The Governing Body may by policy provide that the identity of the whistle blower shall be kept secret at all times.

“FORM 1”

Memorandum of Association of a multi-state society registered under the Multi-State Societies Registration Act, 2011

1. Name

The name of the multi-state society is “*insert name (insert abbreviation)*”

2. Registered Office

The registered office of the multi-state society, at present, is situated at [*insert address*].

3. Aims and Objects

The basic aims and objects for which the multi-state society is formed and registered are the following:-

3.1 [*insert main object*]

3.2 [*insert ancillary objects*]

3.3 [*insert other objects, if any*]

3.4 To frame byelaws and rules and regulations for the conduct of the business of the multi-state society and its officers and employees.

3.5 To do all such other lawful acts, deeds and things as are incidental or conducive to the attainment of the above objects or any of them.

3.6 And it is hereby declared that the interpretation of the clause, the powers conferred on the multi-state society by any paragraph shall not be restricted by reference to any other paragraph or to the name of the multi-state society

or by juxtaposition, this clause and every paragraph hereof shall be considered in such a way as to widen them and not restrict the powers of the multi-state society.

4. All the income, earnings, moveable properties of the multi-state society shall be utilized and applied towards the promotion of its aims and objects only as set forth in this “Memorandum of Association” and no profit or part thereof shall be paid or transferred, directly or indirectly by way of dividends, bonus, profit or in any manner whatsoever, to the members of the multi-state society or to any other person. No member of the multi-state society shall have any personal claim on any moveable or immovable properties of the multi-state society or make any profits, whatsoever, by virtue of this membership.

5. Governing Body

The name, addresses, occupations of members of the Governing Body, to whom the management of the multi-state society shall be entrusted, as required Section [] of Multi-State Societies Registration Act, 2011, are as follows:-

S. No.	Name	Address and contact details	Occupation	Designation in the multi-state society
1.	Mr./Ms. []	<i>[insert office address and contact details]</i>		Chairman
2.	Mr./Ms. []			Co-Chairman
3.	Mr./Ms. []			Secretary
4.	Mr./Ms. []			Treasurer
5.	Mr./Ms. []			Member
6.	Mr./Ms. []			Member
7.	Mr./Ms. []			Member

6. Members of the multi-state society

We, the following persons, being desirous of forming ourselves into a multi-state society as required under Section [] of the Multi-State Societies Registration Act, 2011, have subscribed our names of this Memorandum:

This [insert date] Day of 2011 at [insert place]				
S. No.	Name	Address and contact details	Occupation	Signature
1.	Mr./Ms. []	[insert residential address]		
2.	Mr./Ms. []			
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				

“We hereby witness the signatures of all the desirous persons.”

Sd/-

[insert name]
Chairman

Sd/-

[insert name]
Secretary

Sd/-

[insert name]
Treasurer

Rules and Regulations of a multi-state society registered under the multi-State Societies Registration Act, 2011

1. PURPOSE

These Rules and Regulations of “*insert name (insert abbreviation)*” provide for the basic rules and regulations concerning the organization and operation of the multi-state society and the powers and duties of the Governing Body and the General Body for the purpose of carrying out activities to achieve the aims and objects provided for in the Memorandum of Association of the multi-state society.

2. MEMBERSHIP

- a) Every subscriber to the “Memorandum of Association” of the multi-state shall be a member of the multi-state society and shall continue to be such member until he has been expelled as per the terms contained herein or resigns.
- b) The General Body shall, by simple majority of total members, establish a criterion for selection of members and communicate the same to all members, from time to time.
- c) Any person desirous to be member must submit a written request for the same giving his full particulars to the Governing Body.

3. REGISTER OF MEMBERS

The multi-state society shall keep a register of members setting forth names, addresses, occupation, nationality and other details pertaining to each member of the multi-state society, and in which changes of membership taking place from time to time shall also be recorded.

4. FILLING OF VACANCY OF MEMBERS

If at any time the number of members falls below seven, by death or resignation, it shall be filled by nomination by the Governing Body, so that the number of the members of the multi-state society shall not at any time be less than seven.

5. RESPONSIBILITIES OF MEMBERS

Members shall attend general meetings and exercise voting rights there-at pursuant to the provisions of these Rules and Regulations. Members may undertake to perform such duties as may be assigned to them by the Governing Body in furtherance of the interest and objects of the multi-state society.

