



## EASE OF DOING BUSINESS

(e-Newsletter on reforms undertaken towards doing business in India)

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### MAKING IT SIMPLER AND EASIER: EASE OF DOING BUSINESS IN INDIA

Government of India has emphasized on the importance of 'Ease of Doing Business' as a major pillar of 'Make in India' initiative. Hon'ble Prime Minister Shri Narendra Modi has set a target for India to be ranked among the top 50 countries over the next 3 years in the World Bank Doing Business Study. In order to achieve this target all the departments/ agencies concerned have come forward and implemented the reforms in the right earnest. The following are the few notable reforms:

#### HIGHLIGHTS

- Requirement of minimum paid up capital and common seal under the Companies Act 2013 done away with.
- Registration for Permanent Account Number (PAN), Tax Deduction Account Number (TAN), EPFO (Employees' Provident Fund Organization) and ESIC (Employee's State Insurance Corporation) and incorporation of company can be done through a single form on eBiz portal.
- Time taken for obtaining PAN and TAN on eBiz portal has been brought down to T+1 days.
- Provision made for applying for company name and Director Identification Number (DIN) at the time of incorporation with single Form-INC29.
- Online and real time registration of ESIC and EPFO has been introduced.
- Provision for online payment of EPFO and ESIC contributions has been introduced.
- Requirement of bank account for registration with EPFO and ESIC has been made optional.
- Central Registry Rules have been amended to record security interests of all types of property.
- Number of documents required for imports and exports have been reduced to three.
- All documents for export and import to be submitted electronically with digital signatures i.e. no physical submission of document.
- Custom ICEGATE Portal has been integrated with Food Safety and Standards Authority of India (FSSAI), Animal & Plant Quarantine, Drug Controller & Wildlife Control Bureau for imports.
- Shram Suvidha Portal launched to issue unique Labour Identification Number (LIN), submission of common electronic returns under 8 Labour Acts and facilitate risk based inspections.
- Insolvency and Bankruptcy Code with provision of easy and faster exit, passed by the Parliament.
- SARFAESI (Central Registry) Rules have been extended to register extended security interests.

#### eBIZ

- User friendly features such as online payment, status tracking, SMS alerts and helpdesk support have been enabled on the eBiz platform.
- 20 Services of Central Government have been integrated with the eBiz- single window IT Platform.
- 14 services of Andhra Pradesh, 14 services of Odisha and 2 services of NCT of Delhi have been integrated with eBiz

#### ACHIEVEMENTS IN DELHI AND MUMBAI

##### Delhi

- Unified building Bye-laws have been notified.
- Online registration of Value Added Tax (VAT) with real-time Tax Identification Number (TIN) allotment has been introduced.
- Commercial divisions and appellate divisions in Delhi High Court have been established.
- Municipal Corporations have introduced fast track approval system for building permits with features such as:
  - Common application form
  - Use of digital signature for filing application and issue of permits
  - Online transfer of application and receipt of NOC
  - Online system has been integrated with Airport Authority of India (AAI), Delhi Urban Arts Commission (DUAC), Delhi Metro Rail Corporation (DMRC) & National Monument Authority (NMA).
- DERC has rationalized LT and HT tariff thereby allowing LT connections upto 150 KVA,
- Implemented the lump-sum charges for electric connection thereby removing the need of an estimate and an inspection for the same.
- Online application for connections above 100KVA made mandatory

##### Mumbai

- Requirement of inspection has been removed to make registration of Shops and Establishments real-time.
- Commercial divisions and appellate divisions have been established in Bombay High Court.
- VAT and Profession tax registration has been integrated into a single process.
- Implemented the lump-sum charges for electric connection thereby removing the need of an estimate and an inspection for the same.
- Online application for connections above 100KVA made mandatory
- Municipal Corporation of Greater Mumbai has introduced fast track approval system for building permits with features such as:
  - Common application form
  - Online transfer of application and receipt of NOC
  - Online system has been integrated with AAI & NMA.

## **Starting business made simpler and easier**

- The Government of India has, in collaboration with the State Governments of Delhi and Maharashtra, undertaken significant reform measures to improve our rank in Starting a Business parameter. The rank has improved from 164 to 155 over the last one year.
- Registration with ESIC and EPFO has been made real-time by eliminating all physical touch-points. The requirement of opening a bank account has been removed as a mandatory condition for registration with ESIC and EPFO. The system of issuing PAN and TAN has been put in place together within T+1 days on an application using digital signatures on the ebiz platform. PAN and TAN numbers can be issued on CBDT's portal within T+3 days without digital signature. Maharashtra state has combined the process of registration with VAT and profession tax. The registration will now be granted in 24 hours and the same has been adopted by Delhi VAT.
- Form INC 29 has been launched by Ministry of Corporate Affairs to avail 3 pre-registration services viz. 'Name Availability', 'Director Identification Number' and 'incorporation of company' with one form and one payment.

