

country. And just like a citizen, it can choose to expand its work in other states / countries.

This clause⁴ will allow your society / Trust to do just that. However, in the absence of this clause, it may not be able to start work even in a district in the neighboring state.

In this era of globalization, many NGOs have started looking beyond the borders of the country where they started work. The above clause takes care of this also.

In some cases, the national tax laws may not allow your organisation to spend money outside the home country. For instance, Indian Income Tax Act mainly allows a deduction for money spent on charitable object within India⁵. If you go beyond India's borders, then some restrictions come into play⁶. Including this proviso in your bylaws will make the income tax people feel happier.

Books of Account

"The books of account of the organisation shall be kept at its registered office or at any other suitable place approved in advance by the Governing Board through a resolution."

Normally the bylaws provide for keeping the books at the registered office. This may be different from the main office, where the books will actually be kept. The above clause in the bylaws will allow you to keep the books at an alternative location also.

Removal of Trustee / office-bearer

"In the following event, a vacancy in the office of trustee shall be created: ...

- *When a trustee is convicted for a criminal offence involving moral turpitude or convicted for an offence involving any financial irregularities."*

This is a fairly standard clause⁷, except for the last phrase. This will enable you to remove a person who has diverted the society funds or has been involved in any other serious financial irregularities.

Quorum⁸

"There shall be normal quorum when at least 1/2 of the total strength of trustees or 5 members, whichever is more, are present at any meeting of the trustees.

If a quorum shall not have assembled within half an hour after the time appointed for the meeting, the meeting shall be adjourned to the same time and same day next week and shall be convened after 30 minutes at the same place as originally declared.

In such an adjourned meeting, a lower quorum of 1/3 of the Trustees or three trustees, whichever is higher, will be suf-



ficient and all the business transacted in such meeting shall be considered legal and valid.

Provided, however, that in the absence of the normal quorum (i.e. 1/2 of the total strength of trustees or 5 members, whichever is more) at the adjourned meeting, no business requiring a majority higher than 1/2 of the members present and voting, will be transacted.

Provided further that at an adjourned meeting, the chair shall not permit discussion or decision on any matter, which has not been specifically listed in the notice for the original meeting."

In most bylaws, some rules regarding the quorum are laid down. Mostly these indicate the minimum number of members required at a meeting. If sufficient members do not turn up, then no decisions can be taken at the meeting.

Sometimes, enough people do not turn up at a meeting. Therefore, most bylaws have a provision of adjourned⁹ meetings. What happens if sufficient people do not turn at the adjourned meeting also? This can create a deadlock. To avoid this, most bylaws say that quorum is not necessary at an adjourned meeting.

Unfortunately, this also creates a loophole, which can be mis-

⁴ Some registrars may object to this clause initially. You can then say that the clause specifically restricts the work area to what is permitted by law.

⁵ Clauses (a) and (b) of Section 11(1) of the Income Tax Act, 1961

⁶ Section 11(1)(c)(i) of the Income Tax Act, 1961: "...for a charitable purpose which tends to promote international welfare in which India is interested, to the extent to which such income is applied to such purposes outside India..."

⁷ Only relevant portion of the clause is given here. There are normally other sub-clauses in this.

⁸ The minimum number of members (usually a majority) who must be present for a body to transact business or take a vote. Black's Law Dictionary, 7th Edition, 1999, West Group, Minnesota.

⁹ Suspended or postponed. The meeting is then held on the same day in next week, at the same time and the same place.

