GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1234
ANSWERED ON MONDAY, JULY 27, 2026
SHRAVANA 5, 1948 (SAKA)
SALIENT FEATURES OF CORPORATE LAWS (AMENDMENT BILL), 2026
QUESTION

1234. Dr. Bhola Singh:

Will the Minister of CORPORATE AFFAIRS
be pleased to state:

(a) the steps taken by the Government since 2014 to decriminalise offences under the Companies Act, 2013 and the Limited Liability Partnership Act, 2008;

(b) the salient features of the Corporate Laws (Amendment) Bill, 2026 relating to compliance relief for companies;

(c) the measures taken by the Government to strengthen the fast-track merger framework; and

(d) the expected impact on ease of doing business ?

ANSWER

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

[SHRI HARSH MALHOTRA]

(a): In keeping with the Government's objective of providing greater ease of doing business to law abiding corporates, process of de-criminalization of technical & procedural violations under Companies Act, 2013 (CA-13) and Limited Liability Partnerships (LLPs) was carried out in phased manner since 2014-15. The details are at Annexure-I.

(b): The salient features of the Corporate Laws (Amendment) Bill, 2026 relating to compliance relief for companies are at Annexure-II.

(c) & (d): 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-III.

Annexure-I

Annexure-I to the Lok Sabha Unstarred Q. No. 1234 part (a) to be answered on 27th July, 2026

In the first phase, through the Companies (Amendment) Act, 2019, 16 compoundable offences under the CA-13 were decriminalized and shifted to an In-house Adjudication Mechanism.

In the second phase, through the Companies (Amendment) Act, 2020, 35 more compoundable offences under the CA-13 were de-criminalized. In addition, through this amendment, in case of 11 compoundable offences, provisions for imprisonment were removed and only fines were retained.

Further, 12 offences have been decriminalized in LLP Act, 2008 through the Limited Liability Partnership (Amendment) Act, 2021.

Annexure-II

Annexure-II to the Lok Sabha Unstarred Q. No. 1234 part (b) to be answered on 27th July, 2026

- **Decriminalisation of various procedural defaults under the Companies Act and the LLP Act by replacing criminal provisions with civil penalties;**
- **Simplification of procedures relating to mergers and amalgamations through rationalisation of approval thresholds for fast-track mergers and enabling filing of applications before a single bench of the National Company Law Tribunal having jurisdiction over the transferee company;**
- **Providing further relaxations for small companies by providing exemption from mandatory Corporate Social Responsibility (CSR), requirements related to auditor appointment for prescribed class of small companies, reduction in additional fees, reduction in number of Board meetings, increase in upper threshold for the definition of small companies etc.**
- **Simplification of procedures relating to voluntary strike-off of companies to facilitate quicker and simpler closure or voluntary exit for companies;**
- **Relaxations in CSR requirements through revision of eligibility thresholds and enhancing timelines for transfer of unspent amounts to a separate bank account relating to ongoing project and revising eligibility threshold with regard to constitution of CSR committees;**
- **Facilitating companies and limited liability partnerships operating in International Financial Services Centres by allowing them to issue and maintain share capital in foreign currency as permitted by the International Financial Services Centres Authority;**
- **Enabling companies to hold Annual General Meetings and Extraordinary General Meetings through video conferencing or other audio visual means with requirement for holding at least one Annual General Meeting in physical mode within a specified period;**
- **Replacement of certain affidavits required under the Act with self-declarations;**
- **Recognising new forms of instruments linked to the value of share capital for executive compensation.**

<u>Annexure-III</u>

<u>Annexure-III to the Lok Sabha Unstarred Q. No. 1234 part (c) & (d) to be answered on 27th July, 2026</u>

- **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 FTM 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 FTM framework to ensure that these mergers are approved within the 60 days timeline.**

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