The above significant changes will scale down the number of procedures and days taken to start a business which will slash the costs involved as well.

## **Reduction of processes under construction permits**

- India's rank under Construction Permit parameter has improved marginally to 183th in 2016 from 184th in 2015. In the states of Maharashtra and Delhi, notable reforms have been undertaken to ease out the processes involved and reduce the time taken for grant of construction permit.
- Municipal Corporation of Greater Mumbai (MCGM) has completed the process of single window approval by integrating with internal departments as well as, AAI and NMA through a common application form. NoCs from Maharashtra Industrial Development Corporation (MIDC), Director of Industries, Collector and Maharashtra Housing and Area Development Authority (MHADA) have been eliminated. It has also introduced digital signing of building permit application, as well as sanctioned maps, thereby eliminating need of physical submission of documents. The manual application for grant of construction permits has been discontinued.
- Municipal Corporations of Delhi has completed the process of single window approval by integrating with internal departments as well as DMRC, Delhi Fire Services, DUAC, AAI and NMA through a common application form. NOC from Labour Department of Delhi Government is not required if no manufacturing activity is undertaken in the building. It has also introduced digital signing of building permit application, as well as sanctioned maps, thereby eliminating the need of physical submission of documents. Manual submission of application for grant of construction permits has been done away with. Ministry of Urban Development and Delhi Development Authority (DDA) have notified the Unified Bye-laws. Colour coded maps have been developed by AAI, NMA, DUAC and DMRC to enable applicants to determine whether NOC is required for the land for which permission is applied for.

These reforms will remarkably reduce compliance burden by reducing the processes and time taken in grant of construction permit.

## **Getting Electricity made hassle-free**

- This parameter witnessed a significant improvement in ranking from 99th in 2015 to 70th in 2016. To make further progress various reforms have been undertaken.
- Maharashtra and Delhi have implemented the lump-sum charges for electric connection thereby removing the need of an estimate and an inspection for the same. They have also made online application for connections above 100KVA mandatory.
- Delhi Electricity Regulatory Commission has revised the application format of Delhi Electric Supply Code and Performance Standards Regulations, 2007 for faster release of electricity connection. The distribution licensees have been directed to process applications in the revised format along with the declaration form.

Following are the two documents required for getting electricity connection:

1. Identity proof
2. Proof of ownership/ occupancy of premises

## **Import and Export procedures made easier**

- Under Trading across borders parameter, Central Board of Excise and Customs (CBEC) has implemented Single Window Interface for Facilitating Trade (SWIFT) (online single window for clearance of goods) on the ICEGATE portal by integrating FSSAI, Animal Quarantine, Plant Quarantine, Drug Controller and Wildlife Control Bureau for imports.
- Customer risk management system has been extended to other regulatory agencies to ensure risk-based inspections.
- Limit on the number of consignments released under direct delivery has been removed by Ministry of Shipping thereby facilitating prompt delivery of goods.
- Terminal handling receipts have been eliminated from Jawaharlal Nehru Port Container Terminal which cuts down the time taken for the containers at the port.

These steps will improve the import and export regulatory environment significantly.

## **Easier Contract enforcement**

- The Arbitration and Conciliation Act has been amended to reduce the time taken in arbitration proceedings and grounds on which an award may be challenged. Commercial Appellate Division Bench and Commercial Division Benches are functioning in Bombay High Court and Delhi High Court.

These dedicated commercial benches will help faster disposal of commercial cases in Delhi and Mumbai.

## Digitization process for Registering Property

- In Delhi, all sub-registrar offices have been digitized and sub-registrar's records have been integrated with the Land Records Department.
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- In Maharashtra, all property tax records have been digitized.

Digitization will lead to efficiency and reliability of ownership and tenancy rights and will also boost investments.

## On EBiz Platform

- One-stop access for Investors to know more about Investment opportunities and Information on number of Licenses/approvals required from Government agencies.
- User friendly features such as Payments through netbanking, credit & debit cards, status tracking, SMS alerts and Help-desk support enabled
- Single face of Government - Composite Application Form and one-time payment designed for obtaining approvals from multiple Ministries/Departments viz., Ministry of Corporate Affairs, Central Board of Direct Taxes, Ministry of Labour & Employment including Employees' State Insurance Corporation & Employees Provident Fund Organisation
- Elimination of multiple visits to different agencies. Investor can apply for 20 Central Government services; 14 Andhra Pradesh, 14 Odisha and 2 Delhi state Government services, 24X7 has been integrated with eBiz IT platform as detailed below.

