

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 4448
ANSWERED ON FRIDAY, AUGUST 08, 2014/
SHRAVANA 17, 1936 (SAKA)**

CONTRIBUTION TO NGOs

QUESTION

4448. SHRI B. SRIRAMULU:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) the details of the existing provisions of the law and other statutory directions of Government regarding contributions to Non-Government Organisations/Voluntary Organisations/Social Welfare Societies by the companies;
- (b) whether the companies are required to reflect it in their balance sheets presented for audit and to the concerned authorities;
- (c) whether the corporate sector has requested the Government to end this practice; and
- (d) if so, the details thereof and the response of the Government thereto?

ANSWER

**THE MINISTER OF STATE (SMT. NIRMALA SITHARAMAN)
IN THE MINISTRY OF CORPORATE AFFAIRS**

कारपोरेट कार्य मंत्रालय में राज्य मंत्री

(श्रीमती निर्मला सीतारमण)

(a) to (d):- Section 181 of the Companies Act, 2013 prescribes that the Board of Directors of a company may contribute to bona fide and charitable funds and other funds. However, prior permission of the company in general meeting is required for such contribution in case any amount the aggregate of which, in any financial year, exceeds five percent of its average net profits for the three immediately preceding financial year. Any contribution made by a company registered under Companies Act has to be reflected in the Accounts of the company. Government has not received any suggestion from any quarter to change this standard accounting practice.
