

FUNDAMENTAL OF MANAGEMENT

ASSIGNMENT 2

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Ques: How India has improved in ease of doing business in last few years? Highlight the steps taken by Government for improving Business Environment.

Ans: India has recorded continuous improvement in its ease of doing business ranking issued by the World Bank on account of steps taken by the government. Due to continuous efforts of the Government, India has jumped 14 places to the 63rd position on the World Bank's ease of doing business ranking, Riding high on the government's flagship 'Make in India' scheme and other reforms attracting foreign investment where 190 countries were ranked. As a result, India has improved its rank by 79 positions in last five years (2014-19). In 2014, India was ranked 142nd. It jumped to the 63rd position among 190 countries in May 2019.

Let us now see the Initiatives taken towards "Ease of Doing Business" by the Ministry of Corporate Affairs over the years:

- The Ministry of Corporate Affairs has provided exemption to private companies through Companies (Amendment) Act, 2015, wherein the requirement for minimum paid up capital was removed.
- As a part of "Ease of Doing Business" initiative the Central Registration Center (CRC) was established by MCA under Section 396 of the Companies Act, 2013 (Act) vide notification dated 22.01.2016 in an initiative of Government Process Re-engineering (GPR) for providing speedy incorporation related services in line with global best practices.
- CRC was established with one clear objective i.e. – Applications for Name reservation and Incorporation of a company should be processed and completed within D or D+1 days (D=Date of Payment Confirmation). In the first phase, the CRC processed applications for name availability through e-form INC-1. In the second phase CRC started processing E-forms for incorporation of companies.
- The Ministry of Corporate Affairs launched the Simplified Proforma for Incorporating Company Electronically (SPICe) e-Form in place of INC-29. Further, the Ministry has also integrated the MCA21 System with the CBDT for issue of PAN and TAN to a company incorporated using (SPICe). Stakeholders submit applications for PAN and

TAN at the time of submitting applications for incorporation through SPICe. The PAN/TAN allotted by Income Tax Department are being affixed on the Certificate of Incorporation of the company. Stakeholders can apply for DIN (Director Identification Number) through SPICe up to three directors. This has resulted in reduction in the number of processes and time taken for Starting a Business in the country and ultimately boost the “Ease of Doing Business” initiative of the Government.

- After SPICe, MCA launched a new and simplified web based service R.U.N. (Reserve Unique Name) for reserving a name in place of INC-1. This has also removed the requirement to use a Digital Signature Certificate (DSC) during name reservation. It was another value addition to Ease of Doing Business in India.
- Ministry vide notification G.S.R. no. 180 (E) dated 06.03.2019 has amended the Rule 38(2) of the Companies (Incorporation) Rules, 2014. With the issue of this notification, zero fee is to be charged by MCA for all incorporations with authorized capital up to INR 15 lakh.
- Name Availability Rules have been simplified by MCA through Companies (Incorporation) Fifth Amendments Rules, 2019. These amended rules provide ample illustrations to avoid ambiguity in name reservation. Consequently, name rejection rate has fallen and the time taken for approval has reduced. This has resulted in speed, greater transparency, uniformity and eradication of discretion.
- Changes in Insolvency and Bankruptcy Code (IBC):
 - Minimum threshold to initiate insolvency proceedings has been **raised to Rs.1 crore** (from Rs.1 lakh, which largely insulates **Micro, Small and Medium Enterprises-MSMEs**).
 - Empowering the Central Government to exclude Covid-19 related debt from the definition of “default” under the IBC for the purpose of triggering insolvency proceedings.