

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA  
UNSTARRED QUESTION NO. 1398  
ANSWERED ON TUESDAY, THE 22<sup>ND</sup> JULY, 2014**

**PROVISION REGARDING CONTRIBUTION TO POLITICAL PARTIES BY THE  
COMPANIES**

**QUESTION**

1398. DR. T.N. SEEMA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the details of the existing provisions of the law and other statutory directions of Government regarding contribution to political parties by the companies;
- (b) whether the companies are required to reflect it in their balance sheet presented for audit and to various authorities;
- (c) whether Government is planning to end this practice due to pressure from corporate sector;
- (d) if so, the details thereof;
- (e) whether Government proposes to initiate the process to review and repeal the Companies (Donations of National Funds) Act, 1951; and
- (f) if so, the details thereof along with the scope of such a review?

**ANSWER**

THE MINISTER OF STATE  
IN THE MINISTRY OF CORPORATE AFFAIRS

(SMT. NIRMALA SITHARAMAN)

(a) to (d):- Contributions to political parties are governed by Section 182 of the Companies Act, 2013. A company that is not a Government company and which is in existence for at least last three financial years may contribute up to 7.5% of its average net profits during the last three years to a political party/parties registered under the representation of Peoples Act, 1951. This is subject to further elaborations and restrictions in the said section. Following permission to establish Electoral Trust companies under the Income Tax Act, a company can also make contributions within the above limits and restrictions to 'Electoral Trust Companies' and reflect these contributions in their books of accounts. The Electoral Trust Companies are, however, required to indicate the amounts passed on to them by companies and contributed by them to a political party or parties in the manner laid down in section 182(3) of the Companies Act, 2013. There is no proposal to review the above arrangements.

(e) & (f):- The relevant provisions of the Companies (Donations to National Funds) Act, 1951 have already been incorporated in the Companies Act, 2013. Section 181 and 183 of the Act allows companies to contribute to bonafide and charitable funds and to national funds etc. In view of this, this Ministry has initiated to repeal the Companies (Donations to National Funds) Act, 1951.

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