

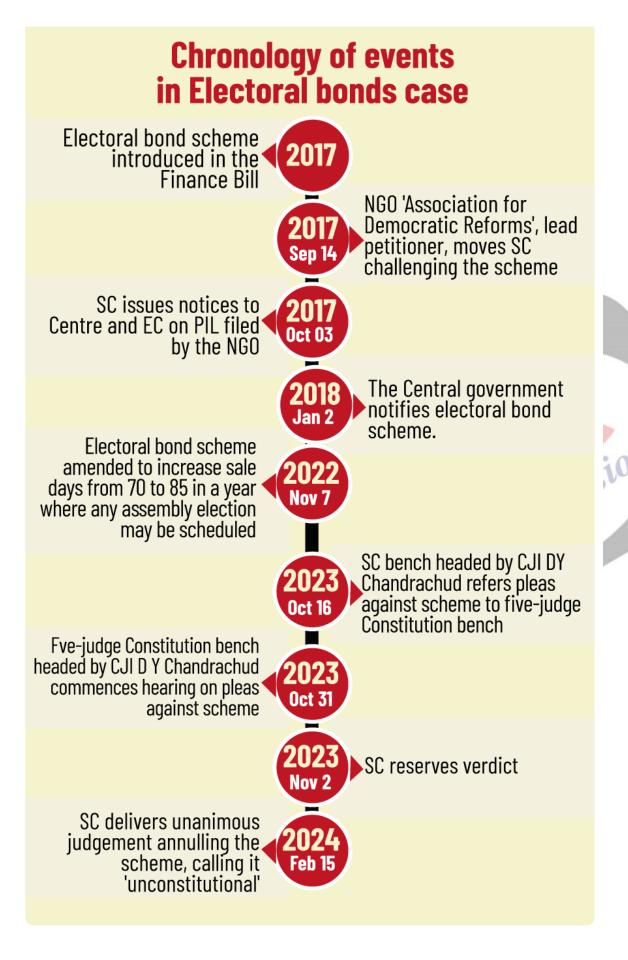
## **Political Contribution by Newly Incorporated Firms**

Source: TH

Despite **regulations prohibiting companies less than three years old from making political contributions**, recent data reveals startling purchases of <u>electoral bonds</u> by newly established firms in India.

- The <u>Companies Act 2013</u> prohibits companies less than three years old from making political contributions, aiming to prevent <u>shell companies</u> from contributing funds into political parties.
  - The 2017 amendment removed the cap on contributions **but retained the three-year prohibition.**
- Section 182 of the Companies Act 2013 outlines penalties for contravention, including fines and imprisonment for officers.





Read more: <u>SC Strikes Down Electoral Bonds Scheme</u>

PDF Refernece URL: https://www.drishtiias.com/printpdf/political-contribution-by-newly-incorporated-firms

