
THE CORPORATE LAWS (AMENDMENT) BILL, 2026: A CRITICAL ANALYSIS OF GOVERNANCE, DECRIMINALISATION, AND THE RECALIBRATION OF INDIA'S CORPORATE REGULATORY ARCHITECTURE

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ABSTRACT

The Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026), introduced in the Lok Sabha on 23 March 2026 by the Union Finance Minister Smt. Nirmala Sitharaman, represents the most comprehensive overhaul of India's corporate regulatory architecture since the enactment of the Companies Act, 2013. Driven by the recommendations of the Company Law Committee (2022) and the High Level Committee on Non Financial Regulatory Reforms, the Bill proposes sweeping amendments to the Companies Act, 2013 and the Limited Liability Partnership Act, 2008. This paper undertakes a critical juridical and regulatory analysis of the Bill's four principal axes of reform: (i) the decriminalisation of minor corporate offences through a shift to an e adjudication framework; (ii) structural ease of doing business measures including revised small company thresholds, share buyback flexibility, and virtual general meetings; (iii) enhanced corporate governance norms encompassing director disqualification, auditor independence, and key managerial personnel accountability; and (iv) the crystallisation of a specialised legal regime for International Financial Services Centres (IFSCs), with particular regard to the interface between these reforms and SEBI's regulatory mandate. The paper further engages with the constitutional underpinning of the Bill's expansive delegation of legislative power and the concerns raised during its reference to a 31 member Joint Parliamentary Committee (JPC). It is argued that while the Bill marks a praiseworthy legislative stride toward a Viksit Bharat, its transformative potential is contingent upon regulatory coherence, robust subsidiary legislation, and an unswerving commitment to investor protection.

Keywords: Corporate Laws (Amendment) Bill 2026; Companies Act 2013; LLP Act 2008; Decriminalisation; Corporate Governance; SEBI; NFRA; IFSC; Ease of Doing Business; Joint Parliamentary Committee.

I. INTRODUCTION

The corporate law environment in India has now gone through decades of continual improvement, refinement, and restructuring since the passing of the Companies Act, 2013. The Companies (Amendment) Acts of 2015, 2017, 2019, and 2020 each addressed specific regulatory lacunae; however, none of these amendments approached the structural comprehensiveness contemplated by the Corporate Laws (Amendment) Bill, 2026.¹ Introduced on 23 March 2026, the Bill simultaneously amends two foundational statutes the Companies Act, 2013 and the Limited Liability Partnership Act, 2008 with a stated objective of promoting ease of doing business, aligning India's corporate framework with global best practices, and fortifying institutional accountability.²

The legislative impetus for the Bill emanates from two principal advisory bodies: the Company Law Committee (CLC), constituted in 2022 under the Ministry of Corporate Affairs, and the High Level Committee on Non Financial Regulatory Reforms.³ The Bill, introduced as Bill No. 85 of 2026, has been referred to a 31 member Joint Parliamentary Committee (JPC) comprising 21 members from the Lok Sabha nominated by the Speaker and 10 from the Rajya Sabha selected by the Deputy Chairman with a mandate to submit its report by the first week of the Monsoon Session.⁴

This paper proceeds in seven parts. Following this Introduction, Part II situates the Bill within the historical evolution of Indian corporate law. Part III analyses the decriminalisation provisions and their implications for adjudicatory architecture. Part IV examines ease of doing business reforms with comparative reference to international models. Part V scrutinises the corporate governance enhancements, with focus on directorial accountability and auditor independence. Part VI analyses the IFSC specific legal framework and its interplay with SEBI's regulatory jurisdiction. Part VII offers a critical evaluation and conclusions.

¹Bill No. 85 of 2026, introduced in the Lok Sabha on 23 March 2026. See PRS Legislative Research, 'The Corporate Laws (Amendment) Bill, 2026' <<https://prsindia.org/billtrack/the-corporate-laws-amendment-bill-2026>> accessed 28 March 2026.

