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Fast-Track Mergers under the Corporate Laws (Amendment) Bill, 2026: Can speed co-exist with corporate accountability?

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The Merger That Nobody Opposed, Yet Everybody Waited For Picture this. Two companies that belongs to the same business group decide to merge. The promoters agree. The shareholders agree. The creditors agree. Not a single person object. But still, the two companies paying lawyers, only to receive an approval that was never really in doubt.

For a long time, this actually has been the everyday problem of corporate restructuring in India. It is also the reason why the fast-track merger provisions of the Corporate Laws (Amendment) Bill, 2026 have become one of the most lime lighted issue about company law reforms in recent memory. The Bill promises to make simple mergers genuinely simple. But it also raises an uncomfortable question. When we remove layers of approval to make a process faster, are we cutting red tape, or are we cutting the safety net?

This article discusses what the Bill actually proposes, why the changes were overdue from a long time, and where actually the risk lies.

First, the Basics: What Is a Fast-Track Merger?

Under the Companies Act, 2013, the normal route for a merger runs through Sections 230 to 232. The companies have to file an application with the National Company Law Tribunal (NCLT), hold tribunal-convened meetings, notify the regulators, address the objections raised by the regulator and then wait for the Tribunal to sanction the scheme. Although this process safeguards stakeholders, it is very slow, expensive and paper intensive. In reality, a routine scheme can take twelve to eighteen months.

Section 233 of the Act was introduced as the escape route. Introduced with effect from 15 December 2016, read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, provide an option to certain classes of companies to merge without going to the NCLT at all. Rather, the Regional Director (RD), an officer of the Central Government confirms the scheme. The idea was simple. In small, related companies, and in cases where there is no doubt about the company's solvency, a full tribunal procedure, does not provide any additional protection and also has an increased cost.

This route was originally available only for two types of mergers: mergers of two or more small companies, and mergers between a holding company and its wholly owned subsidiary The route was extended to start – ups in 2021. Then, in September 2025, the Ministry of Corporate Affairs (MCA) notified the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025, which totally changed the picture. The fast-track route was opened to the companies that are not listed, whose total outstanding loans, debentures and deposits do not exceed Rs. 200 crore and who have not defaulted on them, to mergers between a holding company and its subsidiaries even where the subsidiary is not wholly owned, and to mergers between fellow subsidiaries of the same parent, in each case subject to the condition that the transferor is not a listed company. The amendment also clarified that the route covers demergers and brought certain inbound cross-border mergers in the same rule.

In short, the fast-track door had already been opened much wider in late 2025. What remained was the lock on that door: the approval thresholds inside Section 233 itself. That is where the 2026 Bill steps in.

What the Corporate Laws (Amendment) Bill, 2026 Proposes

The Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026) was introduced by the Finance and Corporate Affairs Minister in the Lok Sabha on 23 March 2026 and has since been referred to a Joint Parliamentary Committee for detailed scrutiny. It is a wide-ranging Bill containing about 100 clauses, that amends both the Companies Act, 2013 and the LLP Act, 2008, and it draws heavily on their recommendations of the Company Law Committee Report of 2022. For our purposes, five proposals matter most.

- **A lower shareholder approval threshold.** Today, a fast-track scheme needs the approval of members holding at least 90 per cent of the total number of shares of each company. Note the words carefully: 90 per cent of total shares, not 90 per cent of those who turn up to vote. A shareholder who simply does not respond counts, in effect, as a "no". The Bill replaces this with approval by a majority of members holding at least 75 per cent in value of those present and voting. This brings the fast-track route in line with the threshold that already applies to NCLT-approved schemes under Section 230.

- **A lower creditor approval threshold.** The current requirement of approval by creditors representing nine-tenths (90 per cent) in value is proposed to be reduced to 75 per cent in value, again mirroring the NCLT route.
- **One NCLT bench for the whole scheme.** For schemes that do go to the Tribunal, the Bill directs that all applications under Sections 230 to 233 be filed before the NCLT bench having jurisdiction over the transferee or resultant company. Today, every company in a multi-entity scheme must approach the bench where it has its own registered office, so a single group restructuring can be split across several benches. Practitioners estimate that a single-bench process could reduce three to six months off scheme timelines.
- **Less paperwork for fast-track demergers.** The Bill removes the requirement of filing a copy of the scheme with the Official Liquidator in fast-track demergers, a step that served little practical purpose where no company is being dissolved.
- **A bigger pool of eligible companies.** The Bill raises the ceilings within which "small company" limits can be prescribed, taking the paid-up capital ceiling from Rs. 10 crores to Rs. 20 crore and the turnover ceiling from Rs. 100 crores to Rs. 200 crores. Since small companies are a core category for fast-track mergers, this quietly widens the base of the entire regime.

Along with these, there is a new section that the bill proposes that is Section 233A requiring treasury shares created through mergers to be cancelled or disposed of within three years, and it removes the reference to the Insolvency and Bankruptcy Code, 2016 from Section 230(1), so that a company already in IBC liquidation cannot start a parallel compromise or arrangement under the Companies Act.

The Case for Reform: Fixing an Absurdity

Here is the unusual truth about the old thresholds. The fast-track route, that was built to be the easy route, actually demanded a harder approval than the regular route. An NCLT scheme under Section 230 needs 75 per cent in value of those present and voting. A fast-track scheme needs 90 per cent of all shares in existence. For a company with a scattered shareholder register, a few passive investors or untraceable members, the 90 per cent bar was often impossible to clear. A lot of companies that were fully eligible for the fast track were pushed back to the NCLT only because they were unable to collect signatures from shareholders who had gone silent.

