



Doing Business in India 2009

COMPARING REGULATION IN 17 CITIES AND 181 ECONOMIES



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1818 H Street NW
Washington, D.C. 20433
Telephone: 202-473-1000
Internet: www.worldbank.org
E-mail: feedback@worldbank.org

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Copies of *Doing Business 2009*, *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth*, and *Doing Business in 2004: Understanding Regulation* may be obtained at www.doingbusiness.org.

Doing Business in India 2009 and other subnational and regional *Doing Business* studies can be downloaded at no charge at <http://subnational.doingbusiness.org>.

Contents

Doing Business in India 2009 is the first country-specific subnational report of the *Doing Business* series that measures business regulations and their enforcement across India. It builds on benchmarks previously published in the regional *Doing Business in South Asia 2005–7* series. *Doing Business in India 2009* covers 10 out of the 12 previously measured cities, and documents their progress. It adds 7 new locations, expanding the study to 17 locations.

The Indian cities and states covered in *Doing Business in India 2009* were selected together with the Indian Ministry of Commerce and Industry. They are: Ahmedabad (Gujarat), Bengaluru (Karnataka), Bhubaneswar (Orissa), Chennai (Tamil Nadu), Guwahati (Assam), Gurgaon (Haryana), Hyderabad (Andhra Pradesh), Indore (Madhya Pradesh), Jaipur (Rajasthan), Kochi (Kerala), Kolkata (West Bengal), Ludhiana (Punjab), Mumbai (Maharashtra), New Delhi (Delhi), Noida (Uttar Pradesh), Patna (Bihar), and Ranchi (Jharkhand).

Comparisons with the rest of the world are based on the indicators in *Doing Business 2009*. The indicators in *Doing Business in India 2009* are also comparable with the data in other subnational and regional *Doing Business* reports.

Doing Business investigates the regulations that enhance business activity and those that constrain it. *Doing Business in India 2009* presents quantitative indicators to measure the regulations affecting 7 stages in the life of a business: starting a business, dealing with construction permits, registering property, paying

taxes, trading across borders, enforcing contracts, and closing a business. These indicators have been selected because they cover areas of local jurisdiction and practice. Data in *Doing Business in India 2009* are current as of February 2009.

The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why. Other areas that significantly affect business—such as a country’s proximity to markets, the quality of infrastructure services (other than services related to the trading across borders indicator), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions, or the underlying strength of institutions—are not directly studied by *Doing Business*.

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About *Doing Business* and *Doing Business in India*

In 1664, William Petty, advisor to King Charles II of England, compiled the first national accounts in history. These consisted of only four entries. Expenses were listed as “food, lodging, clothes, and other necessities,” calculated at 40 million pounds. National revenues were divided into three sources: 8 million pounds from land, 7 million pounds from other personal estates, and 25 million pounds from labor income.

In subsequent centuries, estimates on national income, spending, and the inflow and outflow of capital became more abundant, although a systematic framework for measuring national accounts was not developed until the 1940s, under the direction of British economist John Maynard Keynes. As this methodology became an international standard, it became possible to compare the economic positions of different countries. Today, macroeconomic indicators of national accounts are standardized in all countries.

Governments committed to the economic welfare of their countries and to providing opportunities to their citizens today do not limit themselves to the macroeconomic sphere, however. They also devote themselves to the laws, regulations, and institutional provisions that model day-to-day economic activity.

Until quite recently, however, there

was no one group of indicators available internationally to monitor these microeconomic factors and analyze their importance. The first efforts to compile such a group of indicators date from the 1980s, and were based primarily on opinion surveys in academic or business circles. These surveys are useful indicators of economic and political conditions, but the fact that they are based on perceptions, and that they provide only partial information on poorer countries, limits their usefulness as an analytical tool.

The *Doing Business* project began seven years ago, and aspires to go further than these initial surveys. The project focuses on small- and mid-sized businesses in each economy, and analyzes the regulations that govern each cycle of that economy’s existence. *Doing Business* and the standard cost model, developed and applied initially by Netherlands, are today the only standardized tools that analyze the full range of jurisdictions to quantify the impact of government legislation on business activity.

The first *Doing Business* report, published in 2003, covered five groups of indicators in 133 economies. *Doing Business 2009* covers 10 groups of indicators in 181 economies. The project has benefited from feedback from governments, academics, practicing professional experts, and qualified reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment and a guide for improving performance in the sphere of business.

In the *Doing Business* report, each economy is represented by its largest business city—Mumbai, for India, for example, or Mexico City, for Mexico. Business regulation and their enforcement, particularly in federal states and large economies, present marked differences within a single country. In recognizing the interest of governments in these variations, the *Doing Business* report has complemented its global indicators with

subnational studies in Mexico, in Brazil, China, Colombia, India, Nigeria, Philippines, Pakistan, the Russian Federation, and others. *Doing Business* has also begun a program on small islands that are independent states.

The *Doing Business in India* is an extension of the *Doing Business* project beyond Mumbai. By adopting the methodology of the *Doing Business* report, *Doing Business in India* allows for comparisons of specific Indian cities’ performances in terms of business regulations and enforcement, and between these and 181 economies around the world. National and international comparisons encourage competition between cities and align the incentives of public servants toward the reform and implementation of best national and international practices.

Doing Business in India 2009 is the first subnational report on this country but a number of Indian cities have been previously covered by regional *Doing Business in South Asia 2005-7* series. In 2005 and 2006, quantitative indicators were compiled regarding regulations on business activity and their enforcement in 9 Indian cities and states. The third report, *Doing Business in South Asia 2007*, extended the coverage to 12 Indian cities and states. *Doing Business in India 2009* covers 10 out of 12 previously measured cities¹ and documents their progress. It adds 7 new locations and measures the impact of recent reforms on the indicators.

ASPECTS COVERED BY *DOING BUSINESS* IN INDIA

Doing Business in India provides a quantitative measure of the national, state and municipal regulations involved in starting up a business, dealing with construction permits, registering property, paying taxes, trading across borders, enforcing contracts and closing a business—as they apply to domestic small- and mid-sized enterprises.

A fundamental premise of *Doing*

Business is that economic activity requires good rules. These include rules that establish and clarify property rights and reduce the costs of resolving disputes, rules that increase the predictability of economic interactions, and rules that protect contractual partners against abuse. The objective is: regulations designed to be efficient, to be accessible to all who need to use them, and to be simple in their implementation. Accordingly, some *Doing Business* indicators assign a higher score for more rigorous regulation, for example in contract enforcement. Others give a higher score for introducing simplified procedures for implementing existing regulation, such as completing business start-up formalities at a single service window.

Doing Business in India encompasses two types of data. The first come from a review of laws and regulations. The second are time and motion indicators that measure levels of efficiency in completing legal requisites (such as granting legal identity to a business). Within the time and motion indicators, cost estimates are recorded from official fee schedules where applicable. In this area, *Doing Business* has built on Hernando de Soto's pioneering work in applying the time and motion approach first used by Frederick Taylor to revolutionize the production of the Model T Ford. De Soto used the approach in the 1980s to illustrate the obstacles to setting up a garment factory on the outskirts of Lima, Peru.

ASPECTS NOT COVERED BY DOING BUSINESS IN INDIA

It is important to know the scope and limitations of *Doing Business in India* in order to correctly interpret the results of this report.

LIMITED IN SCOPE

- *Doing Business in India* focuses on seven areas, with the specific aim of measuring the regulations and red tape that influence the life cycle of a small or mid-sized domestic company at the local level. Accordingly: *Doing Business in India* does not measure all 10 indicators covered in the general *Doing Business* report. The report covers those seven areas of business regulation that are the provenance of municipal or state governments and where local differences exist.
- *Doing Business in India* does not measure all aspects of the business environment that matter to companies or investors, nor all of the factors that affect competitiveness. It does not, for example, measure security, macroeconomic stability, corruption, labor skills, the underlying strength of institutions or the quality of infrastructure. Nor does it focus on regulations specific to foreign investment.
- *Doing Business in India* does not cover all regulations, or all regulatory goals, in any city or state. As economies and technology advance, more areas of economic activity are being regulated.

BASED ON STANDARDIZED CASES

The indicators analyzed in *Doing Business in India* are based on standardized case scenarios with specific assumptions, such as that the business is located in certain cities in one of the 17 states of India. Economic indicators commonly make limiting assumptions of this kind. Inflation statistics, for example, are often based on prices of consumer goods in a few urban areas. Such assumptions allow global coverage and enhance comparability, but they inevitably come at the expense of generality.

In areas where regulation is complex and highly differentiated, the standardized case used to construct each *Doing Business in India* indicator needs

to be carefully defined. Where relevant, the standardized case assumes a limited-liability company. This choice is in part empirical: private, limited-liability companies are the most prevalent business form in most economies around the world. The choice also reflects one focus of *Doing Business*: expanding opportunities for entrepreneurship. Investors are encouraged to undertake a business when potential losses are limited to their capital participation.

FOCUSED ON THE FORMAL SECTOR

In defining the indicators, *Doing Business in India* assumes that entrepreneurs are familiar with all regulations that apply to them and comply with them. In practice, entrepreneurs may spend considerable time finding out where to go and what documents to submit or they may avoid legally required procedures altogether—not registering for social security, for example.

When regulation is particularly burdensome, levels of informality are higher. Informality has its cost: firms in the informal sector typically grow more slowly, have poorer access to credit, and employ fewer workers, and these workers remain outside the protections of labor law. *Doing Business in India* studies one set of factors that helps explain the prevalence of informality and give policy makers a better understanding of potential areas of reform. Gaining a fuller understanding of the broader business environment, and a broader perspective on policy challenges, requires combining insights from *Doing Business in India* with data from other sources, such as the World Bank Enterprise Surveys. Published by the World Bank in 2009, the India's Investment Climate Assessment study analyzes the factors that influence decisions by firms on how to invest based on face-to-face surveys of owners and managers of firms, combined with extensive dataset analysis and secondary data.²

WHY THIS FOCUS?

Doing Business in India functions as a kind of cholesterol test of the regulatory environment for domestic businesses. A cholesterol test does not tell us everything about the state of our health, but it can tell us when to change behaviors in ways that will improve not only our cholesterol rating but also our overall health.

One way to test whether *Doing Business* is truly representative of the broader business environment and of competitiveness is to look at correlations between the *Doing Business* rankings and other major economic benchmarks. The group of indicators closest to *Doing Business* in the areas it analyzes are the product market regulation indicators from the Organization for Economic Cooperation and Development (OECD). The correlation with these is 0.80. The World Economic Forum's Global Competitiveness Index and IMD's World Competitiveness Yearbook are broader in scope, but they are also closely correlated with *Doing Business* (0.80 and 0.76, respectively). These data suggest that where countries enjoy peace and macroeconomic stability, domestic business regulation makes a sizeable difference in economic competitiveness.

A larger question is whether the areas addressed in *Doing Business* can truly influence development and reduce poverty. The World Bank study *Voices of the Poor* asked 60,000 poor people around the world how they thought they might escape poverty. The answer was unanimous: both women and men pin their hopes on income from their own businesses or wages earned from a job. Enabling growth, and ensuring that the disadvantaged can participate in its benefits, requires an environment in which entrepreneurs with initiative and good ideas can start a business regardless of their gender or ethnic origin and where companies can invest, creating more jobs.

Small- and mid-sized enterprises are key drivers of competition, growth, and job creation, particularly in developing countries. Still, in these economies up to 80% of economic activity is conducted in the informal sector. Firms may be reluctant to enter the formal sector because of excessive bureaucracy and regulation.

