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EDITORIAL ANALYSIS

Corporate Laws Amendment Bill, 2026 — Rationalising India's Business Regulation Architecture



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 Business Standard

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INTERVIEW ANGLE

"The Corporate Laws Amendment Bill 2026 aims to reduce regulatory friction through centralised merger approvals and eased CSR thresholds. Does it strike the right balance between ease of doing business and investor protection?"

WHY IN NEWS

The Corporate Laws Amendment Bill, 2026 — introduced in the Union Budget session — proposes significant changes to the Companies Act, 2013, and the Competition Act, 2002, including a unified merger approval framework, raised CSR applicability thresholds, and simplified compliance for smaller firms. Business Standard's editorial analyses whether these changes address genuine regulatory friction or create new governance gaps.

CONTEXT — INDIA'S CORPORATE REGULATION HISTORY

India's corporate governance framework has undergone three significant overhauls in the post-liberalisation era:

- ❶ **Companies Act, 1956 (replaced):** Comprehensive revision became necessary after economic liberalisation — too cumbersome for modern business.
- ❷ **Companies Act, 2013:** Major reform post-Satyam scandal (2009); introduced independent directors, audit committee requirements, mandatory CSR, class action suits, and NCLT/NCLAT for insolvency.
- ❸ **Insolvency and Bankruptcy Code, 2016:** Created a time-bound resolution framework; transformed India's insolvency ecosystem from a multi-decade morass to a 180/270-day resolution window.

The 2026 Amendment addresses a different problem: **procedural friction** — the number of approvals, reporting requirements, and thresholds that businesses navigate rather than compete.

KEY PROVISIONS OF THE 2026 AMENDMENT

1. Centralised Merger Approval Framework

Current situation: A merger or acquisition in India can require approvals from multiple regulators simultaneously:

- Competition Commission of India (CCI): Competition review
- NCLT (National Company Law Tribunal): Companies Act approval
- SEBI: If listed companies are involved
- Sector regulators (RBI for banking, IRDAI for insurance, TRAI for telecom): Sector-specific clearances

This multi-window approval process creates delays, cost, and uncertainty — a significant deterrent for cross-border M&A.

The 2026 amendment: Proposes a “single regulatory window” for merger approval, with CCI as the lead regulator coordinating clearances from other bodies. Other regulators’ clearances would be time-bound (60 days) with deemed approval if no objection is raised.

Business Standard’s assessment: The single-window approach is conceptually sound but the details will determine outcomes. If sector regulators retain blocking power (as opposed to advisory power), the single window becomes a coordination mechanism rather than a genuine simplification. The amendment’s success depends on the Rules that follow it.

2. Raised CSR Applicability Thresholds

Current CSR mandate (Companies Act, 2013, Section 135): Companies with net worth \geq Rs 500 crore OR turnover \geq Rs 1,000 crore OR net profit \geq Rs 5 crore must spend 2% of average net profits of preceding 3 years on CSR activities.

The 2026 amendment raises the thresholds to:

- Net worth \geq Rs 1,000 crore OR turnover \geq Rs 2,000 crore OR net profit \geq Rs 10 crore

Business Standard’s view: This relieves a significant compliance burden from mid-sized companies — which are disproportionately burdened by CSR spending relative to large corporations. However, the amendment must be accompanied by stronger CSR impact reporting for companies that do remain covered, to ensure CSR funds translate into meaningful outcomes rather than “greenwashing” expenditures.

3. Simplified Compliance for Smaller Firms

Small companies (revised thresholds):

- Paid-up capital: Raised from Rs 2 crore to Rs 10 crore
- Turnover: Raised from Rs 20 crore to Rs 100 crore

Companies classified as “small” have simplified compliance — reduced board meeting requirements, relaxed audit norms, simpler annual report format. The amendment significantly expands the population of companies benefiting from these simplifications.

4. Fast-Track Merger Process Expansion

Currently, only small companies can use a fast-track merger process (Section 233 — NCLT bypass). The amendment extends fast-track eligibility to certain start-ups and wholly-owned subsidiaries — recognising that group restructuring should not require NCLT approval.

BUSINESS STANDARD'S EDITORIAL ANALYSIS

What the Bill Gets Right

Reducing friction for genuine business needs: Merger approval delays and CSR compliance for mid-sized companies are well-documented constraints. The amendment addresses real problems, not hypothetical ones.

Alignment with economic priorities: India's Viksit Bharat vision requires significant inbound FDI and domestic M&A activity to build scale. Regulatory friction that is not justified by genuine policy objectives — consumer protection, competition preservation — should be removed.