²The Corporate Laws (Amendment) Bill, 2026, Statement of Objects and Reasons.

³Company Law Committee, *Report of the Company Law Committee 2022* (Ministry of Corporate Affairs, Government of India, 2022); High Level Committee on Non Financial Regulatory Reforms, *Report* (Ministry of Finance, Government of India, 2023).

⁴The JPC comprises 21 members from the Lok Sabha (nominated by Speaker Om Birla) and 10 members from the Rajya Sabha (selected by Deputy Chairman C.P. Radhakrishnan). See DD News, 'Lok Sabha refers Corporate Laws (Amendment) Bill to Joint Parliamentary Committee' (23 March 2026) <<https://www.newsonair.gov.in>> accessed 28 March 2026.

II. LEGISLATIVE HISTORY AND REGULATORY GENESIS

The genesis of India's modern corporate law lies in the Companies Act, 1956. The shift to the Companies Act, 2013 was precipitated by the Satyam corporate fraud of 2009, which exposed systemic weaknesses in auditor accountability, independent director oversight, and related party transaction governance.⁵ The 2013 Act introduced several path breaking provisions – the mandatory appointment of independent directors under Section 149, the constitution of audit committees under Section 177, the statutory regime for corporate social responsibility under Section 135, and the establishment of the National Financial Reporting Authority under Section 132.⁶

However, the 2013 Act was criticised for excessive criminalisation of procedural defaults. The Companies (Amendment) Act, 2019 attempted a partial correction, decriminalising 16 compoundable offences and shifting 11 others to an in house adjudication mechanism.⁷ The Companies (Amendment) Act, 2020 further decriminalised 48 provisions. Notwithstanding these incremental measures, stakeholders continued to highlight the disproportionate penal consequences attached to technical or procedural non compliance, which created a compliance chilling effect that disincentivised entrepreneurship and formal incorporation.⁸

The LLP Act, 2008, modelled substantially on the United Kingdom's Limited Liability Partnerships Act 2000, had similarly accumulated regulatory friction over its eighteen years of operation. The emergence of GIFT City as a leading International Financial Services Centre necessitated a bespoke regulatory architecture that the original LLP Act was ill equipped to provide.⁹ The Corporate Laws (Amendment) Bill, 2026 thus arrives not merely as an amendment but as a structural reconstitution of the legal environment within which Indian businesses from small companies and startups to Alternative Investment Funds and IFSC entities operate.

⁵The Satyam Computer Services fraud (2009) involved falsification of accounts by its founder promoter B. Ramalinga Raju and is widely credited as the immediate catalyst for the Companies Act, 2013.

⁶Companies Act, 2013, ss 132, 135, 149, 177.

⁷Companies (Amendment) Act, 2019 (No. 22 of 2019); Companies (Amendment) Act, 2020 (No. 29 of 2020).

⁸Ministry of Corporate Affairs, *Annual Report 2023 24*, 47 52.

⁹The Limited Liability Partnerships Act 2000 (UK) served as the principal legislative model for the LLP Act, 2008. GIFT City was notified as India's first IFSC in 2015 pursuant to the Special Economic Zones Act, 2005.

III. DECRIMINALISATION AND THE E ADJUDICATION PARADIGM

A. The Philosophical Shift: Penology to Pragmatism

Perhaps the most jurisprudentially significant dimension of the Bill is its systematic decriminalisation of 21 minor and technical offences under the Companies Act, 2013. The Bill effectuates this shift by converting offences cognisable by criminal courts which carry the risk of imprisonment into violations adjudicable through an electronic e adjudication platform, whereupon only monetary penalties are imposed.¹⁰ This represents a fundamental re conceptualisation of the relationship between corporate regulation and penal theory.

