

On fast track: Modi government to make it easier for new firms to start operations

By: Krishnanand Tripathi | Updated: April 22, 2019 5:18 PM

Ease of doing business: The government is planning to complete the processing of registration of a company with GSTIN, EPFO & ESIC through a single form AGILE within three days of filing.

Ease of doing businesses: Government allows registration with several departments with one single form.

Ease of Doing Business: The Modi government looks to cut down the time required for a company to register with various government departments before kick-starting operations, in line with its push to improve ease of doing business in India. These registrations include obtaining a permanent account number (PAN), registration with GST, EPFO and ESIC among other things. However, the process of registration with multiple agencies is cumbersome and it delays the start of business activity.

In order to further improve the business sentiment in the country, the government is working to have a centralised registration process that will also cut down the time required for these things to less than 72 hours.

Experts point out that it was important for the government to club all the registration processes together so that a newly incorporated entity can hit the ground running. It is also in line with the vision of the government to improve the ease of doing business. India has improved its ease of doing business ranking by 65 points in the last four years, from 142 in 2014 to 77 in 2018, with the government now aiming to enter into top 50 countries in the World Bank's Ease of Doing Business ranking.

"To ensure that a newly incorporated entity is almost ready to commence their business from the next day of incorporation, it is important that the application for all central numbers and registrations be clubbed together into one form and accordingly processed along with all other incorporation documents," said Prashant Prakhar, senior member of regulatory and financial practice at Nishith Desai Associates.

MCA introduces AGILE form for multiple registrations

Last month, the ministry of corporate affairs (MCA) has notified an AGILE form that will be filed along with the incorporation application form SPICe. This AGILE (INC-35) form linked with SPICe incorporation will be processed alongside the incorporation request and it will register the newly registered company with GSTIN, Employees Provident Fund Organisation and Employees State Insurance Corporation.

“Introduction of AGILE form is a welcome step in this regard. It should practically reduce the time-line for incorporation and commencement of business for a company in India to half,” Prashant Prakhar told Financial Express Online.

Delay in registration of company name major impediment

However, the first step in the direction of incorporating a company itself is a time consuming process. Experts point out that lack of a statutory time-line for the Central Registration Centre (CRC) within which the name must be approved causes the delay.

Prashant Prakhar who advises companies on inbound investment in India says that it will be a good idea to specify a statutory time-line within which the CRC should approve or reject an application seeking reservation of a company's name. Usually registration of a company's name takes up to a week.