Where the Bill Falls Short

Silent on enforcement gaps: The Companies Act, 2013's problem was not only its requirements — it was uneven enforcement. Independent directors remain non-independent in practice; audit committees sign off on related-party transactions they should scrutinise; class action suits remain rarely used. The 2026 amendment does not address these enforcement gaps.

CSR impact measurement remains weak: With Rs 26,000+ crore spent on CSR annually by Indian companies (2023-24), the question of *impact* — whether CSR spending actually achieves development outcomes — is critical. The amendment raises thresholds but does not mandate better impact reporting for covered companies.

Single-window for M&A — needs sunset clause for sector-specific concerns: In sectors like banking (RBI oversight) and telecom (TRAI oversight), sector-specific merger review serves genuine systemic stability purposes. The amendment's deemed-approval mechanism, if not carefully designed, could undermine legitimate sector-specific scrutiny.

THE BROADER EASE OF DOING BUSINESS CONTEXT

India's ranking in World Bank Ease of Doing Business (2020 — last published ranking: 63rd of 190) was discontinued. But investor perception surveys consistently flag regulatory complexity as a top deterrent for FDI into India (alongside contract enforcement and land acquisition).

The 2026 amendment is part of a multi-year reform journey alongside:

- IBC 2016 (insolvency resolution)
- GeM portal (government procurement)
- DPIIT FDI liberalisation (defence, insurance, retail)
- Single-window investment facilitation (PM GatiShakti, Invest India)

UPSC RELEVANCE

Companies Act 2013 (Section 135 — CSR); CCI; NCLT; IBC 2016; CSR threshold amounts; fast-track merger (Section 233).

MAINS GS-3:

“Corporate Social Responsibility in India — evaluate the effectiveness of the mandatory CSR framework under the Companies Act, 2013 and suggest improvements.”

MAINS GS-2:

“Regulatory architecture for Indian businesses — does the multiplicity of regulators help or hinder India's growth ambitions?”

INTERVIEW:

“India's CSR mandate has generated Rs 26,000 crore/year in spending. Should CSR be voluntary or mandatory? Defend your position.”

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CSR — COMPANIES ACT 2013 (SECTION 135):

Mandatory for: Net worth \geq Rs 500 crore OR Turnover \geq Rs 1,000 crore OR Net profit \geq Rs 5 crore

Obligation: Spend 2% of average net profit (preceding 3 years) on CSR activities

Schedule VII: Lists eligible CSR activities (education, health, sanitation, environment, skill development, etc.)

Amendment (2026): Thresholds raised to Rs 1,000 crore / Rs 2,000 crore / Rs 10 crore

Annual CSR spending (India, 2023-24): ~Rs 26,000 crore

CORPORATE REGULATORS — INDIA:

MCA (Ministry of Corporate Affairs): Companies Act 2013 administration; NCLT; ROC

NCLT (National Company Law Tribunal): Insolvency, merger approvals, oppression & mismanagement

CCI (Competition Commission of India): Merger review, anti-competitive conduct; Competition Act 2002

SEBI: Listed company disclosure, corporate governance

IBBI (Insolvency and Bankruptcy Board): IBC 2016 implementation; insolvency professionals

KEY CORPORATE LAW MILESTONES:

Satyam scandal (2009): Rs 7,800 crore fraud; triggered Companies Act 2013 reform

Companies Act 2013: Independent directors, mandatory CSR, NCLT, class action suits

IBC 2016: Time-bound resolution (180/270 days); NCLT as adjudicating authority

IBC Resolution rate: ~3,000+ resolutions completed; ~Rs 3.5 lakh crore recovered (2016-2025)

MERGER REGULATION:

CCI approval required: Combinations above thresholds (assets $>$ Rs 2,000 crore or turnover $>$ Rs 6,000 crore)

Review timeline: 30 working days (Phase I); 210 days (Phase II for complex deals)

Single-window (proposed 2026): CCI as lead coordinator; other regulators' clearance time-bound

OTHER RELEVANT FACTS:

World Bank Ease of Doing Business: India ranked 63rd (2020); index discontinued in 2021 after data integrity concerns

India FDI inflows FY 2023-24: ~\$71 billion (5th largest FDI recipient globally)

PM GatiShakti: National Master Plan for multi-modal infrastructure; NIP (National Infrastructure Pipeline)

Invest India: Investment promotion and facilitation agency; single-window for investment proposals

Sources: [Business Standard](#), [MCA](#), [CCI](#), [PIB](#)

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