International Journal for Novel Research in Economics , Finance and Management
www.ijnrefm.com
ISSN:3048-7722
Volume 4, Issue 4, July-Aug-2026, PP: 01-5

Between State Oversight and Global Norms: Recent Trends in Governance of Public Charitable Trusts under the Maharashtra Public Trusts Act

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Abstract – **This paper explores the evolving governance landscape of public charitable trusts in Maharashtra, focusing on the Maharashtra Public Trusts Act, 1950 (MPTA), and its alignment with emerging international legal norms governing non-governmental organizations (NGOs). As global standards increasingly emphasize transparency, accountability, and protection of civic space, domestic legal frameworks face pressure to modernize. This study critically examines how the MPTA balances state oversight—through mechanisms like mandatory registration, audits, and supervision by the Charity Commissioner—with international legal principles such as freedom of association, the right to participate in public life, and non-discrimination in civil society regulation. The study is unique in juxtaposing local statutory provisions with global norms, particularly those stemming from the UN Declaration on Human Rights Defenders, the International Covenant on Civil and Political Rights (ICCPR), and international best practices on NGO governance. It draws on recent legal developments, regulatory trends, and select case studies to analyze tensions between national security-driven regulation (e.g., FCRA) and India's international human rights obligations. By situating the Maharashtra model within a broader global discourse, this paper offers practical insights into reform opportunities, improved compliance mechanisms, and enhanced legitimacy for public trusts. It concludes by suggesting legal and administrative reforms to better harmonize domestic trust regulation with international standards without compromising legitimate state interests.**

***Keywords* - Maharashtra Public Trusts Act, NGOs, International Law, Civil Society, Governance, Charity Commissioner, Accountability, Human Rights, FCRA, Legal Reform**

I. INTRODUCTION

In recent decades, the governance of non-governmental organizations (NGOs) has become a critical area of legal and policy discourse, both domestically and internationally. Across jurisdictions, NGOs play an essential role in advancing development goals, defending human rights, and supplementing state welfare functions. However, their increasing influence has also drawn heightened regulatory attention, especially in relation to financial accountability, transparency, and foreign funding. The global trend reflects a dual narrative—while international human rights instruments safeguard the freedom of association and participation in public life, many states have imposed restrictive legal regimes under the guise of national security, sovereignty, and public interest.

In India, NGOs operate under a complex legal framework involving central and state-level laws. The Maharashtra Public Trusts Act, 1950 (MPTA) stands out as a pioneering piece of state legislation governing public charitable trusts. It provides a comprehensive structure for registration, management, and accountability of trusts operating in Maharashtra. The Charity Commissioner plays a central role in ensuring legal compliance, overseeing trust accounts, property, and activities. Despite its strengths, the Act is often criticized for its bureaucratic rigidity and lack of alignment with evolving international standards on NGO governance.

At the international level, legal instruments such as the International Covenant on Civil and Political Rights (ICCPR) and the UN Declaration on Human Rights Defenders emphasize enabling legal environments for civil society actors. These instruments advocate for minimal state interference, proportional regulation, and protection from arbitrary restrictions. However, India's regulatory approach—particularly the intersection of MPTA with central laws like the Foreign Contribution (Regulation) Act (FCRA)—often reflects a more restrictive stance. This has led to questions about compliance with international human rights obligations and the space available for NGOs to function freely and effectively.

This study was motivated by the growing need to critically examine how state-level legal frameworks, such as the MPTA, interact with global norms on NGO regulation. The ongoing tension between ensuring state oversight and preserving civil society autonomy is central to current debates on governance and democratic accountability. Given Maharashtra's leading role in NGO activity and regulatory innovation, an in-depth analysis of the MPTA offers valuable insights for broader legal reform in India.

Research Questions

- How does the Maharashtra Public Trusts Act, 1950, ensure accountability and transparency in the functioning of public charitable trusts?
- To what extent does the MPTA align with or diverge from international legal norms on the governance of NGOs?
- What recent legal and policy trends affect the balance between state control and NGO autonomy under this framework?

