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REIMAGINATION OF CORPORATE LAWS UNDER THE CORPORATE LAWS (AMENDMENT) BILL, 2026

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INTRODUCTION

On March 23, 2026, the Union Government introduced the Corporate Laws (Amendment) Bill, 2026[1] in Lok Sabha, with the claim of it containing the largest omnibus amendment to Indian corporate laws since the year 2020. The Bill seeks to amend more than a hundred sections of the Companies Act, 2013[2] and the Limited Liability Partnership Act, 2008[3], and was immediately sent to a Joint Parliamentary Committee. The stated goal of the government is to reduce compliance with Indian corporate law, de-criminalise a number of defaults, relax standards and liberalise the rules for dealing with entities that use India's International Financial Services Centres[4].

This article summarises the most important proposed changes that would come with the new law, and compares them to ongoing legislative changes in the UK, Singapore, the US, and other major financial hubs around the world. Since the fate of the Bill still remains pending before the Joint Parliamentary Committee and the President of India, this article treats it as a possible upcoming change for corporate law in India, rather than an established one.

SALIENT FEATURES OF THE BILL

1. DECRIMINALISATION OF PROCEDURAL OFFENCES

Building upon the Companies (Amendment) Acts of 2019 and 2020, which decriminalized, respectively, sixteen offences and several additional ones, by replacing criminal penalties of fines and imprisonment with civil liabilities[5], the 2026 Bill aims to remove criminal liability

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[1] The Corporate Laws (Amendment) Bill, 2026, Bill No. 85 of 2026 (India) [hereinafter Bill], available at PRS Research, https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_(A)_Bill_2026_Text.pdf.

[2] Companies Act, 2013, No. 18 of 2013, India Code (2013)

[3] Limited Liability Partnership Act, 2008, No. 6 of 2009, India Code (2009).

[4] Corporate Laws (Amendment) Bill, 2026 Introduced in Lok Sabha, Aims to Ease Compliance and Modernise Business Rules, The Statesman (Mar. 23, 2026), https://www.thestatesman.com/india/corporate-laws-amendment-bill-2026-introduced-in-lok-sabha-aims-to-ease-compliance-and-modernise-business-rules-1503573260.html/amp.

[5] Companies (Amendment) Act, 2019, No. 22 of 2019, India Code (2019); Companies (Amendment) Act, 2020, No. 29 of 2020, India Code (2020);

for a number of defaults. They include deliberate failure to give information relating to a producer company, breach of any subordinate legislation, default in furnishing information requested by the Registrar of Companies other than those specified in the summons from the Registrar, and default in respect of book-keeping. In line with the other acts, the penalties for these violations will be imposed by the in-house adjudicating officer instead of criminal courts in accordance with Section 454 of the Companies Act[6].

2. CORPORATE SOCIAL RESPONSIBILITY THRESHOLD REVISION

Section 135 currently mandates that companies with a net-worth or turnover or net-profit above a certain threshold must spend at least two percent of their average net profits on corporate social responsibility[7]. The Bill increases the net-worth CSR applicability threshold and consequently the related turnover figures and also raises the number of days by which a company can carry forward unspent CSR funds from thirty to ninety days. Opposition members raised this change as a concern when the bill was introduced as it was seen as a dilution of CSR, however, the Government argues that it is restoring the real value of the thresholds that have been there for the last decade[8].

3. FAST-TRACK AND NCLT-SANCTIONED MERGERS

The Bill creates a single Tribunal bench having jurisdiction over applications for the merger and amalgamation of a company and the transferee or resulting company by virtue of such merger or amalgamation, thereby putting an end to parallel proceedings in various benches[9]. It amends the fast-track merger route to make approval by a majority of shareholders representing ninety percent in value in each of the merging companies a condition for completion of such merger. It also provides that a general approval route for mergers requires the approval of at least seventy-five percent in value of the members present and voting at a meeting of the members of each merging company, as against nine-tenths in value of the members present and voting in case of small companies[10].

4. BUY-BACK AND CAPITAL STRUCTURING REFORMS

Further, Section 68 is amended to enable specified classes of companies to make buy-backs worth a higher percentage of its paid-up share capital and free reserves; to make two buy-back offers instead of one during the year, but with at least six months between such offers. The amendment acts in consonance with the amendment of the Income-tax Act, 2025, which seeks to treat the amount received by a shareholder on buy-back of shares as capital gain and not as deemed dividend with effect from April 1, 2026, so that the tax incidence on buy-back would be aligned with the corporate law changes[11].