Where regulation is burdensome and competition limited, success tends to depend more on contacts than on what the entrepreneur can actually do. In contrast, where regulation is transparent and efficient, it becomes easier for entrepreneurs, regardless of their connections, to operate within the rule of law and to benefit from the opportunities and protections that the law provides.

Doing Business thus considers good rules as key to social inclusion. It also provides a basis for studying the effects of regulations and their application. For example, *Doing Business* 2004 found that the speed of tools available for contract enforcement was associated with perceptions of greater judicial fairness, suggesting that, in fact, justice delayed is justice denied. Other examples specific to India are provided in the chapters that follow.

DOING BUSINESS IN INDIA AS A COMPARATIVE EXERCISE

Because it brings together some key dimensions of regulatory regimes, *Doing Business in India* can be useful for comparative purposes. Any such comparison (of individuals, companies, or states) is necessarily partial: it is valid and useful if it helps to ground a judgment in specific values, less so if it substitutes for judgment.

Doing Business in India provides two perspectives on the data it compiles: it presents "absolute" indicators for each city and for each of the seven areas studied, and it also provides rankings of cities, both by indicator and overall. Careful judgment is required in inter-

preting these measures for each city and in determining a reasonable and politically feasible path for reform.

Reviewing the *Doing Business* rankings in isolation may yield unexpected results. Some cities may rank high on some indicators, while others that have grown rapidly or attracted a great deal of investment may rank lower than others that appear to be less dynamic.

Even so, a higher ranking in *Doing Business in India* tends to be associated with better results over time. Economies that rank among the top 20 in *Doing Business* are those with high per-capita income and productivity and efficient regulations.

For governments committed to reform, improving the performance of their indicators matters more than their absolute ranking. As economies develop, they strengthen and add to regulations to protect investor and property rights. Meanwhile, their governments seek out more efficient ways to implement existing regulations and eliminate outdated ones. One finding of *Doing Business* is that dynamic and growing economies are constantly reforming and updating their regulations and the ways they are applied, while many poor countries still work with regulatory systems dating back to the 18th century.

DOING BUSINESS: A USER'S GUIDE

Quantitative data and benchmarking can be useful in stimulating debate about policy, both by exposing potential challenges and by identifying areas of opportunity where better practices might be introduced. These data also provide a basis for analyzing how different policy approaches—and different policy reforms—contribute to desired results such as competitiveness, growth, and greater employment and income.

Six years of *Doing Business* data have fueled a growing body of research

on how performance on *Doing Business* indicators—and reforms relevant to those indicators—relate to desired social and economic results. Some 325 articles have been published in academic journals, and about 742 working papers are available through Google Scholar. Among the findings:

- Lower barriers to business start-up are associated with a smaller informal sector.
- Lower costs of entry can encourage entrepreneurship and reduce corruption.
- Simpler start-up procedures can translate into greater employment opportunities.

HOW DO GOVERNMENTS USE DOING BUSINESS?

A common first reaction is to doubt the quality and relevance of the *Doing Business* data. Yet the skepticism typically results in a deeper debate over the relevance of the data to the economy and about areas where reform might make sense.

Most reformers start out by seeking new paradigms, and *Doing Business* is a useful tool in this regard. For example, Saudi Arabia used the corporate laws of France as a model for revising its own. Many economies in Africa look to Mauritius—the region’s strongest reformer according to *Doing Business* indicators—as a source of good practices for reform. In the words of Egypt’s Minister of Investment, Dr. Mahmoud Mohieldin:

What I like about Doing Business ... is that it creates a forum for exchanging knowledge. It's no exaggeration to say that we checked the top ten in every indicator and we just asked them, "How did you do it?" If there is any advantage to starting late in anything, it's that you can learn from others.

Over the past six years there have been many government initiatives to reform the regulatory environment for domestic businesses. Most reforms relating to *Doing Business* topics were part of broader programs of reform aimed at enhancing economic competitiveness. The same can be said at the subnational level. Nine of the twelve states covered in the first *Doing Business in Mexico* report introduced reforms in at least one of the indicators. *Doing Business in Mexico* 2009 shows that the momentum of reform has continued: 28 states introduced reforms in 2007–2008.

Doing Business in Mexico has facilitated this change. First, it has contributed to a diagnosis of the efficiency of business regulation in specific cities in Mexico that can be compared with other cities in the country and other economies around the world. Second, it has served as an instrument of institutional reform, because the measures presented reveal where bottlenecks are and where the best practices are in commercial procedures across the country. Finally, each successive edition of *Doing Business in Mexico* has served as a tool for monitoring and evaluating reforms, creating incentives for public servants to continue improving regulations, even across changes in public administration.

In structuring their reform programs, governments use multiple data sources and indicators. Reformers also respond to many stakeholders and interest groups, all of whom bring important issues and concerns into the reform debate. World Bank Group support for these reform processes is designed to encourage critical use of the data, sharpening judgment and avoiding a narrow focus on improving *Doing Business* rankings.

METHODOLOGY AND DATA

Doing Business in India covers 17 locations, including Mumbai. The data are drawn from federal, state, and municipal laws and regulations, as well as on administrative requirements (for a detailed explanation of the methodology used in *Doing Business in India 2009*, See the data notes section at the end of this report).

INFORMATION SOURCES

Most of the indicators are based on laws and regulations. In addition, most of the cost indicators are backed by official fee schedules. *Doing Business* contributors both fill out written surveys and provide references to the relevant laws, regulations, and fee schedules, aiding data checking and quality assurance.

For some indicators part of the cost component (in cities where fee schedules are lacking) and the time component are based on actual practice rather than the text of the law itself. This introduces a degree of subjectivity. As a result, the *Doing Business* approach has been to work with legal advisors or professionals who regularly handle the transactions involved. Following the standard methodological approach for time and motion studies, *Doing Business in India* breaks down each process or transaction, such as starting and legally operating a business, into separate steps to ensure a better estimate of time. The time estimate for each step is given by practitioners with significant and routine experience in the transaction: corporate lawyers, attorneys, judges, architects, etc.

The *Doing Business* approach to data collection is different from that of opinion surveys, which record one-time perceptions and experiences of businesses. A corporate lawyer registering 100 to 150 businesses a year will be more familiar with the process than an entrepreneur, who may go through the process only

once or twice. A judge ruling on dozens of bankruptcy cases a year will have more insight into the process than an individual company's experience of it.

DEVELOPMENT OF THE METHODOLOGY

The methodology for calculating each indicator is transparent, objective, and easily comparable. Renowned experts in the academic sphere collaborate in the development of the indicators, ensuring academic rigor. The background studies underlying the indicators have been published in leading economic journals.

Doing Business uses a system of simple averages for weighting indicators and calculating rankings. Other approaches were studied, including those using principal components and unobserved components. The principal components and unobserved components approaches were found to yield results nearly identical to those of simple averaging. The tests show that each set of indicators provides new information. The simple averaging approach is therefore solid for such tests.

IMPROVEMENTS TO THE METHODOLOGY AND DATA REVISIONS

The methodology has been steadily improved over the years. Changes have been made mainly in response to suggestions from economies in the global *Doing Business* sample. In accordance with the *Doing Business* methodology, these changes have been incorporated into the *Doing Business in India 2009* and *Doing Business in South Asia 2005-7*

series.

Another methodological improvement reflected in *Doing Business in India 2009* is that it measures the cost of procedures in proportion to Gross National Income (GNI) per capita rather than Gross Domestic Product (GDP) per capita in the state. The reason for this change has to do with practical issues and comparability with the rest of the cities measured in the global *Doing Business* report. First, certain developing countries do not have GDP measurements available but do measure GNI, so it is better to use the indicator available in more countries around the world. Second, international comparisons between cities turned out to be inconsistent, because the subnational and global reports were using different denominators to measure procedural costs.

All the methodological changes are explained in the Data Notes section of this report and on the *Doing Business in India 2009* web page (www.doingbusiness.org/subnational). The web site also provides data time series for each indicator and city. The web site also makes available all original data sets used for background papers. A transparent complaint procedure allows anyone to challenge the data. If errors are confirmed after a data-verification process, they are corrected as promptly as possible.

1. Two cities, Chandigarh and Lucknow, covered by the regional *Doing Business in South Asia* series, are not measured in this report. Chandigarh is a joint administrative capital of two states, Punjab and Haryana, which are now both included with their largest business cities. Noida replaces Lucknow in Uttar Pradesh.
2. Ferrari, Aurora and Inderbir Singh Dhingra. 2009. *India's Investment Climate. Voices of the Poor*. Washington, D.C.: The World Bank.

Overview

Long before India existed as a country, the Indian subcontinent was regarded as a source of innumerable riches and trading opportunities by the world's most powerful empires. Riding the monsoon winds, Roman ships would bring back from Tamil kingdoms and the main ports of Barygaza, Muziris, and Korkai gold, silver, red coral, and fine embroideries. Other trading nations—the Chinese, the Egyptians, the Carthaginians—established settlements on the subcontinent, followed in the 15th century by the Europeans, who had benefited from the opening of a sea route via the Cape of Good Hope.

Foreign trade proved a mixed blessing for India's economy in later centuries. The fall of the Moghuls and the rise of European chartered companies all but obliterated India's great merchants. After India's independence in 1947 a complex system of business regulations and high import tariffs—widely known as the “License Raj”—contributed to locking India into a “Hindu rate of growth” far below India's recognized potential.

Today, India owes much of its economic success to the liberalization reforms initiated in 1991. The reforms contributed to lifting the average gross domestic product growth rate to 8.5% in 2005–8 and 300 million people out of extreme poverty.¹ Still, recent growth has

failed to create enough jobs. A study by the Indian Ministry of Statistics shows that out of a total workforce of 397 million, only 28 million workers are employed in the organized² sector.³ Furthermore, an uneven pace of local growth leads to increasing inequalities between states. Promotion of inclusive growth is one of India's key development objectives stated in the 11th Five Year Plan.⁴

To help local entrepreneurs unleash their potential, national, state, and municipal governments⁵ need to create a regulatory environment that encourages firms to formally start up and grow. The World Bank's 2009 *India's Investment Climate: Voices of the Poor* study identifies red tape as a key constraint to improved productivity.⁶ The National Manufacturing Competitiveness Council of India also emphasizes regulatory reform: “Government has a major role to play in providing the right market framework and regulatory environment as these provide invaluable impetus to the competitiveness...The framework should ensure fair competition, better access to markets, trade negotiations that ensure a level playing field for domestic manufacturers, review of existing regulations and reduce the burden of paper work and inspector raj in respect of existing laws.”⁷

Doing Business studies business regulations from the perspective of a

small- to medium-sized domestic firm. Mumbai represents the country in the global *Doing Business* report, which compares regulatory practices in 181 economies. However, in large federal countries like India, local business regulations and their enforcement differ across locations. *Doing Business in India 2009* expands 7 of the 10 *Doing Business* topics (starting a business, dealing with construction permits, registering property, paying taxes, trading across borders, enforcing contracts, and closing a business) beyond Mumbai to another 16 locations across India. These indicators have been selected because they reveal differences in national, state, and municipal regulatory policies and practices.⁸

Doing Business in India 2009 ranks the 17 benchmarked cities based on their performance on each of the seven topics. The results are presented here (table 1.1). *Doing Business* is easier in Ludhiana (Punjab), Hyderabad (Andhra Pradesh), and Bhubaneswar (Orissa). It is more difficult in Kochi (Kerala), and Kolkata (West Bengal).

Mumbai, representing India in the global *Doing Business* report, does not rank highest among the benchmarked cities on the 7 topics measured. While it is quickest to start a business or export a container there, Mumbai lags behind other cities in the time required to en-

TABLE 1.1
Doing Business in India: Where is it easiest?

