

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2436
ANSWERED ON:10.03.2011
POLITICAL DONATIONS BY CORPORATE BODIES
Tewari Shri Manish

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the amount that a company can contribute to a political party as per the existing provisions of the law and other statutory directions of the Government;
- (b) the time when these provisions were enacted and last amended;
- (c) the tax-status of such donations;
- (d) the details regarding corresponding legal provisions in the U.S., U.K., Germany, Canada, Brazil, South Africa, South Korea and Japan;
- (e) whether there is any divergence between the Indian Law and the laws of the companies mentioned above on the subject;
- (f) if so, whether the Government proposes to review the law in India with regard to political donations by corporate bodies; and
- (g) if so, the details thereof and the list of foreign companies permitted to make donations to political parties in India?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R.P.N. SINGH)

- (a) Companies Act, 1956 states that a company may contribute any amount directly or indirectly to any political party or for any political purpose not exceeding 5% of its average net profits determined as per section 349 and 350 during the three immediately preceding financial years.
- (b) The original section was inserted by Companies (Amendment) Act, 1960 and was amended by Companies (Amendment) Act, 1985.
- (c) The tax provisions are covered by the Income Tax Act, 1961.
- (d) & (e) This Ministry has no information in this respect.
- (f) No, Madam.
- (g) Does not arise and no such details are submitted to Government.