Research Question 1

How does the Maharashtra Public Trusts Act, 1950, establish mechanisms for accountability, transparency, and governance of public charitable trusts?

Justification and Methodological Link

This question seeks to dissect the internal legal structure of the MPTA using doctrinal analysis. The study examines the following:

- Mandatory registration (Section 18 of MPTA)
- Maintenance of books of account (Sections 32–35)
- Annual audit and reporting requirements
- Supervisory role of the Charity Commissioner

This involves close reading of statutes and case law to define the operational boundaries of governance under the MPTA.

Definition of Terms

- Public Charitable Trust: A legal entity formed for a charitable purpose, as defined under Indian trust law, and regulated under MPTA in Maharashtra.
- Governance: Mechanisms, processes, and relations by which public trusts are directed, administered, and held accountable.
- Transparency: The requirement for organizations to openly disclose their financial and operational activities, typically through audited reports.

Research Question 2

To what extent do the provisions of the Maharashtra Public Trusts Act align with international legal standards for NGO governance, particularly those related to freedom of association, transparency, and proportional regulation?

Justification and Methodological Link:

This question employs comparative legal analysis to assess compatibility between the MPTA and international law, including:

- Article 22 of the International Covenant on Civil and Political Rights (ICCPR)
- The UN Declaration on Human Rights Defenders
- FATF Recommendations on NGO oversight
- Best practices from the International Center for Not-for-Profit Law (ICNL)

The research will map Indian statutory provisions onto international principles to measure convergence and divergence.

Definition of Terms

- Freedom of Association: The right of individuals to join or form groups, including NGOs, as protected under international law (ICCPR Art. 22).
- Proportional Regulation: A legal standard requiring that government interventions (e.g., reporting obligations, restrictions) are not excessive relative to their purpose (e.g., preventing fraud or terrorism financing).

Research Question 3

What are the practical challenges faced by public charitable trusts in complying with both domestic regulations (under the MPTA and FCRA) and international obligations, and what reforms can enhance legal coherence?

Justification and Methodological Link:

This question uses case study analysis and secondary data review to understand real-world impacts. It involves:

- Studying instances of trust registration denial, FCRA license cancellations, or audit irregularities.
- Reviewing NGO reports, legal commentary, and government circulars.

Definition of Terms:

- FCRA (Foreign Contribution Regulation Act, 2010): A central legislation regulating acceptance and utilization of foreign funds by NGOs in India.
- Legal Coherence: The degree to which different laws and legal obligations support rather than contradict each other.

By addressing these questions, this paper aims to identify both strengths and gaps in the current legal regime, and to propose reforms that promote regulatory balance—strengthening accountability while upholding fundamental freedoms. The intended impact of this study is to contribute to legal scholarship on NGO governance and to inform policymakers engaged in designing fair and effective regulatory environments.

This study is guided by three primary research questions, each formulated to investigate how the Maharashtra Public Trusts Act, 1950 (MPTA) aligns with international legal norms in regulating public charitable trusts (commonly classified as NGOs in broader discourse). These questions are tightly integrated with the doctrinal, comparative, and case study methods employed in the research and are supported by defined legal concepts.

III. METHODS

This study adopts a qualitative doctrinal research methodology combined with elements of comparative legal analysis to examine the governance of public charitable trusts under the Maharashtra Public Trusts Act, 1950 (MPTA) and its alignment with international norms.

1. Doctrinal Legal Analysis
The primary method involves a doctrinal analysis of statutory provisions, case law, and administrative rules relating to the MPTA. Key legal texts, including the MPTA itself, relevant rules, government circulars, and official guidelines issued by the office of the Charity Commissioner, were examined. Judicial decisions from the Bombay High Court and Supreme Court of India concerning the interpretation and implementation of the Act were also analyzed to understand how the law is applied in practice.

2. Comparative Legal Framework
To assess the MPTA's alignment with international standards, the study compares its provisions with principles drawn from:

- International human rights instruments, such as the International Covenant on Civil and Political Rights (ICCPR), and the UN Declaration on Human Rights Defenders;
- International best practices in NGO regulation, such as those outlined by the Financial Action Task Force (FATF), International Center for Not-for-Profit Law (ICNL), and other global governance frameworks.