1 Ludhiana, Punjab (easiest)	10 Mumbai, Maharashtra
2 Hyderabad, Andhra Pradesh	11 Indore, Madhya Pradesh
3 Bhubaneshwar, Orissa	12 Noida, Uttar Pradesh
4 Gurgaon, Haryana	13 Bengaluru, Karnataka
5 Ahmedabad, Gujarat	14 Patna, Bihar
6 New Delhi, Delhi	15 Chennai, Tamil Nadu
7 Jaipur, Rajasthan	16 Kochi, Kerala
8 Guwahati, Assam	17 Kolkata, West Bengal
9 Ranchi, Jharkhand	

Note: The ease of doing business is calculated as the ranking on the simple average of city percentile rankings on each of the 7 topics covered. The ranking on each topic is the simple average of the percentile rankings on its component indicators.

Source: *Doing Business* database.

force a contract, the ease to obtain a construction permit, the time to transfer a property title, the cost to start a business, or the total tax burden on businesses. Still, Mumbai's ranking has improved in relation to other cities since the last *Doing Business in South Asia*. Hyderabad remains at the top of the ranking while other large business centers such as Bengaluru and Chennai dropped. Their ranking changed partly because the number of benchmarked cities increased from 12 to 17, and some of the added cities have competitive regulatory frameworks. The lower ranking may also reflect delays and higher fees due to demand for business services in fast-growing cities. On the other hand, Bhubaneshwar and Jaipur are examples of lower-income cities that make it easier to do business by increasing efficiency and the use of technology, while maintaining low costs.

Doing Business rankings do not tell the whole story about an economy's business environment. The indicators do not account for all factors important for *Doing Business*—for example, macroeconomic conditions, infrastructure, workforce skills, or security. But improvements in an economy's ranking do indicate that the government is creating a regulatory environment that is more conducive to business.

For governments committed to reform, it is the pace of reforms—not abso-

lute ranking—that is the most important. The pace of reform is picking up. *Doing Business 2009* identified 239 reforms that make it easier to do business in 113 countries. Other large emerging economies like Egypt, China, and Indonesia were among the reformers. With this competition, complacency is not an option.

CITIES ARE REFORMING— WHAT GETS MEASURED GETS DONE

Since 2004, India has introduced 7 major business-environment reforms in business entry, registering property, getting credit, paying taxes, and trading across borders, becoming the regional top reformer as reported in *Doing Business 2009* (table 1.2).

Trade is the area where India has reformed the most. India was the top reformer on the trading across borders indicator in *Doing Business 2008* and continued reforming in *Doing Business 2009*. The implementation of ICEGATE (Indian Customs and Excise Gateway)—an electronic data interchange (EDI) system—at the country's major entry points has significantly facilitated trading. The system enables shipping lines to submit their cargo manifests electronically, initiating the clearance process even before the ship docks.

Another important milestone was the Ministry of Corporate Affairs' na-

tional e-government initiative, called MCA-21, introduced in 2006, which laid the groundwork for electronic business registration. As part of this program, the national government began computerizing company registration offices across India and introduced an electronic filing system for company name approval and registration. As a result of these reforms, the registration time has been reduced. Company name approval now takes 2 days in all cities, down from 4 to 6 days in 2006.⁹ The time to obtain the certificate of incorporation also dropped. The certificate is now available online in 2 to 3 days, as opposed to the 9 to 10 days it took in 2006. But the reform is not complete—the applicant must still wait to receive a physical copy of the certificate by mail before starting activities.

Well aware that an affordable and efficient immovable property registration system reduces informality, the Ministry of Urban Development launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in December 2005. It inspired important stamp duty reductions, making it cheaper to register property. The program also introduced land-record computerization programs across the country.

The national government initiated several programs to increase the efficiency of central and local tax systems. In 2005, it started implementing a uniform VAT rate in all states, eliminating some

TABLE 1.2
Top regional *Doing Business* reformers since 2004

China
East Asia and the Pacific
Colombia
Latin America and Caribbean
Egypt
Middle East and North Africa
Georgia
Eastern Europe and Central Asia
INDIA
South Asia
Mauritius
Sub-Saharan Africa

Source: *Doing Business* database.

of the cascading effects caused by local taxes. By 2008, all Indian states adopted the VAT system. In 2007, the central sales-tax rate was decreased from 4% to 3%.

India's legal and regulatory framework in the areas of enforcing contracts and bankruptcy has advanced in the last two decades. In 2008, the Supreme Court allowed for electronic case filing.¹⁰ E-filing systems are being planned for the various state High Courts in the near future and eventually in the District Courts as well.¹¹ "Indiancourts"¹² is a new website that provides a single-point access to information related to the Supreme Court and all 21 High Courts. Litigants can verify case-status, and browse judgments, rules, and judges of each court.

The national government introduced Debt Recovery Tribunals (DRTs) to speed up the resolution of debt recovery claims due to banks and financial institutions in 1993. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act was enacted in 2002 and amended in 2004, with a view to making adequate provisions for the recovery of loans and to enforce security interests without the intervention of the court—or at least with minimum intervention. These positive changes in the law have only taken full effect in practice in the past couple of years. Until recently, the validity of the SARFAESI Act and before that the validity of the DRTs were held up in court challenges, but now both acts are used by creditors. As a result, the DRTs of Mumbai have started working faster and more DRT judges were assigned recently. In Mumbai, debt enforcement through DRTs takes now on average 7 years.

Reforms at state and municipal levels have accelerated, too. There has been significant progress—9 of the 10 cities benchmarked in *Doing Business in South Asia 2007* and again in 2009 introduced local reforms in at least one of the areas

of starting a business, dealing with construction permits, and registering property. As a result, the average time to start up a company dropped from 54 to 35 days, similar to Thailand. The time to obtain a building permit dropped by 25 days on average in the 10 cities. Four out of seven locations measured for the first time by this report reformed their local regulations and practices in the 3 areas, bringing the total number of reforming cities to 14 out of 17 (table 1.3).

In the area of starting a business, 7 out of the 10 states benchmarked in 2006 introduced administrative, legal, and technological reforms in addition to the national reforms affecting all states. Entrepreneurs in New Delhi and Ahmedabad can now pay the stamp duty on company documents electronically and apply online for the value-added tax registration certificate and amendments to the registration certificate. Bhubanesh-

war and Hyderabad introduced single-access points for value added tax and professional tax registrations and Patna and Ranchi reduced the stamp duty on incorporation documents.

Local governments also reformed their processes for dealing with construction permits. Among the most important initiatives, the Municipal Corporations of Ahmedabad and Chennai simplified building-permit applications by allowing online building-plan submission. Bengaluru, Gurgaon, and Hyderabad introduced an effective single-window system for building-permit applications. The Bhubaneshwar Development Authority adopted a Geo-Information System that provides information on each revenue plot along with master-plan provisions such as land-use zones, roads, drains, and open spaces. Over the last few years, 11 out of the 17 cities revised their building bylaws and development rules and

TABLE 1.3
Local level reforms in 14 out of 17 Indian cities in 2006–9

	Starting a business	Registering property	Dealing with construction permits
Ahmedabad, Gujarat	✓	✓	✓
Bengaluru, Karnataka*		✓	✓
Bhubaneshwar, Orissa*	✓	✓	✓
Chennai, Tamil Nadu*			✓
Gurgaon, Haryana			✓
Guwahati, Assam			✓
Hyderabad, Andhra Pradesh*	✓		✓
Indore, Madhya Pradesh			✓
Jaipur, Rajasthan*		✓	✓
Kochi, Kerala			
Kolkata, West Bengal*			
Ludhiana, Punjab			
Mumbai, Maharashtra*	✓		
New Delhi, Delhi*	✓	✓	✓
Noida, Uttar Pradesh		✓	✓
Patna, Bihar*	✓	✓	✓
Ranchi, Jharkhand*	✓	✓	✓

Note: The reforms took place between April 2006 and February 2009.

* Locations measured by *Doing Business in South Asia 2007*.

Source: *Doing Business* database.

made them and the application forms available online. Twelve cities have improved their efficiency of handling applications through ongoing computerization and additional zonal offices, such as the new civic centers in Ahmedabad.

Gurgaon, India's top performer for registering property, increased the speed of property transfers by developing customized software and training registry employees. Bengaluru computerized ownership records and property titles as part of the Karnataka Valuation and e-Registration project (KAVERI). Four states cut their stamp-duty rates. Bhubaneswar, Jaipur, New Delhi, Patna, and Bihar further computerized land records, making it easier for entrepreneurs to search for encumbrances.

WIDE VARIATIONS ACROSS CITIES AND STATES

If you were a graduate returning to India from her studies abroad with a great idea for a new business, obtaining authorization to start your company would be fastest in Noida, where it takes 30 days, and least expensive in Patna, at 38% of income per capita. In Mumbai, it would cost almost twice as much. Obtaining all clearances and permits to build a new warehouse and hook it up to utilities would take about 80 days in Bengaluru and Hyderabad, twice as fast as the OECD average of 161 days. It would take six months longer in Kolkata. If you decided to purchase a property in Jaipur, your new estate would be registered in 24 days, the same as in Johannesburg, South Africa. If in Bhubaneswar, transferring the property title would take five times longer. Resolving a dispute at the courts is generally time-consuming across states, but it would be faster in Guwahati at 20 months compared with 4 years in Mumbai. Exporting a container of textiles would take you on average 17 days through the Nhava Sheva port, but 11

days longer through the port of Kochi.

These examples show large variations in the way local government regulations enhance or restrain business activity across India. The economic reforms of the 1990s have given the states greater autonomy, especially in land and licensing matters. While local governments share the same basic legal framework, they also interpret and implement national regulations differently. Some states have made their processes more efficient with the help of technology.

More reform, at the national, state, and municipal levels is needed to reduce the number of procedures as well as the time and cost to do business. Global competition is becoming increasingly local in the sense that it is not only countries that compete with each other, but increasingly specific locations—Kolkata versus Monterrey (Mexico) rather than India versus Mexico. Indian cities and states must expedite their pace of reform to convince investors that it is more profitable to invest scarce capital in cities like Hyderabad rather than Cairo or Shanghai.

STARTING A BUSINESS

The number of procedures to formally open a business ranges from 11 to 13, of which 8 are national in nature and similar in all cities. The high number of procedures is due to requirements following business incorporation, such as multiple tax and social-security registrations. States like Andhra Pradesh and Orissa have simplified the process for entrepreneurs by consolidating registration for both value-added tax and profession tax at the Commercial Tax Office. The time required to start a business also varies among cities due to different local practices and different performance levels of the local branches of national agencies. Starting a business is fastest in Noida and Mumbai (30 days) and lengthiest in Kochi (41 days). Differences in cost are pronounced. In Patna,

Kolkata, and Bhubaneswar, entrepreneurs spend less than 40% of income per capita to open a business; for those in Bengaluru and Mumbai, the cost is almost double due to local government fees and taxes. Registration for value-added tax costs the equivalent of 12% income per capita in Mumbai, but is free in Jaipur and Ahmedabad. Similarly, entrepreneurs pay 15% of income per capita in Bengaluru to register under the Shops and Establishments Act, but pay nothing in Chennai.

DEALING WITH CONSTRUCTION PERMITS

To comply with all the requirements to build a warehouse is not easy or cheap. Ahmedabad, Bengaluru, and Chennai have the least procedures—15—while the process requires 37 steps in Mumbai. Hyderabad is fastest with 80 days and Kolkata slowest with 258 days. Variations are due mainly to the time it takes to obtain pre-construction clearances and zoning permits, the building permit, and the electricity connection. In Kolkata, Guwahati, and Chennai, it takes at least three weeks to obtain the zoning certificate. In comparison, the approved layout can be obtained on the spot in Bhubaneswar. Hyderabad and Bengaluru both process building permits within the statutory time limits of 30 working days, while entrepreneurs in Patna have to wait more than 3 months to start construction. Obtaining the occupancy certificate is fastest in Kochi, where a 'silence is consent' rule automatically kicks in after 15 days. In Noida, the entrepreneur will have to wait 5 weeks longer. Regarding costs, construction-related procedures amount on average to 789% of income per capita, above the same cost in Brazil and China. The computerization of the building-permit processes is most advanced in Ahmedabad, Bengaluru, Chennai, and Hyderabad, which set an example for other cities.