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[6] Companies Act, 2013 § 454 (as amended)

[7] Companies Act, 2013 § 135(5) (as amended by the Companies (Amendment) Act, 2019 and the Companies (Amendment) Act, 2020);

[8] Congress MP Manish Tewari, TMC MP Sougata Ray and DMK MP T. Sumathy opposed introduction of the Bill, alleging dilution of corporate social responsibility norms. News on Air

[9] Bill, supra note 1, cl. 69 (amending Companies Act § 233(1)(b), (d)).

[10] Bill, supra note 1, cl. 69(a)(i) (amending Companies Act § 233(1)(b), raising the shareholder-approval threshold to seventy-five percent by value).

[11] Income-tax Act, 2025, No. 25 of 2025, § [buy-back taxation provisions], India Code (2025);

5. RESTRUCTURING OF AUDITOR AND VALUER OVERSIGHT

The Bill substantially rewrites the provisions of Section 132 and makes the National Financial Reporting Authority a body corporate for the purpose of this Act with perpetual succession. It inserts eleven new Sections (132A to 132K) which provide for the establishment of an independent fund by the Authority; power to make regulations; procedure for inquiry and imposition of penalties, akin to other Indian sectoral regulators, including ouster of jurisdiction of civil courts. It provides that auditors of companies under the jurisdiction of the Authority can only be persons who have enrolled themselves with the Authority for such audit, apart from the requirement of membership of the Institute of Chartered Accountants of India[12]. The Valuation Authority function of the Company Law Board is transferred to the Insolvency and Bankruptcy Board of India, which is entrusted with the regulation of valuers. Thus, regulation of valuers comes under the supervision of the Insolvency and Bankruptcy Board of India, which is mandated to specify the class of persons to be licensed as registered valuers and to take disciplinary action against them, by virtue of Section 247[13].

6. GIFT CITY AND LLP REFORMS

Chapter II of the Bill amends the Limited Liability Partnership Act, thereby creating a new class of Specified International Financial Services Centre Limited Liability Partnerships. These entities, while being a category of limited liability partnerships, are obligated to have their registered office located in an International Financial Services Centre, make use of a specific identification suffix in their names and hold their partners' contributions in permitted foreign currencies. These requirements are applicable in addition to the requirements which apply to limited liability partnerships in general. Similarly, a corresponding Section 43A is inserted into the Companies Act, which imposes certain requirements akin to the requirements imposed on the Specified International Financial Services Centre Limited Liability Partnerships, such as the requirement that IFSC- incorporated companies must hold their subscribed share capital in foreign currency. The Bill introduces for the first time a statutory framework with respect to the conversion of a SEBI-registered trust and IFSCA-registered trust into an LLP, which can happen upon the approval of three-fourth of the investors in the trust concerned[14].

7. HYBRID GENERAL MEETINGS

The new Companies Act allows companies to hold their annual general meeting and any other general meeting, including extraordinary general meeting, by way of video conference, conference call or hybrid meeting. However, it is mandatory that a physical meeting is held once in every three years and that a hybrid meeting is requisitioned in accordance with the procedure set out in the Act[15].

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[12] Bill, supra note 1, cl. 41 (inserting Companies Act § 132A

[13] Bill, supra note 1, cl. 73 (amending Companies Act § 247 and inserting §§ 247(1A)-(1C), designating the Insolvency and Bankruptcy Board of India as the Valuation Authority).

[14]Bill, supra note 1, cl. 12 (inserting Limited Liability Partnership Act § 57A and the Fifth Schedule).

[15] Bill, supra note 1, cl. 32 (inserting Companies Act § 96(3)).

COMPARATIVE ANALYSIS

A. DECRIMINALISATION: AN INTERNATIONAL TREND, DIFFERENTLY CALIBRATED

India's ongoing decriminalisation is often framed within India as aligning Indian company law with overseas trends that seek to distinguish between regulatory defaults and fraudulent defaults, imposing administrative and civil penalties on the former and criminal penalties on the latter. This is broadly true, but with important qualifications[16]. Singapore's Companies Act and Securities and Futures Act already apply a two-tiered enforcement model, in which the Accounting and Corporate Regulatory Authority handles defaults in filing and disclosure on an administrative and civil level, while the Monetary Authority of Singapore prosecutes market misconduct and fraudulent defaults on a criminal level. This is broadly analogous to the approach that India's 2019, 2020 and 2026 amendments have taken, albeit in a more gradual manner, with India's penal code still retaining a number of criminal offences pertaining to default[17].