6. RESIGNATION OF MEMBERS

Members shall be entitled to resign from the multi-state society. However, no such resignation would be valid unless the member concerned has intimated the Governing Body of his intention to resign and the Governing Body has approved such resignation. The approval of the Governing Body shall not be unreasonably withheld. The effective date of resignation would be the date of acceptance of such resignation by the Governing Body. Upon resignation, the name of the member concerned shall be removed from the register and the member shall cease to have any rights in the multi-state society from the date the resignation is effective.

7. SUBSCRIPTION FOR MEMBERSHIP

7.1 The membership fee for the initial subscribers to the Memorandum of Association is Rs. [*insert amount*]/- per subscriber.

7.2 The membership fee for any new member, admitted as such by the Governing Body, shall be as determined by the Governing Body from time to time. Provided that any change in membership fee proposed by the Governing Body shall only be effective on the date it is passed with the simple majority approval of the General Body present.

7.3 The members may voluntarily, make financial contribution to the multi-state society but will not, on that account acquire any additional rights.

8. GOVERNING BODY

8.1 The entire management, administration and control of the affairs of the multi-state society shall vest in the Governing Body. They shall exercise and perform such powers and duties as are entrusted to them by the General Body with the paramount overriding object of best securing the interests of the multi-state society.

8.2 The Governing Body shall consist of not less than [*insert minimum number of board members*] and not more than [*insert maximum number of board members*] members.

8.3 Members of the Governing Body shall from amongst themselves elect a Chairman, Co-Chairman, Secretary and the Treasurer, and the said persons shall so act as office bearers of the multi-state society except the first office bearers who are appointed by subscription to the Memorandum of Association. Other office bearers may also be so elected from amongst the members.

8.4 The terms of the office of such office bearers will be for a period of [*insert duration*] years at a time after which period new office bearers may be elected. Existing office bearers may stand for re-election.

8.5 The roles and responsibility of all office bearers shall be as approved by the simple majority of the General Body.

8.6 The Bank accounts opened in the name of the multi-state society will be operated under the joint signatures of the Treasurer together with one or more office-bearers of the multi-state society or such other person nominated by the Governing Body.

8.7 The Secretary of the multi-society or such other person, nominated by the Governing Body, will be responsible for the day-to-day management of the multi-state society and will periodically report to the Governing Body.

9. POWERS AND DUTIES OF THE GOVERNING BODY

The entire management, administration and control of the affairs, activities and property of the multi-state society shall be vested in the Governing Body who shall exercise all the powers, authorities and functions of the multi-society except only such as, under the Multi-State Societies Registration Act, 2011 are expressly directed or required to be exercised individually by the members of the Society in General Meetings. The Governing Body shall exercise all such powers as are necessary, incidental or conducive to the proper management of the affairs of the multi-state society, whether or not such powers are expressly provided for or authorized by these Rules and Regulations or by the Memorandum of Association of the multi-state society. Without prejudice to the generality of the foregoing provisions, the Governing Body shall have the following authority and powers:

- a) To maintain the properties of the multi-state society and to solicit funds from any lawful source, receive and administer funds received from any lawful

source and to dispose of the same for any legitimate purpose of the multi-state society in a lawful manner.

- b) To acquire, maintain, invest in, manage, sell or otherwise deal with property of any kind, in furtherance of the objects of the multi-state society upon such terms as the Governing Body may deem fit and proper.
- c) To acquire on behalf of the multi-state society by gift, purchase, exchange, lease or otherwise, land & buildings or other immovable and movable properties together with all rights thereto.
- d) To enroll members and to impart to them the necessary orientation of the contents of Memorandum of Association, Rules & Regulations, functioning / working of the multi-state society.
- e) To employ such persons, on a permanent or contractual basis and on such terms and conditions as may be deemed fit, for the purposes of providing administrative assistance to the multi-state society or furthering the objects of the multi-state society.
- f) To contract, and otherwise make legally binding agreements on behalf of the multi-state society upon such terms and conditions as the Governing Body from time to time may resolve.
- g) To receive moneys, securities, instruments, commercial paper, or other movable or immovable property for and on behalf of the multi-state society to attain objects of the multi-state society.
- h) To raise funds for the multi-state society by gifts, donations or otherwise, and from time to time and to invest the same.
- i) To accept (on behalf of the multi-state society) upon such terms as they may think fit, donations or contributions from any private/or public trust, govt., institution, company, firm or persons whomsoever, whether such donations or contributions be of money, and/or any other property movable or immovable. PROVIDED ALWAYS THAT the terms upon which such donations or contributions shall be accepted, shall not in any way be inconsistent with or repugnant to the aims and objects of the multi-state society as set forth in Memorandum of Association and shall only be for the purpose of advancement of such aims and objects of the Society and shall be utilized only in furtherance of such aims and projects. FURTHER PROVIDED THAT, save as otherwise expressly provided by the terms of the donations or contributions as aforesaid, the Governing Body shall in its absolute discretion be entitled to treat whole or any part thereof as part of the corpus of the

property of the Society and to utilize such donations or contributions or any part thereof for the furtherance and fulfillment of the aims and objects of the multi-state society.

