GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 1807
ANSWERED ON TUESDAY, AUGUST 04, 2026

COMPANY LAW (AMENDMENT) BILL, 2026

QUESTION

1807. Shri Rajesh Parmanand Shukla:
Shri Ashokrao Shankarrao Chavan:

Will the Minister of CORPORATE AFFAIRS
be pleased to state:

(a) the details of the specific parameters considered for raising the limit of paid-up share capital in the definition of small company to ₹20 crore under the Companies (Amendment) Bill, 2026;

(b) whether Government has taken any steps to expand and strengthen the scope of fast- track merger under the Companies Act, 2013 to make corporate restructuring swifter, simpler and cost-effective; and

(c) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF ROAD, TRANSPORT AND HIGHWAYS

[SHRI HARSH MALHOTRA]

(a): The proposal to increase of the statutory ceiling for paid-up share capital from Rs. 10 crore to Rs. 20 crore in the Corporate Laws (Amendment) Bill, 2026 has been introduced because the paid-up share capital threshold prescribed under the existing definition of the "small company" has already reached the current statutory ceiling of Rs. 10 crore. The proposed amendment is intended to provide flexibility to revise the prescribed threshold depending on the growth in the scale of business and general expansion of the economy.

(b) & (c): The Government has taken steps to expand, rationalize, and strengthen the fast-track merger (FTM) framework under Section 233 of the Companies Act, 2013 to encourage ease of doing business and provide a cost-effective, administrative mechanism for corporate reorganizations. The details are at Annexure-I.

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Annexure-I

Annexure-I to the Rajya Sabha Unstarred Q. No. 1807 part (b) & (c) to be answered on 4th August, 2026

- Originally, only mergers between two or more small companies, or between a holding company and its wholly-owned subsidiary company were allowed under this route.
- Vide Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2021, mergers between start-ups, and between small companies and start-ups were also included in the scope.
- In 2024, cross-border reverse flipping under the fast-track merger framework was allowed, which permitted a foreign holding company to directly merge into its wholly-owned subsidiary in India.
- In 2025, the eligibility criteria of fast-track merger was further widened to include merger between unlisted companies (other than section 8 company), provided that the aggregate outstanding borrowings (including bank loans, debentures, and public deposits) of each company does not exceed Rs. 200 crores. This also allows for intra-group restructuring between a holding company and its subsidiaries, as well as between fellow subsidiaries.
- Further, there are provisions for deemed approval under the fast-track merger framework to ensure that these mergers are approved within the 60 days timeline.

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