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Q6

Public charitable trusts have the potential to make India's development more inclusive as they relate to certain vital public issues. Comment.

UPSC Civil Services Mains 2024 · GS II · 10 marks · Governance and Policy

Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Core demand of the question

- Define public charitable trusts in Indian law
- Show how they relate to vital public issues and can make development more inclusive
- Comment on capture, opacity and State supervision
- Keep the tone as comment, not a hymn to voluntary bodies

Revision summary

Public charitable trusts hold property for poverty relief, education, medical aid and general public utility.

They already run a large share of Indian schools, hospitals and asylums, and sit beside Waqf and CSR.

Inclusion is possible when the beneficiary is a class, not a lineage.

Capture, capitation, opaque accounts and foreign-contribution abuse are the other half of the comment.

State supervision - registration, audits, removal of trustees - is what makes the potential real.

The form relates to vital public issues because the deed says so; delivery is a separate fact.

Introduction

A public charitable trust is property held for a purpose the law calls charitable - relief of poverty, education, medical relief, and other objects of general public utility - not for a family's private gain. India already runs a large part of its schools, hospitals and disability homes on that form. The comment is that the form **can** make development more inclusive, and that it often does not, unless the State watches the deed.

Body

Why the form can include

Government cannot staff every rare-disease clinic or every hostel the budget misses.

- **Peg:** Trusts and societies, and **Section 8** companies, sit in education, eye care, leprosy and mental-health homes, Scheduled Tribe hostels and disaster relief.
- **Peg:** **Article 26** protects denominations' right to manage their own affairs; many public temples and maths are still **public trusts** under State Acts on the **Maharashtra Public Trusts**

Act pattern.

- **Peg:** **Waqf** is a parallel Islamic charitable form; **corporate social responsibility** under **Section 135** of the Companies Act now parks company money in similar objects.
- **Peg:** Where the object is a public issue - girls' schooling, tuberculosis, palliative care - the trust can move faster than a budget line.

The catch

Inclusive on the deed can be exclusive in the deed.

- **Peg:** Caste trusts, capitation-fee colleges, and hospitals that are charitable at the gate and commercial in the ward show capture of the form.
- **Peg:** Opaque accounts, related-party leases and **Foreign Contribution (Regulation) Act** controversies showed that charity can be a political channel.
- **Peg:** Temple gold and land are public in law and often private in fact; who is trustee of a public deity is a running constitutional file.
- **Peg:** Tightening of foreign contribution cut some genuine welfare pipes as well as some political ones; a comment that only cheers "civil society" skips that.

What makes the potential real

The deed is infrastructure for inclusion, not inclusion itself.

- **Peg:** Registration, audited accounts, a public beneficiary class, and a **Charity Commissioner** who can remove a trustee are the comment's other half.
- **Peg:** They deliver when the beneficiary is a class, not a family.

Flow diagram

Public charitable trust -> Education health relief
 Public charitable trust -> Religious public endowment
 Education health relief -> Inclusion if class is public
 Public charitable trust -> Opacity and capture
 Opacity and capture -> Charity Commissioner
 Inclusion if class is public -> Inclusive development

Conclusion

The trust form can carry education, health and relief to people the budget misses. It becomes inclusive only when the object is public and the accounts are. Otherwise it is a tax-preferred private club.

Facts & figures

Maharashtra Public Trusts Act, 1950

Model State statute for registration and supervision of public trusts, widely copied in other States.

Section 135, Companies Act, 2013

Mandatory corporate social responsibility spend for large companies, often routed through trusts and **Section 8** companies.

Foreign Contribution (Regulation) Act, 2010

Regulates foreign contribution to associations; tightening after 2020 reduced many welfare inflows.

Article 26 of the Constitution

Protects a religious denomination's right to manage its own affairs in matters of religion, subject to public order, morality and health.

Income-tax exemptions for charitable trusts

Sections 11 to 13 of the Income-tax Act privilege a public object; they also create the incentive to dress a private club as charity.

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