This comparative approach allows identification of regulatory gaps and areas where Indian law may fall short of or exceed international expectations.

3. Secondary Data Review
Secondary data sources, including academic journal articles, NGO reports, government publications, law commission reports, and policy briefs were critically reviewed to provide context and support the analysis. Special attention was given to recent research and commentary on foreign funding restrictions, regulatory trends under FCRA, and changes in public trust oversight.

4. Case Study Approach
A limited case study approach was also employed to illustrate how public charitable trusts in Maharashtra are affected by current regulations. Select examples of NGOs and trusts that have faced compliance issues, audits, or legal challenges under the MPTA and FCRA were reviewed to highlight practical implications of the law.

5. Analytical Framework
The study used a normative legal analysis framework, guided by the principles of rule of law, proportionality, transparency, and freedom of association. These principles helped evaluate whether existing legal provisions and enforcement mechanisms are consistent with international legal norms and democratic governance standards.

IV. RESULTS AND DISCUSSION

The analysis of the Maharashtra Public Trusts Act, 1950 (MPTA) reveals a strong domestic legal framework aimed at ensuring transparency, accountability, and regulatory control over public charitable trusts. Key features such as mandatory registration, compulsory maintenance of audited financial records, and direct oversight by the Charity Commissioner make the MPTA one of the more robust state-level instruments governing NGOs in India. These mechanisms serve the state's interest in preventing financial mismanagement and ensuring that public charitable resources are used for legitimate purposes. However, despite its regulatory strengths, the MPTA appears to lack the flexibility and rights-based orientation that characterize modern international standards for NGO governance.

When compared against global legal benchmarks—particularly the International Covenant on Civil and Political Rights (ICCPR) and the UN Declaration on Human Rights Defenders—the MPTA demonstrates partial alignment at best. While the Act ensures procedural accountability, it does not incorporate core international principles such as the freedom of association, proportionality in regulation, or legal safeguards against arbitrary interference. For instance, under the MPTA, both small grassroots trusts and large institutional charities are subjected to similar levels of oversight and reporting requirements, without consideration for the scale or nature of operations. This uniformity may inadvertently create compliance burdens for smaller organizations and deter the formation of new public trusts—potentially shrinking the civic space at the grassroots level.

Furthermore, the study identifies a significant regulatory conflict between the MPTA and the Foreign Contribution Regulation Act, 2010 (FCRA). Even when public charitable trusts in Maharashtra fully comply with the MPTA, they may still face legal hurdles under the FCRA, particularly in receiving and utilizing foreign donations. The central government's increasing scrutiny of foreign-funded NGOs has led to license cancellations and operational restrictions, often without adequate explanation or recourse. This dual compliance burden—one at the state level (MPTA) and one at the central level (FCRA)—creates legal uncertainty and administrative complexity. As a result, many trusts are forced to navigate conflicting obligations, which undermines both operational efficiency and legal protection.

The study also found that enforcement under the MPTA is uneven. While the Charity Commissioner's office plays a crucial regulatory role, it often faces resource constraints, delays in decision-making, and inconsistent application of rules. Additionally, public access to trust records and audit reports remains limited, which reduces transparency and public trust in the system.

While the findings of this study contribute valuable insights into the regulatory landscape for NGOs in Maharashtra, certain limitations must be acknowledged. Access to real-time data from the Charity Commissioner's office was restricted, and the study did not include primary interviews with trustees, legal officers, or NGOs themselves. Consequently, while the doctrinal and comparative analysis is comprehensive, the lived experiences of stakeholders could further enrich the findings and offer more grounded reform suggestions.

In summary, the MPTA reflects a well-intentioned but somewhat outdated approach to NGO regulation. It needs modernization and harmonization with international norms to create a legal environment that protects public interest without stifling civil society activity. Such reform should aim to retain essential oversight while promoting legal clarity, proportionality, and the freedoms that form the cornerstone of international human rights law.