The conventional view that sanctions must include the possibility of imprisonment to ensure deterrence has been progressively displaced in modern corporate law by a preference for civil monetary penalties calibrated to the gravity of the violation.¹¹ This approach finds reflection in the UK's Companies Act 2006, the US Securities Exchange Act, 1934 as administered by the SEC, and Singapore's Companies Act recognising that corporate entities are better disciplined through reputational and financial consequences than through criminal prosecution, which imposes systemic costs disproportionate to regulatory benefit.¹²

B. Scope and Operational Mechanics

The 21 offences targeted for decriminalisation include defaults in the filing of certain returns, procedural non compliance in share transfer processes, failure to intimate changes in registered office within the prescribed period, and similar technical infractions.¹³ It must be emphasised that the Bill does not propose any dilution of penal consequences for substantive offences fraud under Section 447, oppression and mismanagement under Sections 241 242, and serious related party transaction violations retain their criminal character.

The e adjudication platform envisaged under the Bill is consistent with the MCA 21 digital ecosystem. The Adjudicating Officer under Section 454 of the Companies Act, 2013,

¹⁰Corporate Laws (Amendment) Bill, 2026, Clause amending Section 454 of the Companies Act, 2013.

¹¹See Brent Fisse and John Braithwaite, *Corporations, Crime and Accountability* (Cambridge University Press, 1993).

¹²Companies Act 2006 (UK); Securities Exchange Act, 1934 (USA), s 21; Companies Act (Singapore) as revised.

¹³The specific offences proposed for decriminalisation include, inter alia, violations of ss 42, 56, 64, 92, 117, 121, 137, and 157 of the Companies Act, 2013 that are of a technical or procedural nature.

would exercise primary adjudicatory jurisdiction, with appeals lying before the Regional Director and thereafter before the NCLT.¹⁴ This procedural architecture must be viewed against the backdrop of the Supreme Court's consistent jurisprudence that quasi judicial proceedings must conform to the principles of natural justice, including the right to be heard.¹⁵

C. Critical Assessment

While the decriminalisation measures are broadly salutary, two concerns merit careful attention. First, the Bill's conferment upon the Central Government of wide ranging powers to prescribe the classes of offences subject to e adjudication raises concerns of excessive delegated legislation.¹⁶ The doctrine of excessive delegation, as articulated in *In Re: The Delhi Laws Act, 1912*¹⁷ and refined in *Hamdard Dawakhana v. Union of India*¹⁸, mandates that essential legislative functions including the determination of what conduct constitutes an infraction cannot be delegated to the executive without adequate guidelines.

Second, the quantum of monetary penalties must be carefully calibrated. If penalties are set too low, they may be treated by large corporate groups as a mere cost of doing business, effectively licensing non compliance.¹⁹ The SEBI experience with penalty imposition under Section 15 of the SEBI Act, 1992, particularly post the Supreme Court's judgment in *SEBI v. Shri Ram Mutual Fund*²⁰, offers important lessons in ensuring that penalty frameworks achieve genuine deterrence.

IV. EASE OF DOING BUSINESS: STRUCTURAL REFORMS AND COMMERCIAL IMPLICATIONS

A. Reclassification of Small Companies

The Bill proposes to substantially revise the definitional thresholds for 'small company'

¹⁴The MCA 21 Version 3 portal, launched in 2022, provides the technological infrastructure for the proposed e adjudication mechanism.

¹⁵See *Maneka Gandhi v. Union of India*, (1978) 1 SCC 248; *Ridge v. Baldwin*, [1964] AC 40 (HL).

¹⁶This concern was prominently raised by Opposition members during the Lok Sabha debate on 23 March 2026. See Lok Sabha Debates, 23 March 2026.

¹⁷*In Re: The Delhi Laws Act, 1912*, AIR 1951 SC 332.

¹⁸*Hamdard Dawakhana v. Union of India*, AIR 1960 SC 554, 566 (Sinha CJ).

¹⁹See Jennifer Arlen and Marcel Kahan, 'Corporate Governance Regulation Through Non Prosecution' (2017) 84 University of Chicago Law Review 323.