- j) To make donations or contributions to any trust, public funds or institutions set up for charitable purposes, which have charitable objects, or objects similar to those of the multi-state society.
- k) To represent or authorize representation of the multi-state society in any court or before any other administrative, political, governmental or judicial, body or authority.
- l) To raise loans for the purpose of the multi-state society, and for that purpose mortgage, give security or otherwise encumber the properties of the multi-state society for furtherance of the multi-state society's objects.
- m) To invest the moneys of the multi-state society upon such terms and conditions as may be deemed fit and advisable for furtherance of the multi-state society's objects as per Section 11 (5) of the Income Tax Act, 1961.
- n) To authorize the signing and execution of all such documents and instruments as may be necessary and proper for carrying out the management of the property of affairs of the multi-state society.
- o) To make annual report on the workings of the multi-state society to be presented to the General Body.
- p) To approve the annual accounts for the previous year to be presented to the General Body.
- q) To make statutory filings with the regulatory authorities including those under the Multi-State Societies Registration Act, 2011.
- r) To appoint any sub-committee or employee(s), including Chief Executive Officer or Chief Operations Officer or Chief Financial Officer, or Office Bearer to look after the responsibilities entrusted to it and provide the terms of reference for the same.

10. POWER AND DUTIES OF THE OFFICE BEARERS

10.1 CHAIRMAN

- a) He will be the head of the multi-state society and preside over the meeting of the General Body and Governing Body. He will have the right of casting vote in case of tie.

10.2 VICE –PRESIDENT/VICE-CHAIRMAN

In the absence of the Chairman, the Co-Chairman shall enjoy all powers and duties, which are entrusted to the Chairman. He will also assist the Chairman in his work.

10.3 SECRETARY

- a) To summon and attend the meeting of the General Body and Governing Body.
- b) To call extra-ordinary general meeting if desired on written request of at least ten members.
- c) To sign on behalf of the multi-state society, conduct its correspondence.
- d) To record the proceedings of meetings of General Body and Governing Body.
- e) To maintain all records, registers, accounts, filings and documents required under law in force.
- f) To maintain an attendance register for the General Body and Governing Body meetings.

10.4 TREASURER

He shall keep accounts of all receipts and expenditure of the multi-state society and maintain accounts, furnish necessary information and file the same as required under law. He will present the annual audited accounts to the General Body.

11. MEETING OF THE GOVERNING BODY

- 11.1 A meeting of the Governing Body shall be held at such place and at such time as the President in consultation with the other members shall decide giving a minimum of 14 days notice. A meeting of the Governing Body shall be held at least four times in every year.

- 11.2 A meeting of the Governing Body via video conferencing or other electronic means providing the same interface would be a valid meeting. The

place of meeting in such a scenario would be the secretariat office of the society.

- 11.3 The quorum for every meeting of the Governing Body shall be one third of the total number of its members at the relevant time subject a minimum of two members.
- 11.4 A meeting of the Governing Body shall be presided over by the Chairman or in his/her absence, by the Vice-Chairman of the society and in the absence of both, any member of the Governing Body as decided by majority.
- 11.5 Every business before the Governing Body shall be decided by a majority vote of the members present, each member of the Governing Body having one vote.
- 11.6 The minute of the meetings be recorded and signed by office bearers within 30 days or next meeting of Governing Body, whichever is earlier.

12. MEETINGS OF THE GENERAL BODY

- 12.1 All members of the society shall be entitled to attend General Body Meetings (referred to as “General Body Meetings” or “General Meetings”).
- 12.2 The notice for the General Body meeting must be sent at-least 21 days before the meeting duly signed by the Secretary. The notice must enclose agenda, explanatory statement for the special business, annual working report and annual audited accounts with auditors report in case of annual general meeting or agenda and explanatory statement in case of other meetings.
- 12.3 The First General Meeting of the Members of the society shall be held within 3 months from the date of the registration of the society under the Act. Thereafter, a General Meeting shall be held at-least once every year at such time and place as be determined by the Governing Body. There should not be a gap of more than 15 months between two General Body meetings. The ordinary business of the Annual General Meeting shall be:
- a) To receive and consider the Annual Report of the Governing Body on the working affairs of the multi-state society in the past year;
 - b) To receive, consider and approve the Annual Audited Accounts along-with auditors report for the preceding year; (The accounts must be for a period ending less than 6 months laid down at the General Body).