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## CENTRAL GOVERNMENT SERVICES INTEGRATED

S. No.	Ministry/ Dept. Name	Service Name
1.	Employee's State Insurance Corporation	Employer Registration
2.	Department of Industrial Policy and Promotion	Industrial License
3.	Department of Industrial Policy and Promotion	Industrial Entrepreneur Memorandum
4.	Ministry of Corporate Affairs	Name Availability
5.	Ministry of Corporate Affairs	Director Identification Number
6.	Ministry of Corporate Affairs	Certificate of Incorporation
7.	Ministry of Corporate Affairs	Commencement of Business <sup>1</sup>
8.	Central Board of Direct Taxes	Issue of Permanent Account Number (PAN)
9.	Central Board of Direct Taxes	Issue of Tax Deduction Account Number (TAN)
10.	Reserve Bank of India	Advanced Foreign Remittance (AFR)
11.	Reserve Bank of India	Foreign Collaboration-General Permission Route (FC-GPR)
12.	Employees' Provident Fund Organization	Employer Registration
13.	Petroleum and Explosives Safety Organization	Issue of Explosive License
14.	Directorate General of Foreign Trade	Importer Exporter Code License
15.	Reserve Bank of India	Foreign Currency- Transfer of Shares <sup>2</sup>
16.	Department of Heavy Industry (DHI)	Issue of custom duty concession certificate to entrepreneurs under project import scheme
17.	Central Board of Direct Taxes (CBDT)	Changes or correction in PAN data
18.	Ministry of Labour and Employment (MoL&E)	Registration under the Contract Labour Act, 1970
19.	Ministry of Labour and Employment (MoL&E)	Registration under the Building and other construction workers Act, 1996
20.	Ministry of Labour and Employment (MoL&E)	Registration under the Inter-State Migrant Workmen Act, 1979

## STATE GOVERNMENT SERVICES COMPLETED

Andhra Pradesh (14 Services)		
S.No.	Department Name	Service Name
1	AP-Ground Water Department	Permission to draw Ground Water
2	AP-Department of Factories	Approvals of plans from Factories Department
3	AP-Department of Factories	Factories License
4	AP-Department of Factories	Annual Filing under Factories Act
5	AP-Fire Department	NOC from Fire Services Department
6	AP-Department of Industries	Industrial Incentives(Power)
7	AP-Department of Industries	Industrial Incentives (VAT)
8	AP-Department of Industries	Allotment of Scarce raw materials
9	AP-Department of Industries	MSME Registration
10	AP-Department of Industries	NOC Acknowledgement from GM, DIC for MSME

<sup>1</sup> Withdrawn from eBiz Portal w.e.f 15.07.2015 pursuant to the company's amendment act 2015.

<sup>2</sup> FC TRS is additional service integrated and launched with eBiz portal w.e.f 24.08.2015 on request of RBI.

11	AP-Department of Drug Controller	License for manufacturing Bulk Drugs and Formulations
12	AP - Department of Town & Country Planning	Permission from TCP for Site and Building
13	AP-Commercial Taxes Department	VAT Registration
14	AP-Commercial Taxes Department	Central Sales Tax (CST) Registration

<b>Delhi (2 Services)</b>		
<b>S.No.</b>	<b>Department Name</b>	<b>Service Name</b>
1.	Factories Department	Factory Filling
2.	BYPL(BSES Yamuna Power Limited)	New Power Connection

**COMPOSITE APPLICATION FORMS INTEGRATED**

<b>List of joined-up(L3) services</b>		
<b>S.No.</b>	<b>Service Name</b>	<b>Department /Ministry</b>
1.	<b>INC-29 with 7 services</b> viz., Name Availability (MCA), Director Identification Number (MCA), Certificate of Incorporation (MCA), PAN (CBDT), TAN (CBDT), Employer registration of EPFO and ESIC	Ministry of Corporate Affairs, CBDT, EPFO & ESIC
2.	<b>INC-7 with 5 services</b> viz., Certificate of Incorporation (MCA), PAN (CBDT), TAN (CBDT), Employer registration of EPFO and ESIC,	Ministry of Corporate Affairs, CBDT, EPFO & ESIC
3.	5 registration services under Employer registration under EPFO and ESIC Act, Contract labour Act, Building and other Construction Workers Act, and Inter-state Migrant Workmen Act	Ministry of Labour & Employment

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