²⁰*SEBI v. Shri Ram Mutual Fund*, (2006) 5 SCC 361, 382.

under Section 2(85) of the Companies Act, 2013. The paid up capital limit is proposed to be increased from Rs. 10 crore to Rs. 20 crore, while the turnover limit is raised from Rs. 100 crore to Rs. 200 crore.²¹ This reclassification has significant practical implications: small companies enjoy reduced compliance obligations, including the requirement to hold only one board meeting per calendar year (revised under Section 173(5)) and exemptions from certain auditor appointment provisions under the amended Section 139.

This revision is empirically grounded in the inflation adjusted deterioration of the original thresholds set in 2013 and aligns with the broader objective of bringing more small and medium enterprises within the formal corporate fold.²² However, the widening of the small company category must be accompanied by robust enforcement mechanisms to prevent misuse of relaxed compliance standards by entities whose actual commercial scale warrants greater regulatory oversight.

B. Share Buybacks and Capital Restructuring

The Bill introduces notable flexibility in the capital restructuring framework by permitting companies to undertake two share buybacks within a single financial year, subject to a minimum gap of six months between the closure of successive offers.²³ Under the extant regime under Section 68 of the Companies Act, 2013, only one buyback was permissible per financial year. The proposed amendment addresses a genuine market need, particularly for private equity backed companies seeking to manage their capital structure across multiple tranches.

The Bill further contemplates relaxation of the 25% cap on buyback for prescribed classes of companies – a provision of particular significance for SEBI's framework governing buybacks of listed entities under the SEBI (Buy Back of Securities) Regulations, 2018.²⁴ Regulatory coherence between the amended Companies Act framework and SEBI Regulations will be essential to avoid contradictions in compliance obligations for listed entities that are subject to both regimes simultaneously

²¹Corporate Laws (Amendment) Bill, 2026, Clause amending s 2(85) of the Companies Act, 2013.

²²The original small company thresholds were set in 2013 at Rs. 50 lakh (paid up capital) and Rs. 2 crore (turnover).

²³Corporate Laws (Amendment) Bill, 2026, Clause amending s 68 of the Companies Act, 2013. See Alvarez & Marsal, 'India Tax Alert' (March 2026) <<https://www.alvarezandmarsal.com>> accessed 28 March 2026.

²⁴SEBI (Buy Back of Securities) Regulations, 2018, Regulation 4.

C. Virtual General Meetings: A Paradigm Shift in Shareholder Democracy

The Bill's amendment of Sections 96 and 100 to permit Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) through video conferencing or audio visual means represents a foundational transformation in the conceptualisation of shareholder democracy in India.²⁵ This move permanently institutionalises what was a temporary COVID era dispensation, aligning India with the United Kingdom (Corporate Insolvency and Governance Act, 2020), Singapore, and Delaware, where digital shareholder meetings have been lawful for over a decade.²⁶

The Bill imposes a salutary constraint: companies must conduct a physical AGM at least once every three years. This triennial physical meeting requirement balances digital convenience with the irreplaceable value of in person shareholder engagement.²⁷ From a SEBI perspective, the governance implications for listed entities are profound; SEBI's Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015, will require corresponding amendments to ensure seamless alignment with the revised general meeting regime.

D. Fast Track Mergers and M&A Facilitation

The Bill significantly broadens the scope of Section 233, which governs fast track mergers (FTMs) transactions that bypass the time consuming NCLT approval process and instead obtain sanction from the Regional Director.²⁸ The proposed amendments extend FTM eligibility to transactions between holding companies and their subsidiaries, in addition to the currently eligible category of small companies and wholly owned subsidiaries.

This expansion is commercially significant in the context of India's booming M&A market, where deal timelines are a critical competitive parameter. The World Bank's Doing Business Report has historically highlighted NCLT based merger approvals as a pain point for India's ease of doing business ranking.²⁹ The extension of FTM eligibility should, however, be

²⁵Corporate Laws (Amendment) Bill, 2026, Clauses amending ss 96 and 100 of the Companies Act, 2013.

