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# Corporate Laws Amendment Bill 2026 — Decriminalisation, CSR Changes, and JPC Scrutiny

24 March 2026

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ECONOMY

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# Corporate Laws Amendment Bill 2026 — Decriminalisation, CSR Changes, and JPC Scrutiny

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## ▼ On this Page

• [Corporate Laws Amendment Bill 2026 — Decriminalisation, CSR Changes, and JPC Scrutiny](#)

- 01 [Key Provisions of the Bill](#)
- 02 [The JPC Mechanism](#)
- 03 [CSR in India — Context](#)
- 04 [Companies Act 2013 vs LLP Act...](#)

## Corporate Laws Amendment Bill 2026 — Decriminalisation, CSR Changes, and JPC Scrutiny

*The Union Finance Minister introduced the Corporate Laws (Amendment) Bill 2026 in the Lok Sabha, proposing amendments to the Limited Liability Partnership Act, 2008 and the Companies Act, 2013. The Bill has been referred to a 31-member Joint Parliamentary Committee (21 Lok Sabha + 10 Rajya Sabha) for detailed scrutiny, with the report due in the first week of the Monsoon Session.*

### KEY PROVISIONS OF THE BILL

#### 1. Decriminalisation of Minor Offences

The Bill shifts several minor corporate offences from **criminal prosecution to monetary penalties** (compounding). This is part of the government’s broader “Ease of Doing Business” push to reduce the fear of criminal liability for procedural lapses.

- **Rationale:** Many companies faced criminal proceedings for delayed filings, minor reporting errors, or technical violations that did not involve fraud
- **New approach:** Civil penalties (fines) replace imprisonment for non-fraudulent violations
- **Fraud-related offences:** Remain criminal with enhanced penalties

## 2. CSR Threshold Changes

PARAMETER	CURRENT	PROPOSED
Net profit threshold for CSR	Rs 5 crore	Rs 10 crore
CSR spending requirement	2% of average net profit (3 years)	2% (unchanged)
Net worth threshold	Rs 500 crore	Unchanged
Turnover threshold	Rs 1,000 crore	Unchanged

**Impact:** Companies with net profit between Rs 5-10 crore would be **exempted from mandatory CSR**. Critics argue this dilutes the social responsibility framework for mid-sized companies.

## 3. Virtual General Meetings

- **Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs)** can now be held virtually
- **Safeguard:** At least one physical AGM mandatory every three years
- This institutionalises the COVID-era practice of virtual meetings
- Small shareholders and those in remote locations benefit from virtual participation

## 4. Enhanced Role for NFRA

The **National Financial Reporting Authority (NFRA)**, established under Section 132 of the Companies Act 2013, gets enhanced powers for:

- Auditor oversight and disciplinary action
- Setting accounting and auditing standards
- Investigation of audit failures
- Regional Directors also get expanded enforcement powers

## 5. Trust Conversion Framework

A new framework allows conversion of entities registered with SEBI or IFSC Authority into company or LLP structures, providing greater flexibility for financial entities.

# THE JPC MECHANISM

## What is a JPC?

A **Joint Parliamentary Committee** is an ad-hoc committee constituted by Parliament for a specific purpose, comprising members from both Houses.

FEATURE	DETAIL
Composition	31 members (21 Lok Sabha + 10 Rajya Sabha)
Authority	Can summon witnesses, call for documents
Report deadline	First week of Monsoon Session
Constitutional basis	Rules of Procedure (not explicitly in Constitution)
Voting	By majority; Chairman has casting vote

### Why JPC Referral?

- Opposition raised concerns about excessive delegation to the executive
- Complex amendments spanning two major Acts require detailed clause-by-clause scrutiny
- CSR changes have significant social implications
- Decriminalisation provisions need careful calibration to prevent misuse

## CSR IN INDIA — CONTEXT

India became the **first country in the world** to mandate Corporate Social Responsibility through legislation (Section 135, Companies Act 2013, effective April 1, 2014).

### CSR Performance

YEAR	TOTAL CSR SPENDING	COMPANIES FILING
2014-15	Rs 10,065 crore	~16,000
2019-20	Rs 18,605 crore	~22,000
2023-24	Rs 26,210 crore	~25,000+

Top CSR spenders include Reliance Industries, TCS, HDFC Bank, Infosys, and ITC.

### Schedule VII Activities (CSR-eligible)

CSR funds must be spent on activities listed in Schedule VII of the Companies Act:

- Eradicating hunger, poverty, malnutrition
- Education, skill development
- Healthcare, sanitation
- Environmental sustainability
- Rural development
- Swachh Bharat Kosh, PM Relief Fund contributions

## COMPANIES ACT 2013 VS LLP ACT 2008

FEATURE	COMPANIES ACT	LLP ACT
Governing law	Companies Act, 2013	LLP Act, 2008
Separate legal entity	Yes	Yes
Limited liability	Yes	Yes
Minimum members	2 (private), 7 (public)	2 (designated partners)
Annual compliance	Higher (Board meetings, AGM, audit)	Lower (annual return + statement)
Statutory audit	Mandatory	Only if turnover > Rs 40 lakh or capital > Rs 25 lakh
CSR applicability	Yes (if thresholds met)	No

### UPSC RELEVANCE

Section 135 (CSR), NFRA, JPC composition, Schedule VII activities, LLP Act 2008

#### MAINS GS-II:

Parliamentary scrutiny mechanisms (JPC), legislative process

#### MAINS GS-III:

Ease of doing business, CSR framework, corporate governance

#### MAINS GS-IV:

Corporate ethics, social responsibility

## ★ FACTS CORNER — KNOWLEDGEPEDIA

### CORPORATE LAWS AMENDMENT BILL 2026:

Introduced by: Union Finance Minister

Amends: LLP Act 2008 + Companies Act 2013

JPC: 31 members (21 LS + 10 RS)

Report due: First week of Monsoon Session

### CSR IN INDIA:

Section 135, Companies Act 2013

India: First country to mandate CSR by law

Effective: April 1, 2014

Spending: 2% of average net profit (preceding 3 financial years)

Total CSR spending (2023-24): Rs 26,210 crore

Schedule VII: Lists eligible CSR activities

### NFRA:

National Financial Reporting Authority

Section 132, Companies Act 2013

Replaced: National Advisory Committee on Accounting Standards (NACAS)

Functions: Auditor oversight, standard-setting, investigation

HQ: New Delhi

### JPC IN PARLIAMENT:

Ad-hoc committee (not a Standing Committee)

Can summon witnesses and documents

Previous notable JPCs: 2G Scam (2011), Stock Market Scam (2001), Bofors (1987)

### OTHER RELEVANT FACTS:

MCA: Ministry of Corporate Affairs (administers Companies Act)

NCLT: National Company Law Tribunal (adjudicates corporate disputes)

IBBI: Insolvency and Bankruptcy Board of India (IBC 2016 regulator)

India's Ease of Doing Business rank (World Bank, 2020): 63rd out of 190

## IFSCA: International Financial Services Centres Authority (GIFT City, Gujarat)

Sources: [The Hindu](#), [PRS Legislative Research](#), [PIB](#)

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