



Maharashtra Charity Commissioner greenlights investment by public trusts in broader range of securities without prior approval

The Office of the Charity Commissioner, Maharashtra State, has issued a landmark circular expanding the scope of permissible investment avenues for public trusts registered under Maharashtra Public Trust Act, 1950. This development is in alignment with the amendments made to the Indian Trusts Act, 1882 and a Central Government notification dated 21st April 2017, which prescribed additional permissible securities under the said Act. The objective of this circular is to provide greater flexibility to public trusts in managing the trust money, by enabling them to make specified investments without seeking prior approval.

General Permission for Investment of Trust Funds ([Circular No. 619 dated 21st July 2025](#))

Under Section 35 of the Maharashtra Public Trusts Act, 1950 (hereinafter referred to as the 'Act'), trusts were required to invest funds that could not be immediately applied towards their objectives, into specific safe harbours like deposits with scheduled banks, postal savings bank or co-operative Bank approved by the State Government or in public securities defined under Section 2(12) of the Act. For any other investment including in the securities specified by the Central Government vide Notification dated 21st April 2017, a prior permission by way of special or general order from the Charity Commissioner was necessary. Considering that such investments are already approved under the Indian Trusts Act, 1882, it was deemed necessary and expedient—both in the interest of administrative efficiency and in the best interest of the trusts—that trustee be allowed to invest the trust funds in such securities without the requirement of filing a separate application for each investment.

Therefore, recognizing the need for trusts to access a wider array of financial instruments, the Charity Commissioner of Maharashtra State has issued a general order. **This order permits the trustees of a Public Trust to invest up to 50% of the trust's money in the prescribed securities.**

The specified securities for investment include:

1. Government and Guaranteed Securities:
 - a. Government securities
 - b. Securities where the principal and interest are fully and unconditionally guaranteed by the Central or any State Government
2. Debt Instruments and Mutual Funds:
 - a. Units of debt mutual funds regulated by the Securities and Exchange Board of India (SEBI)
 - b. Listed / proposed to be listed (in case of fresh issue) debt securities from corporate bodies including banks and public financial institutions, with a minimum residual maturity of three years
 - c. Listed / proposed to be listed Basel III Tier-I bonds issued by a scheduled commercial bank
 - d. Listed / proposed to be listed infrastructure-related debt instruments, including securities from infrastructure-focused companies or units from Infrastructure Debt Funds regulated by RBI or SEBI.

Condition: Investments in the above debt instruments (corporate debt, Basel III bonds, and infrastructure debt) must have a minimum AA rating or its equivalent from at least two SEBI-registered credit rating agencies. If it has been rated by more than two rating agencies, the two lowest of all the ratings shall be considered.

3. Equity and Equity-Oriented Funds:

- Shares of companies listed on a recognized stock exchange with a market capitalization of ₹5,000 crore or more at the time of investment
- Units of SEBI-regulated mutual funds that invest a minimum of 65% of their assets in shares of listed companies
- Exchange Traded Funds (ETFs) or Index Funds regulated by SEBI that replicate the BSE Sensex or NSE Nifty index

CNK Comments

This is a progressive and highly welcome clarification from the Maharashtra Charity Commissioner. It addresses a long-standing need for charitable trusts to have greater flexibility in managing the trust funds. The move to issue this general order significantly reduces the administrative burden on trusts, whereby they no longer need to file an application with the Charity Commissioner for every investment decision that falls within these new guidelines. The stipulated conditions, such as minimum credit ratings for debt instruments and a market-cap threshold for stocks, provide a prudent framework for risk management. This circular modernizes the investment landscape for public trusts registered in Maharashtra, empowering them to enhance their financial health and, consequently, their social impact.

This circular allows public trusts registered under the Act to **invest up to 50% of their trust funds in a diversified range of securities as prescribed**. However, a public trust that has invested more than 50% of their funds in notified securities before 21st July 2025 with prior approval from the Charity Commissioner are not considered in violation of Circular No. 619 of 2025 even if such investments exceed the 50% threshold provided and these investments are in compliance with Section 11(5) of the Income-tax Act. **The circular is prospective in nature** and does not mandate retrospective reallocation or disinvestment of such approved investments. Therefore, no action is required for such trusts in respect of past investments made with due compliance and prior approval. However, any investments made on or after 21st July 2025 will be subject to the 50% cap as prescribed in the circular. Trusts must ensure compliance with this limit going forward to avoid any regulatory contravention.

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