²⁶Corporate Insolvency and Governance Act 2020 (UK), s 37; Delaware General Corporation Law, s 211(a)(2).

²⁷The triennial physical meeting requirement reflects agency theory arguments regarding the value of in person management accountability.

²⁸Companies Act, 2013, s 233 (as proposed to be amended); Alvarez & Marsal (n 23).

²⁹World Bank, *Doing Business 2020: Comparing Business Regulation in 190 Economies* (World Bank Group, 2020) 110.

accompanied by enhanced MCA scrutiny of the Regional Director approval mechanism, which has limited institutional capacity to assess complex cross holding structures.

V. CORPORATE GOVERNANCE REFORMS: ACCOUNTABILITY, INDEPENDENCE, AND INSTITUTIONAL INTEGRITY

A. Director Accountability: 'Fit and Proper' Criteria

The Bill introduces a substantive mandate under Section 164 requiring company boards to affirmatively assess and ensure that every director satisfies prescribed fit and proper criteria.³⁰ This provision draws from the regulatory practice of financial sector regulators – most notably SEBI's requirements for market intermediaries under the SEBI (Intermediaries) Regulations, 2008, and the RBI's corresponding framework for banking companies – and represents a significant convergence between financial regulation and company law.³¹

Equally noteworthy is the amendment to Section 164 introducing automatic disqualification of directors who have been penalised for defaults in related party transactions under Section 188. Given the endemic nature of related party abuses – particularly in promoter driven Indian corporate groups – this provision has the potential to serve as a powerful deterrent.³² The Supreme Court's observations in *Tata Consultancy Services Ltd. v. Cyrus Investments Pvt. Ltd.*³³ regarding the duties of directors and the limits of majority shareholder power provide an important contextual backdrop to these governance reforms.

B. Auditor Independence: Restrictions on Non Audit Services

The Bill proposes a significant strengthening of auditor independence through an amendment to Section 144, prohibiting prescribed classes of auditors from providing non audit services to the company, its holding company, or subsidiary for a period of three years post tenure.³⁴ This post tenure cooling off restriction, novel in the Indian context, is consonant with the recommendation of the Sharman Report (2012) in the United Kingdom and reflects the practice of the US Public Company Accounting Oversight Board under the Sarbanes Oxley

³⁰Corporate Laws (Amendment) Bill, 2026, Clause amending s 164 of the Companies Act, 2013.

³¹SEBI (Intermediaries) Regulations, 2008, Regulation 7; RBI, *Guidelines on Fit and Proper Criteria for Directors of Commercial Banks* (2004, as amended).

³²Companies Act, 2013, s 188 (contracts or arrangements with related parties).

³³*Tata Consultancy Services Ltd. v. Cyrus Investments Pvt. Ltd.*, (2021) 9 SCC 1, 87-92.

³⁴Corporate Laws (Amendment) Bill, 2026, Clause amending s 144 of the Companies Act, 2013.

Act, 2002.³⁵

The Bill also mandates that auditing firms may be appointed as statutory, cost, or secretarial auditors only if a majority of their partners practising in India are professionally qualified for the specific appointment. Furthermore, every partner of a multi disciplinary firm must be registered with a statutory body established under Indian law.³⁶ These provisions address a long standing governance gap: the proliferation of nominal auditing partnerships that deploy unqualified personnel in practice.

C. Strengthening NFRA: Institutional Autonomy and Enforcement

The amendments to NFRA's constitutive framework represent some of the most structurally significant provisions of the Bill.³⁷ The Bill proposes to grant NFRA corporate status a crucial step toward institutional autonomy from the Ministry of Corporate Affairs and confers expanded enforcement powers, including the authority to issue binding directions, conduct suo motu inquiries, impose penalties, and regulate auditors. A dedicated NFRA Fund is also established, insulating the Authority's operations from budgetary contingencies.

