GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

LOK SABHA
STARRED QUESTION NO. 103
ANSWERED ON MONDAY, JULY 27, 2026
SHRAVANA 5, 1948 (SAKA)

CORPORATE LAWS (AMENDMENT) BILL, 2026

QUESTION

***103. SHRI TRIVENDRA SINGH RAWAT:**
DR. SANJAY JAISWAL:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) the specific parameters considered for doubling the "Small Company" paid-up share capital threshold to Rs. 20 crore in the Corporate Laws Bill, 2026;

(b) whether the Government has taken any steps since FY 2014-15 to decriminalise various offences under the Companies Act, 2013 and the Limited Liability Partnership Act, 2008 in order to promote trust-based governance, ease of doing business and ease of compliance;

(c) if so, the details thereof;

(d) whether the Government has taken steps to expand and strengthen the fast-track merger framework under the Companies Act, 2013 to enable quicker, simpler and cost-effective corporate restructuring; and

(e) if so, the details thereof?

ANSWER

THE MINISTER OF FINANCE & CORPORATE AFFAIRS

[SMT. NIRMALA SITARAMAN]

(a) to (e): - A statement is laid on the Table of the House

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 103 (3rd POSITION) FOR 27th JULY, 2026 ASKED BY SHRI TRIVENDRA SINGH RAWAT AND DR. SANJAY

JAISWAL, HON'BLE MEMBERS OF PARLIAMENT REGARDING CORPORATE LAWS (AMENDMENT) BILL, 2026

(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 nature, growth in the scale of business and general expansion of the economy.

(b) & (c): 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.

(d) & (e): 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-II.

<u>Annexure-I</u>

<u>Annexure-I to the Lok Sabha Starred Q. No. 103 part (b) & (c) to be answered on 27th July, 2026</u>

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.

These initiatives have reduced significant implications for litigation and corporate governance. The gradual decriminalization of offenses under the Companies Act, 2013, and the LLP Act, 2008, has reduced the burden of litigation, enhanced ease of doing business, and contributed to better corporate governance. It reflects a balanced approach, promoting compliance while ensuring that grave violations are dealt with stringently.

Annexure-II to the Lok Sabha Starred Q. No. 103 part (d) & (e) to be answered on 27th July, 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 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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