Key Findings

Comprehensive Domestic Oversight

The Maharashtra Public Trusts Act, 1950 (MPTA) provides a detailed framework for the registration, regulation, and financial accountability of public charitable trusts. The law mandates compulsory registration, annual audits, and submission of financial reports, with the Charity Commissioner vested with wide powers to supervise and intervene in cases of mismanagement.

Partial Alignment with International Standards

While the MPTA ensures administrative oversight, it lacks clear alignment with international legal norms such as those found in the International Covenant on Civil and Political Rights (ICCPR). It does not explicitly recognize the freedom of association, proportional regulation, or safeguards against arbitrary state interference, which are essential under international human rights law.

Regulatory Duplication and Legal Incoherence

There is a significant overlap and inconsistency between the MPTA and the Foreign Contribution Regulation Act (FCRA), 2010. Trusts compliant under MPTA often face hurdles under FCRA, especially when dealing with foreign funding. This dual regulatory burden creates legal uncertainty and may discourage legitimate civil society activity.

Lack of Proportionality in Regulation

The MPTA does not differentiate between small and large trusts in terms of compliance requirements. This one-size-fits-all approach imposes unnecessary administrative burdens on smaller trusts and may hinder their sustainability.

Limited Transparency and Public Access

Despite strong internal controls, public access to trust records and audit findings is limited. This weakens the external accountability of trusts and reduces public engagement in civil society oversight.

Implementation Gaps

Although the Charity Commissioner plays a key role in enforcement, the office faces resource constraints, delays, and procedural backlogs, limiting its effectiveness in real-time trust monitoring and redressal of grievances.

Limitations

Several limitations were encountered in this study:

- Data Availability: Access to comprehensive case records and enforcement statistics from the Charity Commissioner's office was limited, restricting deeper empirical validation.
- Lack of Primary Stakeholder Interviews: Due to the scope and nature of the study, direct interviews with trustees, NGOs, or government officials were not conducted.
- Focus on Maharashtra: While the MPTA offers a useful case study, findings may not be generalizable to states with different legal frameworks or enforcement capacities.

While the study identifies key areas where the MPTA aligns with good governance practices, it also underscores the need for legal modernization to ensure the law keeps pace with international standards and remains conducive to a vibrant, independent civil society. However, these conclusions should be viewed as preliminary and context-specific, and further research—including stakeholder interviews and policy impact assessments—is necessary to propose actionable reforms.

V. CONCLUSION

This study examined the legal framework governing public charitable trusts under the Maharashtra Public Trusts Act, 1950 (MPTA) and its interaction with international legal norms, particularly in the context of accountability, transparency, and civil society freedoms. Through doctrinal and comparative analysis, it was observed that while the MPTA provides a comprehensive and historically significant model for trust regulation in India, it remains only partially aligned with evolving global standards on NGO governance.

The Act's strengths lie in its structured registration process, mandated financial reporting, and the institutional role of the Charity Commissioner. However, its bureaucratic rigidity, uniform application to trusts of all sizes, and lack of explicit recognition of freedom of association highlight areas where the law may inhibit the full realization of rights protected under international treaties such as the International Covenant on Civil and Political Rights (ICCPR).

Furthermore, the coexistence of state-level laws like the MPTA with central laws such as the Foreign Contribution

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Regulation Act (FCRA) creates overlapping and, at times, contradictory regulatory demands. This dual compliance burden particularly affects smaller trusts and NGOs relying on foreign support, often compromising their ability to function effectively.

The motivation behind this study was to bridge the gap between domestic regulatory practice and international legal expectations, with the broader aim of contributing to legal reform discourse in India. The findings suggest that targeted amendments to the MPTA—such as introducing proportional regulation, streamlining compliance processes, and embedding principles of human rights—could help align Maharashtra's trust law with international norms, without undermining the state's legitimate interest in oversight.

Ultimately, this research hopes to encourage further dialogue between legal scholars, policymakers, and civil society stakeholders toward developing a balanced, transparent, and enabling legal environment for charitable trusts in Maharashtra and beyond.

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