These reforms are overdue. NFRA's journey since its constitution in 2018 has been marked by jurisdictional disputes with the Institute of Chartered Accountants of India regarding the scope of disciplinary authority over auditors of public interest entities.³⁸ The Bill's clarification of NFRA's primacy should definitively resolve this institutional ambiguity, consistent with the Delhi High Court's ruling in *ICAI v. Union of India*³⁹ which upheld NFRA's jurisdiction over public interest entity auditors.

D. Key Managerial Personnel: Formalised Resignation Process

The Bill introduces a new Section 203A, establishing a formal and transparent process for the resignation of whole time Key Managerial Personnel (KMPs) who do not hold director

³⁵Sharman Report: *Review of Audit Quality in Major UK Banks* (Financial Reporting Council, 2012); Sarbanes Oxley Act, 2002 (USA), s 201.

³⁶Corporate Laws (Amendment) Bill, 2026, Clauses amending ss 141, 148, and 204 of the Companies Act, 2013.

³⁷Corporate Laws (Amendment) Bill, 2026, Clauses amending s 132 of the Companies Act, 2013.

³⁸NFRA was constituted in October 2018. See Ministry of Corporate Affairs, National Financial Reporting Authority Rules, 2018.

³⁹*ICAI v. Union of India*, W.P.(C) No. 4339/2019 (Delhi High Court, Division Bench).

positions.⁴⁰ This lacuna in the existing framework which provides a detailed process for director resignation under Section 168 but lacks a corresponding mechanism for KMP exits has occasionally been exploited to effect sudden, unexplained departures of key executives without adequate regulatory disclosure. For listed entities, such departures have material price sensitive implications and the new provision complements SEBI's LODR disclosure requirements.

VI. THE IFSC LEGAL FRAMEWORK: REGULATORY ARCHITECTURE FOR A GLOBAL FINANCIAL HUB

A. Crystallisation of a Bespoke Regulatory Regime

One of the most forward looking dimensions of the Bill is its creation of a specialised legal framework for entities operating within International Financial Services Centres principally GIFT City, which has emerged as India's premier IFSC and a growing global financial hub.⁴¹ The Bill introduces new definitions including 'International Financial Services Centre', 'IFSC Authority' (IFSCA), and 'permitted foreign currency' into both the Companies Act, 2013 and the LLP Act, 2008.

For IFSC companies, the Bill mandates that share capital be issued and maintained in permitted foreign currency, with financial records similarly maintained in such currency.⁴² This framework requires meticulous alignment with RBI's Foreign Exchange Management Act, 1999 framework governing capital account transactions, as well as IFSCA's Consolidated Prudential Framework and SEBI's International Financial Services Centres Authority (Fund Management) Regulations, 2022.⁴³

B. Trust to LLP Conversion: Implications for Fund Structures

Among the most commercially significant provisions of the Bill is the framework enabling specified trusts particularly those registered with SEBI or IFSCA, such as Alternative

⁴⁰Corporate Laws (Amendment) Bill, 2026, Clause inserting new s 203A in the Companies Act, 2013.

⁴¹GIFT City was notified as India's first IFSC in April 2015 and as of March 2026 hosts over 600 registered entities including banks, insurance companies, and fund managers.

⁴²Corporate Laws (Amendment) Bill, 2026, Clauses introducing IFSC specific provisions into the Companies Act, 2013.

⁴³SEBI, *International Financial Services Centres Authority (Fund Management) Regulations, 2022*; IFSCA, *Consolidated Prudential Framework for Fund Management Entities in IFSC (2023)*.

Investment Funds to convert directly into LLPs.⁴⁴ Upon registration of the conversion, all assets, liabilities, rights, and obligations of the converting trust vest in the resultant LLP, with the trust deemed dissolved. Existing agreements, proceedings, and employment arrangements continue in the LLP, ensuring operational continuity.