The United Kingdom, by contrast, has moved in the opposite direction in its corporate criminal liability regime, even as it has decriminalised a number of filing defaults itself. The Economic Crime and Corporate Transparency Act 2023 created a strict-liability corporate offence of failure to prevent fraud, while the Crime and Policing Act 2026 extends the "directing mind and will" doctrine so that a company may be held out as committing any offence committed by any of its senior managers acting within their authority, effective June 29, 2026. The lesson to be drawn from the UK's experience is that decriminalisation of filing defaults can proceed alongside enhanced corporate criminal liability for fraud at the other end of the spectrum; India's 2026 Bill appears to be more cautious in its approach to the latter, only adjusting the threshold for the general offence of fraud (section 447) from ten lakh to twenty-five lakh rupees, without introducing a UK-style failure-to-prevent-fraud offence or extending the "directing mind and will" doctrine[18].

B. AUDITOR AND VALUER IMPLICATIONS

The Bill's transformation of the National Financial Reporting Authority into an independent, self-funded corporate entity with its own penalty, inquiry and regulatory powers represents a shift towards the US model of the Public Company Accounting Oversight Board, created by the Sarbanes-Oxley Act of 2002 as a private company with authority to inspect, investigate, and punish registered accounting firms[19]. The Public Company Accounting Oversight Board, however, is self-funded, with its own budget derived from registration and accounting fees, not directly from Congress. The UK's Financial Reporting Council serves a similar function to the NFRA, with the authority to investigate, prosecute and punish accounting firms, albeit with its powers periodically expanded through amendment to the Companies Act 2006. The key difference with the Indian model is that the Bill retains a supervisory power over the NFRA,

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[16] Manvi Chugh, Decriminalisation of Offences Under Companies Act, iPleaders (May 21, 2022), https://blog.ipleaders.in/decriminalisation-of-offences-under-companies-act/.

[17] Companies Act 1967, c. 50 (Sing.); Accounting and Corporate Regulatory Authority, List of Common Offences, https://www.acra.gov.sg/how-to-guides/offences-prosecutions-and-penalties-for-companies/list-of-common-offences (last visited July 26, 2026).

[18] Crime and Policing Act 2026, (UK);,

[19] Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204, § 101, 116 Stat. 745, 750 (establishing the Public Company Accounting Oversight Board).

allowing the Central Government to supersede the Authority for up to six months at a time, which the PCAOB's equivalent does not possess; the closest analogy is the Securities and Exchange Commission's authority to remove PCAOB members for cause.[20] Whether the Indian model will have as much autonomy as the PCAOB is likely to be determined by whether and how the Central Government exercises its supervisory powers over the NFRA.

C. CORPORATE REGISTRY MODERNISATION- COMPANIES HOUSE AND THE REGISTRAR OF COMPANIES

The Bill's requirement in new section 12A for companies to maintain a website and e-mail address for the purposes of the Registrar's inspection, as well as the relaxation of electronic service of documents in new section 20, are relatively minor adjustments to the corporate registry system. The UK has gone further in this arena, with the Economic Crime and Corporate Transparency Act 2023 empowering the Registrar of Companies, as of March 2024, to score filings, reject inconsistent filings, and remove incorrect information from the register, and as of March 2025, to verify the identity of directors and persons with significant control before allowing them to remain on the register[21]. India's 2026 Bill makes no such requirements for director or PSC identity verification beyond the existing Director Identification Number regime, though it does strengthen that regime by empowering the Central Government to deactivate or cancel a DINO where a disqualified person applies for one, or where a person's particulars cannot be verified[22]. The UK's approach is more rigorous in its prevention of fraud, while India's appears to have focused more on facilitating compliance.

D. GIFT CITY ALONGSIDE DIFC AND SINGAPORE

The foreign-currency capital and accounting regime for Specified International Financial Services Centre LLPs and companies reflects India's response to the competition from the nearby Dubai International Financial Centre and Singapore, in which entities incorporated within the DIFC or in Singapore's financial free zones are permitted to denominate capital, accounts, and transactions in foreign currencies by virtue of the DIFC's own laws, as well as the jurisdiction of the DIFC Courts and the DIFC-LCIA Arbitration Centre. GIFT City's laws make one important distinction from the DIFC and Singapore: unlike the DIFC and Singapore, which have their own company law regimes separate from the main company law of their respective countries, GIFT IFSC entities are subject to the ordinary Companies Act and Limited Liability Partnership Act, with modifications applying only to IFSC entities, which are administered by the International Financial Services Centres Authority.[23] This approach preserves the uniformity of India's corporate law, while the DIFC and Singapore's approaches have created special enclave jurisdictions with modified commercial laws. The advantage of the Indian approach is regulatory simplicity, but at the cost of flexibility; the DIFC and Singapore's approaches have

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[20] Sarbanes-Oxley Act of 2002 § 107(d), 116 Stat. at 771 (SEC oversight of the PCAOB, including removal of members for cause).