REGISTERING PROPERTY

The procedures required to register property are similar across the 17 cities. A potential property buyer must obtain a non-encumbrance certificate from the Subregistrar's Office, have a lawyer draft a sale's deed, register the sale's deed at the Subregistrar's office, and then officially transfer the property title at the Circle Revenue Office. However, the time and money required to complete these procedures vary substantially across cities. In Gurgaon, it would take an entrepreneur 26 days and 7.7% of the property value to transfer property, while the same process would last three times longer and cost 15.4% of the property value in Guwahati. Variations in time can be explained by different degrees of efficiency of the Subregistrar and Circle Revenue Offices. Offices that have computerized land records and are adequately staffed with qualified personnel conduct procedures faster, as the examples of Jaipur and Gurgaon show. Differences in cost stem mostly from differences in stamp-duty rates, set by the states, which account for an average of 69% of all costs incurred. Stamp duties can be as high as 12.5% of the property value in Kochi, or as low as 3% in New Delhi.

TRADING ACROSS BORDERS

Importing or exporting has become much easier in the past years. The implementation of an electronic data interchange system, the construction of inland container depots, and various ambitious infrastructure projects have significantly reduced both the time and cost to trade goods. Mumbai's Jawaharlal Nehru Port (JNPT) is the busiest port, handling nearly 60% of India's port traffic. At the subnational level, it is fastest to import and export from Bhubaneswar through the port of Vishakapatnam. The port of Chennai is close behind. Despite substantial achievements, important challenges remain. Improving and in-

vesting in railway and road infrastructure, reducing interstate checkpoints, and improving the Electronic Data Interchange systems are examples of how India's position as a regional trade hub can be further advanced.

ENFORCING CONTRACTS

Enforcing contracts is characterized by lengthy proceedings. The time needed to go through trial and judgment is the most burdensome among the three stages of the commercial dispute—service and filing, trial and judgment, and enforcement of judgment. It takes around two years to resolve a commercial dispute in Kochi, Bhubaneswar, and Hyderabad compared with almost 4 years in Mumbai. Case backlogs and an insufficient number of judges are reportedly the main source of delays in most cities. The cost to enforce a contract ranges from 16.9% of the claim value in Patna to 32.5% in Bengaluru and 39.5% in Mumbai. Differences in court fees, legal fees, and the cost of enforcement explain these variations. The national government introduced case management by allowing for electronic filing of cases at the Supreme Courts in 2008 and is planning e-filing systems at the High Courts and District Courts. The national government has also recommended the establishment of commercial divisions within the High Courts to speed up enforcement of contracts.

PAYING TAXES

Cities do not differ much in terms of the total tax-burden impact on business, which ranges from 66.5% to 70.3% of commercial profits. The state and local governments play a major role in tax administration, although the central government collects the largest portion of taxes. Hence, a high variation in the number of payments and the time it takes to comply with all taxes across Indian cities. While a business owner in Jaipur needs 233 hours a year to comply with all tax

obligations, she would spend 405 hours to do the same in Patna. Differences are also evident in the number of payments annually ranging from 59 in Ludhiana, Mumbai, Noida, and Bengaluru to 78 in Hyderabad. The national government has undertaken several initiatives, most of which are still ongoing, to harmonize the tax system across states. The most recent example is the unification of the value-added tax (VAT) rate among all Indian states.

CLOSING A BUSINESS

Among the cities benchmarked, Hyderabad has the highest recovery rate in insolvency cases at 15.9 cents on the dollar—far lower than Japan's rate of 99.5 cents on the dollar. It takes 7 years to close a business and costs 7% of the value of the claim. In Kolkata, a business will only recover 9.13 cents on the dollar—it takes almost 11 years and costs 10% of the value of the claim. India's legal framework on insolvency and debt recovery has been at the core of reform discussions for several years. Some of the concerns have been addressed through the Recovery of Debts Due to Banks and Financial Institutions Act 1993 and the SARFAESI Act 2002, amended in 2004. What is now needed is to build consensus to further implement reforms in this area and create capacity to deal with insolvency and debt recovery more efficiently. Bankruptcy laws are national but there are local differences in the functioning of the tribunals.

LEARNING FROM EACH OTHER: ADOPTING GOOD LOCAL PRACTICES

Publishing comparable data on the ease of *Doing Business* inspires governments to act. Comparisons among cities within a single economy are even stronger drivers of reform. That was the case in Mexico, where a subnational *Doing Business* study covering 12 states was first published in 2005. The study inspired

competition to reform, as governors and mayors had a difficult time explaining why it took longer or cost more to do business in their city compared to their neighbors. States that have not been benchmarked asked to be measured in subsequent reports. The second round expanded the analysis to all states and updated indicators for the first 12 cities, showing that 9 of the 12 states implemented reforms in at least one of the areas covered by *Doing Business*. The third *Doing Business in Mexico* report, launched in 2008, shows that the impetus to reform continues—28 of the 31 states introduced a total of 40 reforms.¹³

Cities in India can learn from each other and adopt good regulations and practices that already exist elsewhere. If a hypothetical city called “Indiana” were to adopt the best practices found in the benchmarked cities, it would rank 67 out of the 181 economies measured by *Doing Business 2009*.¹⁴ By reforming in these 7 areas, India (as represented by Mumbai) could improve its ranking by 55 levels, placing the country well ahead of China, Brazil, or Russia. This would reduce the time to start a business to the 30 days of Mumbai and Noida. The cost would be 38.5% of income per capita as in Patna, same as the cost in Ecuador. Cutting the time to get construction licenses to build a warehouse to the level of Hyderabad—80 days—would put India ahead of Germany. Adopting the time to register property in Jaipur—24 days—would put the hypothetical city Indiana at the 49th ranking worldwide, the same as South Africa. The cost of enforcing contract of 16.9% of the claim value, as in Guwahati, would be below the OECD average of 18.9%. The total tax rate would be reduced to 66.5% as in Noida and similar to France. The import time would drop to Bhubaneshwar’s 16 days, the same as Croatia. The hypothetical city would adopt Hyderabad’s practices for closing a business with a recovery rate of 15.9 cents on the dollar, 2 cents higher than

Indonesia (table 1.4). With these regulations in place, Indian entrepreneurs would face a business environment similar to that of Taiwan, China, or Turkey.

Payoffs from reform can be large.¹⁵ Higher rankings on the ease of *Doing Business* are associated with more growth, more jobs, and a smaller share of the economy in the informal sector.¹⁶ In Mexico, reforms cut the time to start a business from 58 to 27 days. A recent study reports a boom in new business

entry: the number of registered Mexican businesses rose by nearly 6%, employment increased by 2.6% and prices fell by 1% because of the competition from new entrants.¹⁷ Simplified regulations also encouraged entrepreneurs to start their own business in Egypt.¹⁸

Studies from other countries suggest that 85% of reforms occur in the first 15 months of a new administration.¹⁹ For India, there is no better time to reform than now.

TABLE 1.4
Best practices in India compared internationally

	Global ranking (181 economies)
Number of procedures to start a business New Delhi, Patna (11 procedures)	137
Days to start a business Mumbai, Noida (30 days)	104
Cost to start a business Patna (38.5% of income per capita)	124
Number of procedures to deal with construction permits Ahmedabad, Bengaluru, Chennai (15 procedures)	63
Days to deal with construction permits Hyderabad (80 days)	19
Cost to deal with construction permits Patna (204% of income per capita)	94
Number of procedures to register property Gurgaon, Guwahati, Kochi, Ludhiana (4 procedures)	24
Days to register property Jaipur (24 days)	49
Cost to register property Ranchi (5.4% of the property value)	104
Days to enforce a contract Guwahati (600 days)	111
Cost to enforce a contract Patna (16.9% of the claim value)	31
Days to export Ahmedabad, Bhubaneshwar, Mumbai (17 days)	59
Days to import Bhubaneshwar (16 days)	50
Total tax rate Noida (66.54 % of the profit)	162
Tax payments Ludhiana, Noida, Mumbai, Bengaluru (59 payments per year)	166
Recovery rate for closing a business Hyderabad (15.9 cents on the dollar)	133
Best practices for 7 measured indicators Hypothetical city of “Indiana”	67

Source: *Doing Business* database.

1. Ferrari, Aurora, and Inderbir Singh Dhingra. 2009. *India's Investment Climate: Voices of the Poor*. Washington, D.C.: The World Bank.
2. The terms “formal” and “informal” sectors are not used in the National Accounts Statistics (NAS). The terms used are “organized” and “unorganized” sectors. The organized sector comprises enterprises for which statistics are available from the budget documents and accounting reports. The unorganized sector refers to enterprises whose activities or collection of data are not regulated under any legal provision.
3. The National Sample Survey Organization (NSSO) carried out a sample survey in 1999–2000, available at <http://mospi.nic.in>.
4. The Planning Commission develops, executes, and monitors five-year plans for the economy of India. The eleventh plan started in mid-2007. Among other objectives, it aims to create 70 million new work opportunities and reduce educated unemployment to below 5%.
5. The Government of the Republic of India, officially referred to as the Union Government, and also as the Central Government, is the governing authority of a federal union of 28 states and 7 union territories. All states, and the union territory of Puducherry and the National Capital Territory of Delhi, have elected legislatures and governments patterned on the Westminster model. A Municipal Corporation is the local body that administers a city of population 200,000 and more. It consists of members elected from the wards of the city. The Mayor and Deputy Mayor are elected by the members among themselves. A Municipal Commissioner, from the Indian Administrative Service, is appointed to head the administrative staff of the Municipal Corporation, implement the decisions of the Corporation, and prepare its annual budget.
6. Ferrari, Aurora, and Inderbir Singh Dhingra. 2009.
7. <http://nmcc.nic.in>
8. Three of the *Doing Business* indicators—employing workers, protecting investors, and getting credit—are based solely on the provisions contained in national laws.
9. World Bank. 2006. *Doing Business in South Asia 2007*. Washington, D.C.: World Bank Group.
10. World Bank. 2008. *Doing Business 2009*. Washington, D.C.: World Bank Group.
11. http://www.supremecourtfindia.nic.in/new_links/speech.htm
12. <http://www.indiancourts.nic.in>
13. World Bank. 2009. *Doing Business in Mexico 2009*. Washington, D.C.: World Bank Group.
14. This is based on composite numbers including indicators not measured in *Doing Business in India 2009*. For those indicators the values reported in *Doing Business 2009* were used to calculate the ranking.
15. World Bank. Forthcoming. *Colombia: Inputs for Sub-Regional Competitiveness Policies*. Mimeo. Washington, D.C.: World Bank Group.
16. Djankov, Simeon, Caralee McLiesh, and Rita Ramalho. 2006. “Regulation and Growth.” *Economics Letters* 92 (3): 395–401.
17. Bruhn, Miriam. 2008. “License to Sell: The Effect of Business Registration Reform on Entrepreneurial Activity in Mexico.” *Policy Research Working Paper* 4538, Washington, D.C.: World Bank. The results were obtained after controlling for GDP per capita, number of economic establishments per capita, fixed assets per capita, and investments per capita in the benchmarked municipalities.
18. World Bank. 2008. *Doing Business in Egypt 2008*. Washington, D.C.: World Bank Group.
19. World Bank. 2007a. *Celebrating Reform 2007*. Washington, D.C.: World Bank Group and U.S. Agency for International Development.