This trust to LLP conversion mechanism has profound implications for the private equity and venture capital ecosystem. LLPs offer a tax transparent, pass through structure under the Income Tax Act, 1961, with partnership income taxed at the partner level – a configuration that many PE/VC fund managers prefer for carried interest and co investment structures.⁴⁵ The conversion mechanism, once operationalised through subsidiary legislation, has the potential to significantly enhance GIFT City's attractiveness as a domicile for international fund structures, in direct competition with established jurisdictions like Mauritius, Singapore, and the Cayman Islands.⁴⁶

C. SEBI Interface and Regulatory Co ordination

The Bill's IFSC provisions introduce regulatory flexibility for entities regulated by SEBI or IFSCA in the context of LLP agreement modifications and compliance filing timelines. However, the consequential impact on SEBI's existing regulatory architecture requires careful analysis.⁴⁷ SEBI's jurisdiction over IFSC domiciled securities market entities is governed by the SEBI (IFSC) Guidelines, 2015, the SEBI Act, 1992, and the IFSCA Act, 2019. The Bill's provisions must be read harmoniously with this multi layered regulatory framework to avoid jurisdictional gaps or redundancies.⁴⁸

In this context, the inter regulatory co ordination mechanism under the Financial Stability and Development Council (FSDC), chaired by the Finance Minister, assumes special importance.⁴⁹ It is submitted that the JPC should recommend the institution of a formal Regulatory Co ordination Protocol between MCA, SEBI, RBI, and IFSCA to govern the

⁴⁴Corporate Laws (Amendment) Bill, 2026, Clause providing for conversion of specified trusts (including SEBI registered AIFs) into LLPs.

⁴⁵Income Tax Act, 1961, Chapter XII BA (ss 115U and 115UA); SEBI (Alternative Investment Funds) Regulations, 2012.

⁴⁶IFSCA, *Report of the Expert Committee on Fund Management in IFSC* (2020).

⁴⁷Corporate Laws (Amendment) Bill, 2026, Clause on flexibility in LLP agreement modifications for SEBI/IFSCA regulated entities.

⁴⁸SEBI, *SEBI (International Financial Services Centres) Guidelines, 2015*; SEBI Act, 1992, s 11; International Financial Services Centres Authority Act, 2019.

⁴⁹The FSDC was constituted by a Government of India executive order in 2010 and is chaired by the Finance Minister.

implementation of IFSC specific corporate law provisions, modelled on joint committee of regulators frameworks that exist in other federal financial systems.

VII. CRITICAL ANALYSIS AND RECOMMENDATIONS

A. The Delegation Problem: Constitutional Limits and Legislative Responsibility

A thread running through virtually every substantive reform in the Bill is the extensive delegation of rule making power to the Central Government, SEBI, RBI, and IFSCA. Phrases such as 'as may be prescribed', 'as the Central Government may specify', and 'subject to such conditions as may be notified' appear with notable frequency in the Bill's text, raising legitimate constitutional concerns.⁵⁰

The constitutional doctrine on delegated legislation in India, as settled by the Supreme Court in *Gwalior Rayon Silk Mfg. (Wvg.) Co. Ltd. v. Custodian of Vested Forests*⁵¹ and elaborated in *St. John's Teachers Training Institute v. Regional Director*⁵², requires that Parliament must lay down the policy, principle, or standard against which delegated powers are to be exercised. The Bill, in certain provisions particularly those relating to the determination of classes of companies subject to decriminalisation and the specification of 'fit and proper' criteria for directors must be supplemented with clearer legislative guidance to withstand constitutional challenge.