[21] Companies House, Then and Now: The Impact of the Economic Crime and Corporate Transparency Act on Companies House (Oct. 8, 2025), https://companieshouse.blog.gov.uk/2025/10/08/then-and-now-the-impact-of-the-economic-crime-and-corporate-transparency-act-on-companies-house/.

[22] Dhanush Prabha, Director Disqualification: New Grounds Under Companies Amendment Bill 2026, IncorpX (Mar. 24, 2026), https://www.incorpx.io/blog/director-disqualification-new-rules-2026.

[23] Bonanza IFSC, GIFT City vs Dubai and Singapore: India's Answer to Global Financial Hubs, https://bonanzaifsc.com/gift-city-vs-dubai-and-singapore-indias-answer-to-global-financial-hubs/ (last visited July 26, 2026).

been more attractive to international investors precisely because of the additional flexibility on offer[24].

E. MERGER VOTING THRESHOLDS AND HYBRID MEETINGS

The increase in the fast-track merger approval threshold to at least seventy-five percent in value represents a shift towards the UK's scheme of arrangement approach, which requires a majority in number and seventy-five percent in value of each class of shareholders to approve a merger[25]. It is more stringent than the alternative of a tender offer merger under Delaware law, which allows a merger to proceed without any shareholder approval if a specified percentage of shares have been tendered to the offer. On the question of hybrid meetings, India's approach of permanent hybrid meetings with a physical meeting only once every three years is more restrictive than the default permission for remote meetings under Delaware law if the certificate of incorporation or bylaws so provide, but less restrictive than the UK's Corporate Insolvency and Governance Act 2020, which only permitted virtual meetings as a temporary measure during the COVID-19 pandemic[26]. India's approach of default hybrid meetings with a physical meeting every three years represents a middle ground between the two.

CONCERNS

The issues most likely to be raised by the Joint Parliamentary Committee on the Bill concern the dilution of the country's mandatory CSR regime by the changes to Section 135, the expansion of the National Financial Reporting Authority's regulatory and enforcement powers under the new Section 132A and the changes to the Central Government's policy-direction powers over the NFRA, and the timing of the Bill's implementation, which will see many of its changes take effect only upon separate government notification.

On the first issue, members of the opposition will correctly point out that the changes to Section 135 of the Act constitute a dilution of India's mandatory CSR regime, which will see fewer companies contribute to social causes. The Joint Parliamentary Committee on the Bill will have to assess this claim and conclude whether or not there is empirical evidence for it, as well as whether there are grounds to believe that the changes to the threshold will lead to a reduction in the absolute amount of CSR spending.

On the second issue, the expansion of the National Financial Reporting Authority's regulatory and enforcement powers under the new Section 132A and the changes to the Central Government's policy-direction powers over the NFRA pose a potential problem for investors, who may justifiably believe that the NFRA will not be genuinely independent. Similar objections have been raised in the past in connection to the Public Company Accounting Oversight Board and its relationship to the Securities and Exchange Commission.

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[24] Beacon Filing, GIFT City vs DIFC vs Singapore — Financial Hub Compared, https://beaconfiling.com/comparisons/gift-city-vs-difc-vs-singapore (last visited July 26, 2026).
[25] Companies Act 2006, c. 46, pt. 26 (UK) (schemes of arrangement requiring approval by a majority in number representing seventy-five percent in value of each class)
[26]Corporate Insolvency and Governance Act 2020, c. 12, sch. 14 (UK) (temporary provisions for virtual meetings); see also Companies (Amendment) Act, 2020

Finally, on the timing of the Bill's implementation, it will take effect at a date to be specified by the government, which will see many of its changes take effect only upon separate government notification.

CONCLUSION

The Corporate Laws (Amendment) Bill, 2026, therefore, continues India's trend of decriminalisation, as its laws on companies, mergers, and insolvency continue to move away from criminal liabilities for defaults and towards administrative and civil ones.

At the same time, however, the Bill contains a number of provisions that make India's corporate law more similar to those of Singapore, the UK, and the US in its approach to auditor oversight, merger jurisdiction, and foreign-currency capital and accounting for GIFT City entities. In each case, however, the similarities were only superficial, as India's decriminalisation trend is slower and more cautious than in Singapore, its approach to auditor oversight contains elements of direct government regulation akin to the US and its changes to GIFT City companies supplement rather than replace existing law.

Whether these changes are overall beneficial to investors and creditors remains to be seen, these questions will have to be answered by the Joint Parliamentary Committee on the Bill and, if the Bill is passed, by subsequent government.