Starting a business

TABLE 2.1

Where is it easier to start a business—and where not?

1	New Delhi, <i>Delhi</i> (easiest)	10	Chennai, <i>Tamil Nadu</i>
2	Patna, <i>Bihar</i>	10	Kolkata, <i>West Bengal</i>
3	Jaipur, <i>Rajasthan</i>	12	Mumbai, <i>Maharashtra</i>
4	Hyderabad, <i>Andhra Pradesh</i>	13	Guwahati, <i>Assam</i>
5	Bhubaneshwar, <i>Orissa</i>	14	Ahmedabad, <i>Gujarat</i>
6	Noida, <i>Uttar Pradesh</i>	15	Ranchi, <i>Jharkhand</i>
7	Ludhiana, <i>Punjab</i>	16	Kochi, <i>Kerala</i>
8	Indore, <i>Madhya Pradesh</i>	17	Bengaluru, <i>Karnataka</i>
9	Gurgaon, <i>Haryana</i>		

Note: The ease of starting a business is a simple average of the city rankings on the number of procedures, the associated time and cost and paid-in minimum capital (% of GNI per capita) required at the start of the business. See the data notes for details.

Source: Doing Business database.

Parth has just returned to Mumbai from his studies abroad. His dream is to set up his own business, but he is afraid of dealing with the bureaucratic proceedings necessary to formalize the company. Little does Parth know that if he decided to formalize his business today, his first customer could be walking through the door in one month. If he wanted to do the same when he left for his studies 4 years ago, he would have had to wait more than 2 months.

Business registration is the first contact between a new entrepreneur and government regulators. In some countries, the process is straightforward and affordable, while in others the process is so cumbersome that entrepreneurs either bribe officials to speed up the process or simply run their business informally. When reforms make it easier to legalize their operations, the informal businesses are the first to register.¹ Furthermore, the reforms to ease the entry of new firms are relatively simple and not too costly to implement.² Often they do not require major legislative changes. Enticing enterprises into the formal economy has two benefits. First, formally registered businesses grow larger and more productive than informal ones. In a recent study on informality in São Paulo, Brazil, entrepreneurs said they could double operations after registering.³ They would

get access to courts and credit, be able to supply more important customers, and have no fear of harassment from government inspectors or the police. Second, formally registered enterprises pay taxes, adding to government revenues.⁴

New Zealand is the world's top performer in this area, with only 1 procedure, 1 day, and a cost of 0.4% of income per capita. Entrepreneurs in New Zealand have to file all necessary information only once because receiving agencies are linked through a unified database. Other economies in Eastern Europe and North Africa are not far behind: in Georgia, it takes 3 procedures and 3 days to start a business, while in Egypt the same can be done in 7 days.

Across India, administrative bur-

dens are still high in comparison with other countries in spite of the recent efforts to improve business registration. Starting a business takes on average 12 procedures and 34 days, and costs 47% of income per capita. Indians spend one month more than Australians and pay almost 4 times more than entrepreneurs in Pakistan to start a business. The process takes only 2 procedures fewer than in China, ranked 167 of 181 economies on the number of procedures to start a business.

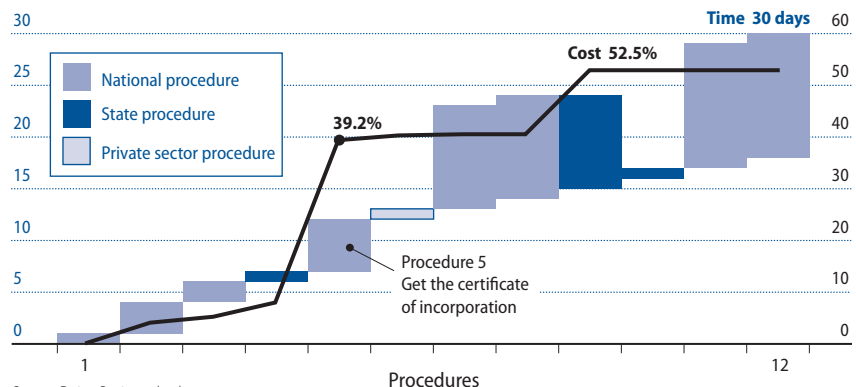
Despite a similar regulatory framework for business registration across the country, there are differences in time, cost, and number of procedures, mainly due to practices at the local government level, different performance of local

FIGURE 2.1

Starting a business in Noida—fastest in India together with Mumbai

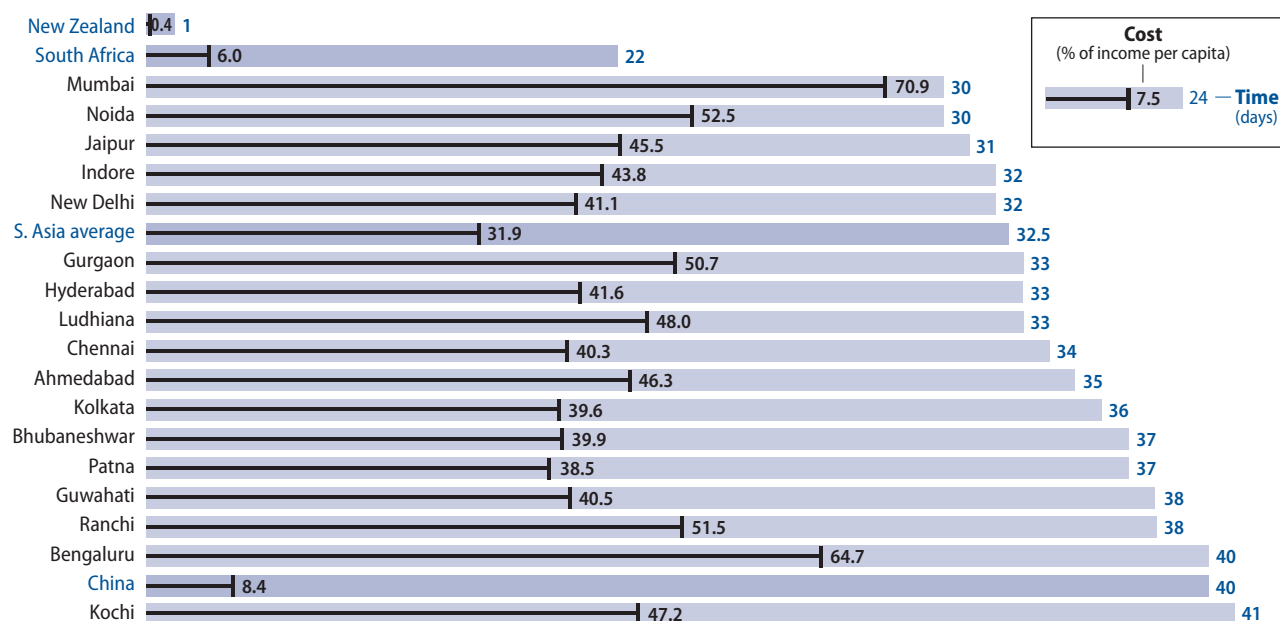
Time (days)

Cumulative cost (% of income per capita)



Source: Doing Business database.

FIGURE 2.2

Time and cost to start a business in India and selected economies

Source: Doing Business database.

branches of national agencies, as well as variations in local taxes and fees. The business-entry process is relatively easy in New Delhi and burdensome in Bengaluru (table 2.1).

Post-registration requirements are the main reason behind the high number of procedures to open a business in India. Currently, an entrepreneur must visit up to 5 different agencies to register for fee and tax collections.⁵

Local requirements account for only one quarter of the procedures to start

a business in India. Eight procedures, out of an average of 12 per city, are required by national regulations (figure 2.1). These include business incorporation, multiple tax registrations as well as procedures to register the company for social contributions. Some cities in India fare better on the number of procedures due to different requirements at the state and municipal level. In New Delhi and Patna, an entrepreneur does not have to register under the Shops and Establishment Act nor for profession tax. In Hyderabad and Bhubaneswar, the registration for both value-added tax and profession tax is done jointly at the Commercial Tax Office.

Some procedures can be done expeditiously or simultaneously, but due to the high number of separate registrations required, the total time to start a business is long. The time to register a business varies from 30 days in Noida and Mumbai to 41 days in Kochi. But even the city with the shortest time to start a business would rank only 104 of 181 economies, the same as Kenya. The main sources of delay are procedures

to register the company for taxes, social security, and health care. Some states took steps to expedite the process for entrepreneurs. For example, in Kerala it takes 25 days to obtain the value-added tax certificate of registration, while in Madhya Pradesh and Rajasthan, the certificate is issued within 24 hours of receipt of the application. This allows the entrepreneur to focus on the business while the concerned authority verifies the facts and statements made in the application.

Although India does not impose a paid-in minimum capital requirement,⁶ the official costs to start a business are high, at 47% of income per capita. Costs are high comparably to global benchmarks—0% of income per capita in Denmark or 2.6% in Russia—and even in comparison to the South Asia average (31.9%) and East Asia average (32.3%).

Nevertheless, the cost varies greatly across cities. In Patna, Kolkata, and Bhubaneswar, entrepreneurs spend less than 40% of income per capita to open a business; for those in Mumbai, the cost is almost double (figure 2.2). Costs

What is measured?

Starting a business measures the necessary steps to enable a small or medium enterprise in general commercial or industrial activities to operate legally in 17 Indian cities—including permits, inscriptions, notifications, and inspections. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum paid-in capital required. It is assumed that information is readily available to the entrepreneur, that there has been no prior contact with officials, and that all entities involved in the start-up process function without corruption.

Note: See the detailed description of the standard case in the data notes.

TABLE 2.2

Business start up reforms at the national and local level in 2006–9

▲ National level
✓ Local level

	Electronic application for name approval and company registration	Use of electronic signatures (online certification)	Electronic payment of stamp duty on company documents	Online application for VAT registration	Reduction of stamp duty on incorporation documents	Single access point for VAT and profession tax registration	Administrative reform at the profession tax office
Ahmedabad, Gujarat	▲	▲	✓	✓			✓
Bengaluru, Karnataka*	▲	▲					
Bhubaneshwar, Orissa*	▲	▲				✓	
Chennai, Tamil Nadu*	▲	▲					
Gurgaon, Haryana	▲	▲					
Guwahati, Assam	▲	▲					
Hyderabad, Andhra Pradesh*	▲	▲				✓	
Indore, Madhya Pradesh	▲	▲					
Jaipur, Rajasthan*	▲	▲					
Kochi, Kerala	▲	▲					
Kolkata, West Bengal*	▲	▲					
Ludhiana, Punjab	▲	▲					
Mumbai, Maharashtra*	▲	▲		✓			
New Delhi, Delhi	▲	▲	✓	✓			
Noida, Uttar Pradesh	▲	▲					
Patna, Bihar*	▲	▲			✓		
Ranchi, Jharkhand*	▲	▲			✓		

* Locations measured by *Doing Business in South Asia 2007*.

Note: The reforms took place between April 2006 and February 2009.

Source: *Doing Business* database.

equal to 35% of income per capita are imposed by national regulations and are the same in all cities. Local government fees and taxes⁷ drive the variation in the cost to start a business across cities. They amount to Indian rupees (INR) 280 (about US\$6) in Patna, but are almost 50 times more expensive in Mumbai.

Between April 2006, when data were collected for the last *Doing Business in South Asia* report, and April 2009, the national government, in collaboration with state governments, has taken steps to rationalize and simplify business start-up. Among emerging markets, India stands out in its focus on technology. In 2006, the Ministry of Corporate Affairs introduced the MCA-21 e-government initiative, laying the groundwork for electronic registration of new businesses. As part of this program, the government started computerizing the registrars of companies across the country and introduced an electronic filing system for company name approval

and company registration.