B. CSR Reform: Efficacy vs. Equity

The Bill's amendment to Section 135 empowers the Central Government to prescribe and periodically modify the net profit threshold for mandatory CSR applicability (currently set at Rs. 5 crore, with the Bill contemplating revision to Rs. 10 crore). While the revised threshold reduces compliance costs for growing enterprises, it simultaneously diminishes the aggregate pool of mandatory CSR expenditure.⁵³ India's CSR regime unique globally in its statutory mandatoriness under Section 135 has channelled approximately Rs. 2.5 lakh crore into social and environmental projects between 2014 and 2024.⁵⁴ Any structural dilution of this framework

⁵⁰A content analysis of Bill No. 85 of 2026 reveals that the phrase 'as may be prescribed' appears over 40 times in its 150+ clauses.

⁵¹*Gwalior Rayon Silk Mfg. (Wvg.) Co. Ltd. v. Custodian of Vested Forests*, (1990) 2 SCC 681.

⁵²*St. John's Teachers Training Institute v. Regional Director*, (2003) 3 SCC 321, 334.

⁵³Companies Act, 2013, s 135.

⁵⁴Ministry of Corporate Affairs, *CSR Annual Report 2023 24*, noting cumulative CSR expenditure of approximately Rs. 2.5 lakh crore since 2014.

must be approached with caution.

C. JPC Deliberations: Recommendations for Comprehensive Reform

The Bill's reference to the 31 member JPC creates a limited but critical window for comprehensive stakeholder engagement.⁵⁵ This paper submits the following recommendations for the JPC's consideration:

- (i) **Penalty Calibration Mechanism:** The Bill should mandate a periodic review (every three years) of monetary penalty amounts under the e adjudication framework, indexed to inflation, to prevent erosion of deterrent value.
- (ii) **Virtual AGM Safeguards:** Specific provisions should guarantee minority shareholders' right to ask questions in real time at virtual AGMs, with the platform to be notified by MCA in consultation with SEBI for listed entities.
- (iii) **NFRA Governance:** While the grant of corporate status to NFRA is welcome, the appointment mechanism for the NFRA Chairperson and Members must be insulated from executive influence through a collegium style selection process.
- (iv) **IFSC Regulatory Protocol:** A statutory inter regulatory co ordination mechanism for IFSC governance should be introduced through the Bill itself, rather than relying on non binding MoUs between MCA, SEBI, RBI, and IFSCA.
- (v) **CSR Impact Assessment:** Before the revised CSR threshold takes effect, the MCA should be directed to submit to Parliament a comprehensive impact assessment of the fiscal and social consequences of the reclassification.

VIII. CONCLUSION

The Corporate Laws (Amendment) Bill, 2026 is a legislative statement of ambition – an attempt to reposition India's corporate regulatory architecture for the demands of a twenty first century economy aspiring to be the world's third largest by 2030. Its four pillared reform agenda decriminalisation, ease of doing business, governance enhancement, and IFSC institutionalisation addresses genuine regulatory pain points with legislative intent that

⁵⁵DD News (n 4).

commands acknowledgement.

Yet ambition must be accompanied by precision. The Bill's transformative potential will be realised only if its skeletal delegation provisions are fleshed out through well deliberated subsidiary legislation; if SEBI, RBI, and IFSCA provide cohesive and timely regulatory alignment; if the e adjudication platform is operationalised with sufficient procedural safeguards; and if the JPC uses its mandate to strengthen rather than merely validate the legislative text.

India stands at an inflection point in its corporate governance journey. The 2013 Act was India's Sarbanes Oxley moment a post scandal reckoning. The 2026 Bill aspires to be India's Companies Act 2006 moment a mature, forward looking statutory consolidation. Whether it achieves that aspiration depends not on its text alone, but on the institutional will and regulatory capacity that give legislative text its practical meaning. As the Honourable Supreme Court observed in *Enterprise Glass Co. Ltd. v. Collector*⁵⁶: the spirit of a law is as important as its letter. The spirit of the Corporate Laws (Amendment) Bill, 2026 is sound. The letter must now be made worthy of it.

⁵⁶*Enterprise Glass Co. Ltd. v. Collector*, AIR 1986 SC 1988.

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