

CIRCULAR No.53
SUBJECT : Investment of Public Trust Money .

Section 35 of the Bombay Public Trusts Act,1950 lays down that where the trust property consists of money and can not be applied immediately or at an early date to the purposes of the public trust, the trustee is bound (subject to any direction, contained in the instrument of the trust) to invest the money in public securities . However, many times the trustees are not in a position to decide whether the amounts in hand can be applied immediately to the objects of the trust or whether it is necessary to invest them in public securities.

In such cases, the Regional officers may advise the trustees to deposit such amounts in the Post Office Savings Bank Account to enable them to retain a part of the trust money in the shape of a liquid reserve. This will not only enable the trustees and the Charity Commissioner's Organisation to give effect to the provisions of Section 35 but will also enable the public trusts to earn some interest on deposits pending their application to the objects of the trusts.

Attention of the Regional Officers is invited to the Government Order, Legal Department No.19730/E, dated the 25th November, 1952, passed in exercise of the powers conferred by Clause (d) of Sub Section (12) of Section 2 of the Bombay Public Trusts Act,1950, declaring debentures of the Bombay Provincial Co-operative Land Mortgage Bank Ltd., to be public securities.

National Savings Certificates and Postal Cash Certificates are "public securities" within the meaning of Section 2(12) of the Bombay Public Trusts Act,1950.

This circular may be brought to the notice of the Chartered Accountants and other auditors.

Dated : 27th April, 1953

D.R.PRADHAN
Charity Commissioner, Bombay