As a result of these reforms, along with reforms enabling the acceptance of digital signatures and payment of fees by credit card, the registration time has been reduced. Company name approval now takes 2 days, down from 4 or 6 days in 2006.⁸ The time it takes to obtain the certificate of incorporation was also lowered. The certificate is available online, as an e-certificate, 2 or 3 days after the application is made, as opposed to 9 or 10 days in 2006. This is good progress. However, the entrepreneur still has to wait additional days until the physical copy of the certificate reaches her by mail. There is room for improvement in other areas as well. For example, even if entrepreneurs can now apply for a permanent account number and tax deduction and collection account number (TAN) cards online and thus speed up the process, few applicants use the online facility. This is mostly because the

application generated online and copies of supporting documentation still have to be physically dropped off at the authorized agent's desk.

As part of the Ministry of Corporate Affairs revision of the Companies Act 1956, a Companies Bill was introduced to parliament in October 2008. The bill provides for greater use of e-government systems for filing and accessing corporate data, and more options for entrepreneurs to determine the company structure.

In addition to the national reforms affecting all states, 6 out of the 10 states benchmarked in 2006 introduced administrative, legal, and technological reforms (table 2.2). A number of tax-related services are now offered online. Entrepreneurs in New Delhi and Ahmedabad can now pay stamp duty on company documents electronically. The same service will soon be available in Indore. E-stamping is a fast, convenient, and transparent way to pay stamp duty.

Taxpayers in New Delhi, Ahmedabad, and Mumbai can apply online for a value-added tax registration certificate and amendments to the registration certificate. As per amendment to the Gujarat State Tax on Profession, Trades, Calling and Employment Act, in effect since April 2008, registration and the power to levy and collect profession tax have been transferred from the state to the municipal authorities. Registration is now being done at one of the 35 Civic Centers of the Ahmedabad Municipal Corporation and the time has been reduced to 3 days. There are also plans to make registration and payment of profession tax available online in Gujarat.

After the gradual adoption in 2005 of value-added tax to replace the state sales tax, the next major decision by State Finance Ministers was to phase out the central sales tax on interstate sale transactions by March 2010.

WHAT TO REFORM?

CREATE SINGLE-ACCESS POINTS FOR ALL TAX REGISTRATION AND FOR SOCIAL-SECURITY REQUIREMENTS

States can follow the example of Andhra Pradesh and Orissa and consolidate the registration for the value-added tax and profession tax at the same office, under the same authority. Or, even better, they could create a single-access point for all tax registrations instead of the existing five different agencies for Permanent Account Number (PAN), tax deduction and collection account number (TAN), Shops and Establishment Act, profession tax, and value-added tax. The registrar of companies could take responsibility for registering the new company with the various tax authorities. The registrar could circulate the company documents, preferably electronically, to the various tax authorities. Jordan and Egypt put tax registration into the hands of the registrar, speeding up the process, which now takes only 1 or 2 days, and allowing

entrepreneurs to focus on their business.

Creating a single-access point for social-security registrations would allow employers to simultaneously register with the Employees' Provident Fund Organization and the Employees' State Insurance Corporation. Saudi Arabia recently made social-security registration possible online.

ELIMINATE ANTIQUATED REQUIREMENTS AND COMMUNICATE REFORMS TO THE PUBLIC

Some requirements are leftovers from a bygone era. These should be eliminated. One example is the stamp duty on company documents. The payment of the duty could become part of the registration fee. It would be better still if it was not imposed at all, but rather collected as part of the income tax. Another example is the company seal, which, in earlier centuries, symbolized the legal identity of a business and authenticated all its contracts. Now most documents are sent electronically. Although India now has regulations allowing electronic signatures, it is still a standard commercial practice to make a company seal and use it for subsequent commercial transactions.

Eliminating this procedure should be easy. A government communication campaign could raise awareness and inform the public that the seal is not legally required. Most reformers are bad marketers. El Salvador first established a one-stop shop in 1999, but local entrepreneurs thought it was only for foreigners. A lesson was learned. The second time around, the president himself inaugurated the improved one-stop shop and widespread media coverage made sure that everyone knew about the new system.

MAKE ONLINE START-UP FULLY FUNCTIONAL

Although online name submission is available in India, the process still involves manual checking of company name availability and appropriateness by the

registrar personnel. Making name reservation instant would further improve the process. Many countries, such as Australia and the United Kingdom, have clear regulation on what names cannot be used and these safeguards are incorporated in the name reservation application. Such an approach could also be introduced in India.

While entrepreneurs in India can file incorporation forms electronically and pay registration fees online, documents are still required to be submitted with the registrar of companies in paper form before the certificate of incorporation is issued. Making the incorporation process fully electronic would reduce the time involved and make the work of the registrar much easier. Such reforms can be inexpensive and are a good start for larger and deeper reforms.

MAKE BUSINESS START-UP AFFORDABLE

In Denmark, entrepreneurs pay nothing to start their business, while in Brazil the cost is as low as 8% of income per capita. Funds to pay for government services are raised with taxes. In India, new businesses face multiple fees both at the national and local level. Unlike in Patna and Ranchi, where a flat fee of INR 105 (about US\$2) is charged, stamp duty on the articles of association in Ahmedabad is linked to the start-up capital of the company: a duty of INR 2,000 (about US\$45) is charged for start-up capital between INR 100,000 and 500,000. Yet no matter what size the company, the service provided is the same. Why charge more? Furthermore, registration for value-added tax costs INR 5,100 (about US\$115) in Mumbai and registration under the Shops and Establishments Act costs INR 6,250 (about US\$142) in Bengaluru. The former is free in Jaipur and Ahmedabad, while the later is free in Chennai.

CREATE A ONE-STOP SHOP FOR ALL PRE- AND POST-REGISTRATION REQUIREMENTS

The process for starting a legally operational business in India could become more efficient by creating a one-stop shop for all registration, tax, and social-security requirements. Once the entrepreneur obtains the Director Identification Number and Digital Signature Certificate, he would approach the registrar of companies with several name options to be approved. The next steps—from stamping the memorandum and articles of association to tax and social-security registrations—would all be done internally at the registrar's office. The entrepreneur would simply fill in all requisite forms at the beginning of the process, making only one contact with the registrar, and would later receive the certificate of incorporation and confirmation of registration with the other agencies. The registrar would include representatives, with decision-making power, from various agencies (such as the Superintendent of Stamps, the tax, social security and medical insurance authorities). The agencies would have electronic access to their respective databases for even faster processing.

Globally, creating one-stop shops has been the most common reform in business start-up. Thirty-nine countries have created or improved a one-stop shop in the past 5 years. And introducing one-stop shops has had promising results. For example, in Azerbaijan registrations grew by 40% between January and May 2008, as compared to the same period in the previous year.⁹ Often these reforms do not require major legislative changes.

However, creating a one-stop shop is no magic bullet. Reformers run the risk of creating “one-more-stop shops” or “mailboxes” that merely receive applications and forward them to agencies for approval. As *Doing Business* shows,

company registration is often one piece of the puzzle and in many countries entrepreneurs still have to visit several other agencies before they can get down to business—such as obtaining documents and having them notarized, and registering for social security and taxes.

1. World Bank. 2007. *Doing Business 2008*. Washington, D.C.: World Bank Group.
2. The introduction of a fast-track system to start a business in Portugal cut the time by 46 days in 2006. The reform was implemented in 5 months and cost US\$350,000. World Bank. 2005. *Doing Business in 2006: Creating Jobs*. Washington, D.C.: World Bank Group.
3. Bertrand, Marianne, Simeon Djankov, Sendhil Mullainathan, and Phillip Schnabl. 2006. “Who Runs Informal Businesses in São Paulo?” Harvard University, Department of Economics, Cambridge, Massachusetts.
4. Djankov, Simeon, Rafael La Porta, Florencio López-de-Silanes, and Andrei Shleifer. 2002. “The Regulation of Entry.” *Quarterly Journal of Economics* 117 (1): 1–37.
5. Permanent Account Number (PAN), tax deduction and collection account number (TAN), Shops and Establishment Act, profession tax, and value-added tax (VAT).
6. The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation.
7. Such as the stamp duty payable on the Memorandum and Articles of Association for company incorporation, registration fees for value-added tax, and the Shops and Establishment Act.
8. World Bank. 2006. *Doing Business in South Asia 2007*. Washington, D.C.: World Bank Group.
9. World Bank. 2009. *Doing Business 2009*. Washington, D.C.: World Bank Group.

Dealing with construction permits

Hema is planning to expand her beauty product retail company. She considers where to build her new storage centers. Friends have warned her that it can be expensive and take months to obtain building permits, clearances, and utility connections and she may have to pay “facilitation fees.” A newspaper article about a number of cities reforming their building-approval process captures her attention. These are the cities where she decides to invest.

When it comes to construction permits, striking the right balance between too little or too much regulation is challenging. Good regulation protects public safety and brings in revenue, while making the process efficient and affordable both for those who use it and the authority that administers it. The objective of strict building rules is to ensure that buildings are safe, but where rules are too complicated or costly fewer projects get started and construction may move to the informal sector.

In India, with many booming cities and construction contributing on average 6.3% of the GDP, deciding where to build is an important consideration for companies looking to expand their operations. Across the 17 benchmarked cities, obtaining construction-related approvals and utility connections requires on average 20 procedures that take 158 days and cost 772% of income per capita.

TABLE 3.1
Where is it easy to deal with construction permits—and where not?

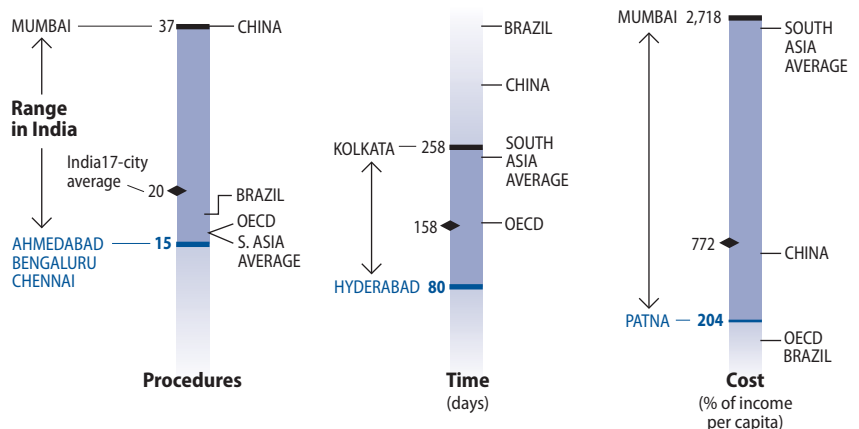
Rank		Procedures	Time (calendar days)	Cost (% of income per capita)
1	Bengaluru, Karnataka (easiest)	15	97	1,159
2	Gurgaon, Haryana	19	110	298
3	Chennai, Tamil Nadu	15	143	832
4	Ahmedabad, Gujarat	15	144	746
4	Hyderabad, Andhra Pradesh	16	80	1,314
4	New Delhi, Delhi	19	144	256
7	Ludhiana, Punjab	17	143	623
8	Bhubaneshwar, Orissa	18	149	295
9	Noida, Uttar Pradesh	19	139	696
9	Patna, Bihar	19	185	204
9	Ranchi, Jharkhand	19	170	226
12	Guwahati, Assam	16	179	353
13	Indore, Madhya Pradesh	21	163	205
13	Jaipur, Rajasthan	19	151	415
15	Kochi, Kerala	22	224	234
16	Kolkata, West Bengal	27	258	2,550
17	Mumbai, Maharashtra	37	200	2,718

Note: Rankings are the average of the city rankings on the number of procedures and the associated time and cost (% of GNI per capita) required to deal with construction permits. See the data notes for details.
Source: Doing Business database.

