



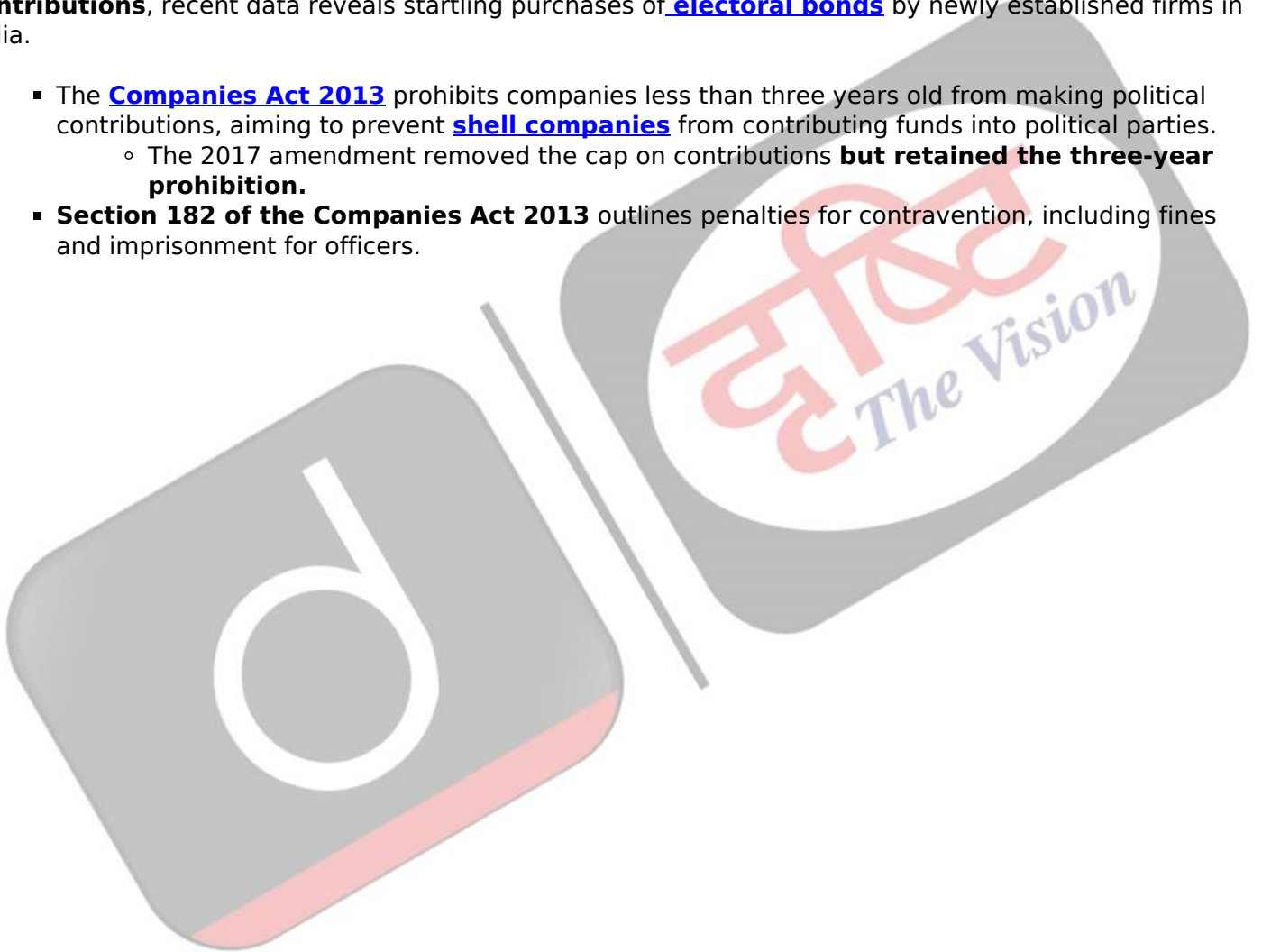
Political Contribution by Newly Incorporated Firms

Source: TH

Despite **regulations prohibiting companies less than three years old from making political contributions**, recent data reveals startling purchases of [electoral bonds](#) by newly established firms in India.

- The [Companies Act 2013](#) prohibits companies less than three years old from making political contributions, aiming to prevent [shell companies](#) 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.

//



Chronology of events in Electoral bonds case

Electoral bond scheme introduced in the Finance Bill

2017

2017
Sep 14

NGO 'Association for Democratic Reforms', lead petitioner, moves SC challenging the scheme

SC issues notices to Centre and EC on PIL filed by the NGO

2017
Oct 03

2018
Jan 2

The Central government notifies electoral bond scheme.

Electoral bond scheme amended to increase sale days from 70 to 85 in a year where any assembly election may be scheduled

2022
Nov 7

2023
Oct 16

SC bench headed by CJI DY Chandrachud refers pleas against scheme to five-judge Constitution bench

Five-judge Constitution bench headed by CJI D Y Chandrachud commences hearing on pleas against scheme

2023
Oct 31

2023
Nov 2

SC reserves verdict

SC delivers unanimous judgement annulling the scheme, calling it 'unconstitutional'

2024
Feb 15

Read more: [SC Strikes Down Electoral Bonds Scheme](#)

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