This was not a new discovery. The desire for value-based, present-and-voting thresholds in merger approvals dates back to recommendations of the expert committee made two decades ago, and these recommendations are once again well clear from the Company Law Committee of 2022. The 2026 Bill is a delayed but direct answer to those recommendations.

There is a larger reason to celebrate, too. The NCLT is the same forum that handles insolvency cases under the IBC, and do not have many benches. All mergers that are not controversial and are scheduled to be heard during a hearing are removed from a truly contested case. Moving routine restructurings to the RD route, and concentrating tribunal schemes before one bench, frees judicial time for the disputes that actually need a judge. The single-bench reform also fixes problem related to the structure that has been there since the High Court era under the Companies Act, 1956, when scheme entities spread across states had to run parallel proceedings in multiple courts.

Lastly, the reform enhances India's position on the ease of doing business. Faster, cheaper and more predictable intra-group restructuring matters for start-ups consolidating entities before a fundraise, for foreign parents simplifying their Indian structures, and for family businesses reorganising for succession. There are already some jurisdictions such as Singapore and several EU countries that offer simplified intra-group merger routes. The Bill takes India a step closer to that standard.

The Case for Caution: What Gets Lost When Speed Wins

Now for the other side of the ledger, and it deserves honest attention.

The minority shareholder's veto shrinks. Under the 90 per cent of total shares rule, a shareholder or group that holds just over 10 per cent could effectively block a fast-track scheme. That was clumsy, but it was also a real protection in closely held companies where the merger is often a related party transaction designed by the promoter, approved by the promoter and beneficial to the promoter. Under the proposed rule, approval needs only 75 per cent of those present and voting. In a company where the promoter family has 80 per cent, a minority investor has 20 per, it is very easy to outvote him every single time, on a scheme that may decide the value of their entire investment. The swing ratio, the share exchange ratio that decides how much of the merged company each shareholder gets, is exactly the kind of number a controlling shareholder can tilt in their own favour.

The forum matters as much as the threshold. In an NCLT scheme, a judicial body examines the scheme, hears objectors and applies a public interest test before sanctioning it. In a fast-track scheme, the RD is not a court, but an administrative authority. If the Registrar of Companies or the Official Liquidator raises no objection within thirty days, and the RD sees no public interest concern, the scheme is confirmed. If the RD does not act within sixty days of receiving the scheme, the scheme is deemed approved. Deemed approval is a sensible discipline against the delay caused by bureaucrats but combine it with rising volumes and a lower shareholder threshold, and you get a way where a contested scheme could, in theory, get through without any independent mind ever seriously examining it.

Capacity is the concern. The rules of September 2025 already brought most unlisted companies with borrowings under Rs. 200 cr. into the fast-track net. The 2026 Bill will make approvals inside that net far easier to obtain. Regional Director offices, that were made to handle a trickle of small-company mergers, may soon face a flood of mid-sized ones. Scrutiny that is spread thin is scrutiny in name only.

Creditors take a haircut on protection too. Dropping the creditor threshold from 90 per cent to 75 per cent in value means a scheme can proceed even when creditors holding a quarter of the debt object. The safeguards that remain, the declaration of solvency, the auditor's certificate on borrowing limits in Form CAA-10A, the bar on listed transferors and the mandatory notices to sectoral regulators such as the RBI and SEBI, are meaningful, but they test solvency and eligibility, not fairness.

To be fair to the Bill, the fast-track route is not free from scrutiny. A scheme can be taken to the NCLT if the registrar objects, and the power to refer a scheme to the Tribunal where it is not in the public interest or in the interest of creditors lies in the hand of the RD. The real question is whether these filters will work when the pipeline is ten times fuller.

So, Reform or Regulatory Oversight Slipping Away?

My observation of this is that the Bill is right on the direction, and it doesn’t specify the destination. The old 90 per cent rule was like a shield for the minorities by default and not on purpose, while penalising every company with a sleepy shareholder register. It is logical to have the fast-track threshold same as the NCLT threshold. A protection that exists only because a process is broken is not a protection worth keeping.

But logic is not the whole story. Parliament should construct a purposeful shield if it’s going to take away the incidental one. Three suggestions stand out for the Joint Parliamentary Committee, that will be presenting its report in the Monsoon Session of Parliament. First, give dissenting minority shareholders in fast-track schemes a clear, time-bound right to object before the RD or seek reference of the scheme to the NCLT, with the burden on the company to justify the exchange ratio through an independent valuation. Second, make the RD pass a short, reasoned orders as against mechanical confirmations, so that the deemed approval clock creates urgency without leading to blindness. Last, spend money on the plumbing: staffing, digital case tracking and published data on fast-track schemes, so that we can find out that the route is properly being used or not.

Conclusion

The Corporate Laws (Amendment) Bill, 2026 is not yet a law, it is still a bill. There might be a change in its clauses before its enactment, and the rules that follow will decide what will happen in the real world. Despite, its statement, the message on fast-track mergers is loud and clear. To India it's not a long run to restructure a company regularly.

So, that's the right thing to do. Both the 2025 rules and 2026 bill opened up the road, and the 2026 Bill dropped the toll. The last thing that should be done is to add the guard rails. Speed and scrutiny are not natural enemies; process that is badly designed make them so. When paired with the laws that have established real minority protections and provided a more substantial framework for Regional Directors, this reform will be recognised as the day Fast track mergers finally lived up to their section 233 promise. If it does not, we may have changed a slow process that protected everyone not very well for a quick one, that doesn't protect some people at all.

So, the answer to the question in the title is -Ye it is reform, but it's totally up to the way the oversight we choose is built around it to be successful.

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