- c) To elect the Members of the Governing Body and office bearers of the multi-state society; and where necessary to elect / re-elect the existing office-bearers of the multi-state society either on a casual vacancy or at the expiry of their three year term.
- d) To appoint persons as employees of the multi-state society, whether on a permanent or contractual basis, on such terms and conditions as may be deemed fit.
- e) To appoint Chartered Accountants as auditors as defined under the Chartered Accountants Act, 1949 and determine their remuneration.

12.4 All the resolutions will be passed by the show of hands. A poll may be demanded by at least one-fourth of the members present. Upon the demand of the poll, the President may fix a date, time and place for the poll. The President will have a casting vote.

12.5 One-fourth of the total members of the multi-state society shall constitute a quorum for any General Meeting. In the absence of a quorum the meeting will stand adjourned to [*specify the next meeting*].

12.6 Votes of Members

Every member present in person shall have one vote.

12.7 Questions how decided

Every question submitted to a General Meeting shall be decided by a majority of votes on a show of hands by the members present. In case of any equality of votes, the President shall have a second or the casting vote.

13. MINUTES

The Secretary of the multi-state society shall prepare minutes of all proceedings of every meeting of General Body and of every meeting of the Governing Body (or sub-committees) and the minutes shall be kept in a hard-bound or loose leaf form. The minute must be duly signed by the office bearers within 30 days or next meeting whichever is earlier. Each page of the minutes must be initialed by the chairman. The minutes must be periodically numbered, as decided by the Governing Body. The minutes of each meeting must be read at the subsequent meeting.

14. ALTERATION OF MEMORANDUM OF ASSOCIATIONS AND RULES & REGULATIONS

- 14.1 Amendment/alteration, extension or abridgment of 'Purposes' aims and objects or change of name shall be made only in accordance with the provisions of the Multi-State Societies Registration Act, 2011 or the rules made thereunder.
- 14.2 The Rules and Regulations of the multi-state society may be altered by a Resolution passed by a General Meeting of Members of the multi-state society by a 2/3rd majority of all the members of the multi-state society, subject to Income Tax Act, 1961.

15. COMMITTEES

- 15.1 The Governing Body shall have the power to, subject to a majority approval of the General Body, delegate any of its functions and duties to such committees as it may deem fit.
- 15.2 The Committees may consist of Governing Body, employees, members or such other persons as may be deemed fit by the Governing Body.
- 15.3 For the purposes of tabling the formulation of a Committee under 15.1 above, the Governing Body would present the following details to the General Body:
- a) The reason for constitution of the Committee;
 - b) The terms of reference for the Committee;
 - c) The powers and duties delegated to the Committee;
 - d) Any financial powers delegated to the Committee;
 - e) Persons nominated by the Governing Body for the Committee with a brief profile of each person so nominated;
 - f) The term of each member of the Committee;
 - g) Rules and regulations for the conduct of business of such Committee;
 - h) The designated chairperson of the Committee;

15.4 The term of each Committee shall be for a period of [insert duration] years and the Committee would need to be reappointed not later than [insert duration] days before the expiry of its term.

15.5 Every Committee shall report to the Governing Body and present its working summary by circulation to the Governing Body every six months.

16. INTERPRETATION OF THE RULES AND REGULATIONS

The General Body shall be the sole authority for interpretation of these Rules and Regulations or any other rules or regulations or bye-laws made or framed thereunder. The majority decision of the General Body upon the question of interpretation or upon any matter affecting the multi-state society and not provided for by these Rules and regulations or by other Rules and Regulations or Bye-Laws made or framed thereunder shall be final and binding on the members/officers of the multi-state society. PROVIDED THAT the 'majority decision' herein shall mean the majority of the members present and voting at any General Body meeting having question of interpretation of the Rules and Regulations as one of its agenda.

"Certified that this is the correct copy of Rules and Regulations of the multi-state society".

Sd/-

[insert name]
Chairman

Sd/-

[insert name]
Secretary

Sd/-

[insert name]
Treasurer