It is faster and less costly than in other countries of South Asia, where it takes on average 246 days and costs 2,341% of income per capita. In fact, the average city is as efficient as the average OECD economy (162 days). Yet, the process is expensive in India. A number of Indian cities perform well when compared globally; others do not (figure 3.1).

It is relatively easier to obtain permits to build a warehouse and connect it to utilities in Bengaluru, Gurgaon, and Chennai, and more difficult in Kolkata and Mumbai (table 3.1). Bengaluru, the best-performing city, would rank 72 out of 181 economies globally on the ease of dealing with construction permits, ahead of Brazil and China but behind Thailand

FIGURE 3.1
Some cities have more efficient construction permits approval process



Source: Doing Business database.

What is measured?

Doing Business looks at construction permits as an example of licensing regulations that businesses face. *Dealing with construction permits* measures the procedures, time, and cost to build a commercial warehouse; hook it up to basic utilities; and register it. It assumes that the new warehouse will be used for storage of nonhazardous goods and is located on a land plot of 929 square meters (10,000 square feet) in the peri-urban area of the city benchmarked. The warehouse has 2 stories with a total surface of approximately 1,300.6 square meters (14,000 square feet); each floor is 3 meters (9 feet, 10 inches) high. The recorded procedures include submitting project documents (building plans, site maps); obtaining clearances and permits; receiving inspections; and obtaining connections from electricity, water, sewerage, and telephone providers. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with completing the procedures are included.

Note: See the detailed description of the standard case in the data notes section.

and South Africa.

There are wide variations in the number of procedures, time, and cost across locations due to local regulations and practices. The building procedures are governed at the municipal and state level. In the last few years, 11 of the 17 benchmarked cities have revised their building bylaws and development rules with the aim of clarifying the building-approval process. Many of them were inspired by the regulatory guidelines of the nonprescriptive National Building Code of India, published by the Bureau of Indian Standards to ensure basic safety standards. Most cities have made building regulations available online.

In Ahmedabad, Bengaluru and Chennai, the entrepreneur would have to go through 15 procedures, the same as in Japan. The process in Mumbai consists of more than 30 steps, similar to Poland and Ukraine. Obtaining a building permit and occupancy/completion certificate is mandatory in all cities, but some cities require additional clearances and more steps to connect to utilities, which also add to the total time and cost.

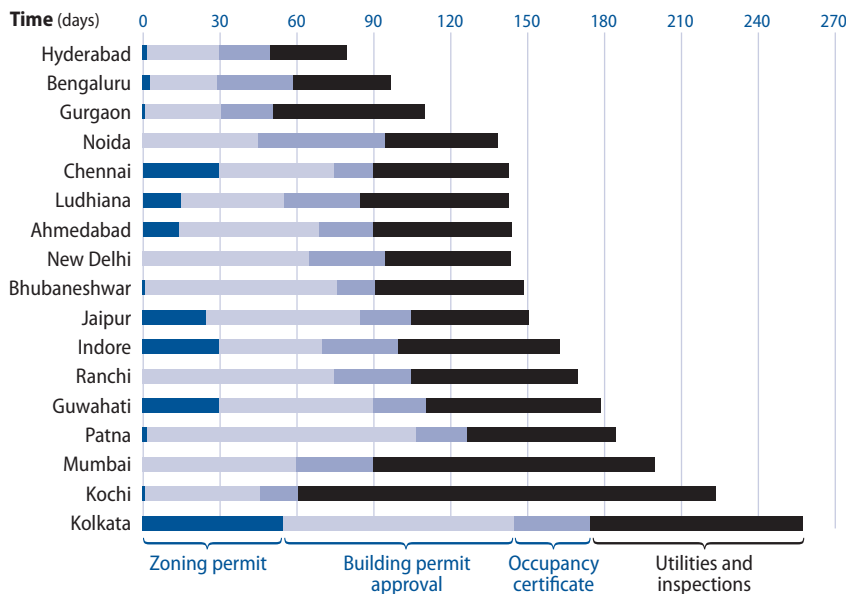
At the pre-construction stage, there are three types of procedures that are not required in all cities. First, in cities like Bengaluru and New Delhi, entrepreneurs have to visit the House Tax Department to obtain an up-to-date “no-due tax re-

ceipt” as a proof that there are no arrears on property taxes. Second, in 3 cities, they have to have notarized affidavits¹ attached to the building-permit application. Third, when building a warehouse larger than 500 square meters, a separate visit to the Fire Service Department is required in Chennai, Kochi, Patna, and Ranchi. These procedures are not necessary in cities like Gurgaon and Hyderabad where the municipal building offices operate as a single window, checking the application first and sending the plans for approval to other authorities internally.

Several municipalities require environmental clearances. For example, a builder in Kolkata has to obtain a clearance from the Kolkata Improvement Trust. In Mumbai she has to receive an inspection from the Tree Authority to ascertain whether any trees are to be cut or planted. Then, the entrepreneur has to wait for the monthly meeting of the Tree Committee to issue the certificate, even if there are no trees on the property. And she also has to obtain the final clearance from the Tree Authority once construction is completed. While good living conditions are important, complying with protective measures should not be excessively burdensome for entrepreneurs. The Bengaluru Municipal Corporation reserves the right to order planting two trees on plots larger than 200 square meters at the time the building-permit is approved—no separate visits to other offices are necessary.

Few inspections take place during construction. Builders have to notify the building department about each stage and one inspection typically is made by the responsible authority. In Bengaluru and Bhubaneshwar it is mandatory to obtain the commencement certificate at the foundation level to prevent deviations from the approved project from the outset. “Once the foundation is laid, there is little scope for changes from the original plan. Deviations are the main reason for builders to be

FIGURE 3.2 Building permit approvals and utility connections—the biggest bottlenecks



Source: *Doing Business* database.

denied the final occupancy certificate,³ says Suku, a seasoned town planner.

After terminating construction, entrepreneurs have to notify the building and planning authority to receive the final inspection and occupancy permit in all cities. No-objection certificates from various authorities and personal visits to their offices are often required. In practice, many builders end up not obtaining the occupancy permit. According to a study by the National Institute of Urban Affairs, less than 35% of the buildings have adhered to building regulations in the National Capital Territory of Delhi.²

Obtaining construction-related approvals and utility connections takes from 80 days in Hyderabad to 258 days in Kolkata (figure 3.2). Hyderabad would rank 19 out of 181 economies on the time to deal with construction permits, ahead of Germany.

The main source of local differences is the time needed to obtain zoning permits, building permits, and utility connections. Pre-construction zoning

clearances from the Town Planning and Development Departments can slow down the process. In Kolkata and Kochi it takes more than a month to obtain the zoning certificate. In comparison, Bhubaneswar has computerized all maps and the approved layout can be obtained on the spot at the Geo-Information System (G.I.S.) counter of the Bhubaneswar Development Authority, shortening the pre-construction approval process from 50 days to 1 day in the past three years.

Building-plan approval is fastest in Bengaluru where entrepreneurs obtain their building permits in 25 days, while in Patna the same process takes 105 days. There are time limits for the issuance of the building permit in all cities benchmarked, but Bengaluru and Hyderabad are the only two cities to enforce them. Obtaining the final occupancy/completion certificate is fastest in Kochi, where a 'silence-is-consent' rule is enforced after 15 days. In Noida, entrepreneurs will have to wait 5 weeks longer to oc-

cupy their completed warehouse.

The complex process of connecting to utility services adds to the time. Hema will have to take 10 steps on average to hook the new warehouse to all utilities. After submitting the application, she will have to return to the zonal office to pick up a sanction letter after an inspection by each of the utility providers and pay the connection fees. In 5 cities she also has to hire an independent contractor to inspect the cabling and issue the sanction. It takes as long as 1.5 months to obtain an electricity connection in 7 out of the 17 benchmarked cities. The water works and sewerage departments are faster to provide the connection.

The cost to comply with all the procedures required to build a warehouse and obtain utility connections is high across India. With an average cost of 789% of income per capita, the 17 cities rank 157 out of 181 economies. Patna and Indore with a cost of 205% of income per capita stand out as cheapest for the building company. Kolkata and Mumbai are costly at 2,550% and 2,718% of income per capita, respectively (figure 3.3).

The cost variations stem from staggering differences in building-permit and electricity connection fees. The building permit for the warehouse in question costs less than INR 20,000 (US\$ 454) in Ranchi, Kochi, and Gurgaon and over INR 700,000 (US\$ 15,909) in Mumbai and Kolkata. The electricity connection charges are high in many cities.

Finding out exactly how much is owed can be a challenge in itself. Multiple fees apply for different types of buildings, including a zoning and development fee, scrutiny fee to review documents, building permit fee, amenity fees, and malba fees charged to clear construction waste. To make life easier for builders, the Ahmedabad municipal e-governance site allows applicants to calculate building-permit fees online. Also, 6 cities put fee schedules on their website.

Cities have been reforming their

TABLE 3.2

Fourteen out of 17 cities reforming construction permit process in 2006-9

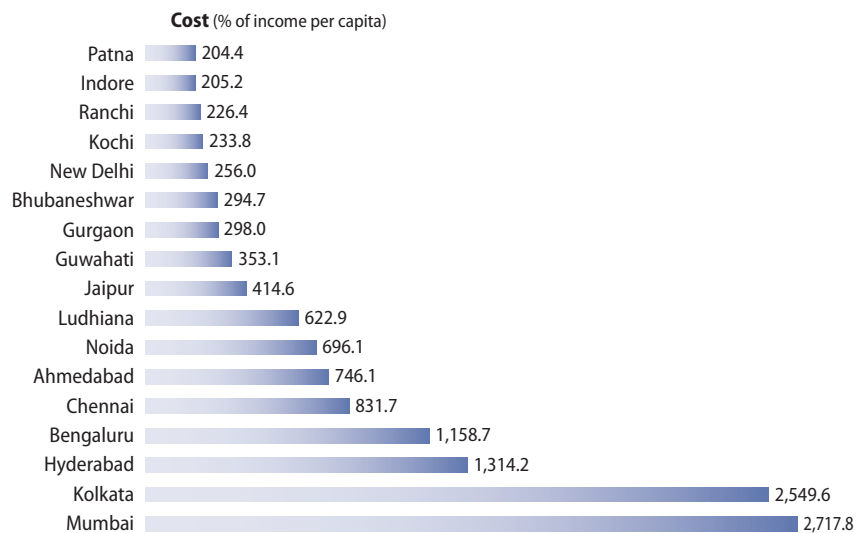
	Digitalized zoning plans	Computerized building-permit process	Improved handling of applications
Ahmedabad, Gujarat	✓	✓	✓
Bengaluru, Karnataka*	✓	✓	✓
Bhubaneswar, Orissa*	✓		
Chennai, Tamil Nadu*	✓	✓	✓
Gurgaon, Haryana		✓	✓
Guwahati, Assam		✓	
Hyderabad, Andhra Pradesh*	✓	✓	✓
Indore, Madhya Pradesh		✓	✓
Jaipur, Rajasthan*		✓	✓
Kochi, Kerala			
Kolkata, West Bengal*		✓	✓
Ludhiana, Punjab			
Mumbai, Maharashtra*			
New Delhi, Delhi*	✓	✓	✓
Noida, Uttar Pradesh			✓
Patna, Bihar*			✓
Ranchi, Jharkhand*			✓

Note: The reforms took place between April 2006 and February 2009.

* Locations measured by *Doing Business in South Asia 2007*.

Source: *Doing Business* database.

FIGURE 3.3

Big variation in cost to obtain building permits and utility connections

Source: Doing Business database.

construction permit processes (table 3.2). Ongoing digitalization, computerization, and increased administrative efficiency have reduced delays in 9 out of 10 locations measured in 2006, shortening the time to approve the building-permit application by 25 days on average. Five out of 7 newly measured locations reformed, too, bringing the total number of reformers to 14 out of 17.

Computerization progressed faster in a number of cities. In Ahmedabad and Chennai, builders can submit their plans electronically for an automatic scrutiny against the building rules and zoning plans. They can track their application online in Ahmedabad, Bengaluru, Chennai, and Hyderabad. More reforms of construction-related requirements are necessary at both municipal and state levels.

Making obtaining building permits more efficient has several benefits. First, countries with simpler procedures and less costly regimes have larger construction sectors. Second, reducing the cost and hassle of obtaining construction approvals keeps more construction in the formal economy, therefore improving public safety. Finally, simpler and faster building-approval processes benefit both

the public and private sectors. A recent study in the United States shows that accelerating permit approvals by 3 months could increase local government's property-tax revenue by 16%, and the overall construction spending by 5.7%,³ expanding the benefits of increased construction activity to the rest of the economy.

WHAT TO REFORM?

CONTINUE COMPUTERIZATION OF CONSTRUCTION-RELATED APPROVALS AND PERMITS

The cities in India are at varying stages of computerization of their building-permit and utility-connection procedures. It is possible to submit building plans online in 2 cities, track applications online in 4 cities, download applications in 10, and gather information online about the building-permit approval process in 12 out of the 17 benchmarked cities. In contrast, utility-service providers still publish little information about the connection process and some of the municipal websites do not function properly. Further improving the online services related to building permits will save both businesses' and government officials'

time. Having forms online can save businesses at least one trip to the municipality—that can mean a whole afternoon not wasted in traffic. Online submissions also eliminate interactions and the likelihood of under-the-table payments.

RATIONALIZE AND CONSOLIDATE PRE-APPROVAL CLEARANCES

Entrepreneurs have to obtain a number of pre-approval clearances when applying for building and occupancy permits and utility connections. These require separate visits to various authorities, including town-planning departments, sewerage and water works, state electricity distribution companies, pollution boards, and fire services whose employees often inspect the site. The involvement of various authorities adds to the administrative complexity of the building-approval process.

To simplify the application process, cities should consolidate their clearances. Countries with good practices have first created a checklist of such diversified requirements and better coordination among pre-approval authorities. In 2001, the municipal authorities in Riga (Latvia) created a step-by-step guide with a list of required documents and flowcharts showing which offices to visit when and with what documents, and listing the offices' addresses, working hours, and contact numbers. This simple reform cut 2 months off the process. Following the Latvian example would give applicants in India confidence and trust in the building-permit process and empower them to demand the enforcement of time limits and official fees.

As the next step, municipalities can open single-access points that centralize applications and forward them to relevant authorities as necessary on behalf of the entrepreneur, minimizing the number of required visits. Indian cities need not look abroad for examples—cities such as Bengaluru, Chennai, Gurgaon, Hyderabad, and New Delhi have opened

single-service windows for clearances. Handling formalities and payments at a single-service window saves time and discourages corruption.

As a final step, single-access points can be transformed into one-stop shops that process applications internally. For the one-stop shops to function properly, local building offices should play a key role in the set up process. It is also advisable that the one stop shops focus on a specific phase of the process first, e.g. building permit approval. The challenge is convincing such various agencies as the tax authority, tree authority, and sewerage department to send representatives to a centralized location and provide them with decision power. One solution would be to work out a part-time system, whereby representatives from the different agencies work at the one-stop shop a few times a week.

STREAMLINE THE STRUCTURE OF FEES

Some of the most costly procedures related to building permits have fee schedules that are a function of a mix of variables, such as plot area, built area, number of floors, and type of buildings. In addition, a number of cities impose additional fees at the time of building-permit approval, e.g. malba fees in New Delhi. The complex fee structure leads to broad interpretation and discretion by the authorities for the calculation of the final administrative cost. This discretionary calculation system ultimately leads to longer wait times to obtain approvals and connections. To improve the transparency of the system and mitigate opportunities for rent seeking, cities should apply fees that are fixed or a function of only one variable, such as the size of construction. The fee schedules should be publicly displayed inside the offices and on billboards outside as well as online so that users can access them.

INCREASE ADMINISTRATIVE EFFICIENCY OF PLANNING AND BUILDING OFFICES

Planning and building offices need to continue adapting their capacity and employee skills to ensure quality of service, shorten waiting times, and enforce time limits. Ongoing computerization of building approvals requires capacity building. The officers need to be trained to use new software and other tools. On-the-job training prevents delays due to poor institutional capacity to review building documents or carry out on-site inspections. As the processes are changing, re-mapping of staff functions is also necessary for the smooth handling of applications. Higher numbers of applications may require opening of additional offices. Cities like Chennai and Ahmedabad have recently opened additional civic and zonal centers to sanction building plans.

1. An affidavit is a formal sworn statement of fact, signed by the declarant (who is called the affiant or deponent) and witnessed (as to the veracity of the affiant's signature) by a taker of oaths, such as a notary public or a so called Oath Commissioner in India.
2. National Institute of Urban Affairs. 2008. *Doing Business with City Governments*. New Delhi: National Institute of Urban Affairs.
3. PricewaterhouseCoopers. 2005. "The Economic Impact of Accelerating Permitting Process of Local Development and Government Revenues." Report prepared for the American Institute of Architects, Washington, D.C.

Registering property

TABLE 4.1

Where is it easier to register property—and where not?

1 Gurgaon, <i>Haryana</i> (easiest)	10 Indore, <i>Madhya Pradesh</i>
2 Ahmedabad, <i>Gujarat</i>	11 Ludhiana, <i>Punjab</i>
3 Jaipur, <i>Rajasthan</i>	12 Noida, <i>Uttar Pradesh</i>
4 Bengaluru, <i>Karnataka</i>	13 Kolkata, <i>West Bengal</i>
5 Mumbai, <i>Maharashtra</i>	14 Guwahati, <i>Assam</i>
6 Ranchi, <i>Jharkhand</i>	15 Patna, <i>Bihar</i>
7 Kochi, <i>Kerala</i>	16 Chennai, <i>Tamil Nadu</i>
7 New Delhi, <i>Delhi</i>	17 Bhubaneswar, <i>Orissa</i>
9 Hyderabad, <i>Andhra Pradesh</i>	

Note: The ease of registering property is a simple average of the city rankings on the number of procedures, the associated time and cost to register property. See the data notes for details.

Source: Doing Business database.

The importance of registering property was recognized early on in India. In the 16th century, the Moghul emperor Jaladdin Muhammad Akbar introduced the country's first land-registration system: a detailed cadastre of land parcels with an assessment of their value. Taxes could then be levied based on the land value rather than on harvest. By strengthening the rights of plot owners, Akbar's initiative stimulated agricultural investments, boosted farmers' productivity, and formed the basis of the Moghul em-

perors' wealth for generations to come.

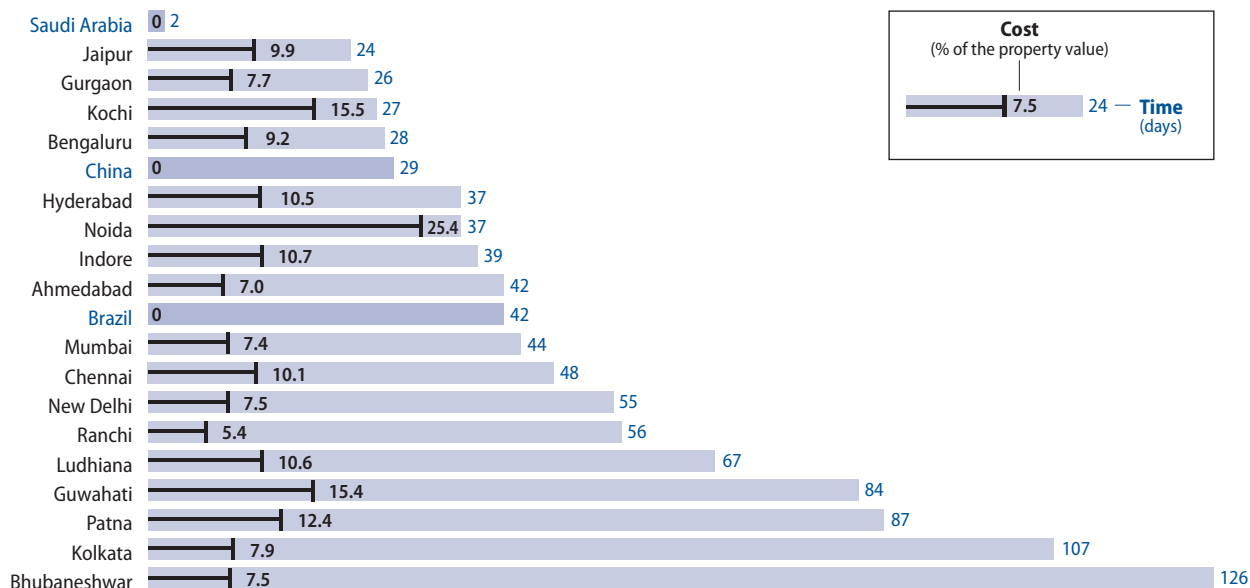
Registering property is in the interest of both the state and the property owner. With a formal title, entrepreneurs have an incentive to invest in their property, and can use their immovable asset to obtain credit and expand. A recent study shows that in West Bengal the reinforcement of property rights through Operation Barga¹ increased the average productivity of rice fields by 20%.² Property registration also benefits governments, as more property registered translates into more property-

tax revenues.

Akshay, the owner of an auto parts company, is thinking of buying a property to accommodate his flourishing business. In an average Indian city, he would have to spend 55 days and 10.6% of the property value, and complete 5 procedures to register the property under his name. The process is easier than in Bangladesh, where he would have to spend 245 days and 10.4% of the property value, but more burdensome than in China and Brazil (figure 4.1). In

FIGURE 4.1

Time and cost to register property in India and selected economies



Source: Doing Business database.

What is measured?

Registering property records the sequence of procedures, time, and costs necessary to transfer a property title from one business to another, when a company purchases land and a building. All procedures are recorded until the buyer can house his business in the property, sell the property to another company, or use the property as collateral to obtain a loan. It is assumed that the property is registered and free of title dispute.

Note: See the detailed description of the standard case in the data notes section.

Saudi Arabia, it would take Akshay only 2 days and 2 procedures to register his property, at no cost at all.

Registering property is not as cumbersome everywhere. Although all states require the same main steps—searching for encumbrances, drafting a sale deed, registering the deed at the Subregistrar’s office, and transferring the property title at the Circle Revenue Office—time and cost differ from city to city. In Gurgaon, it takes only 26 days and 7.7% of the property value to register property, easier than in Guwahati, where it takes 84 days and 15.4% of the property value to do so. Well-performing cities like Gurgaon, Jaipur, and New Delhi provide good examples from which other cities can learn (table 4.1). If all cities were to adopt India’s best property-registration practices, India’s global ranking would improve by 35 ranks to 70 out of 181 economies, on the ease of registering property, overtaking Hong Kong and Kuwait.

What explains local differences in time? Consider the example of Akshay, our auto parts manufacturer. He needs to register his new property as fast as possible. Each month spent dealing with an administrative issue is a month lost in terms of potential revenues. How long Akshay will wait depends on where his business is located. If in Jaipur, his new building will be registered and ready to house his business in 24 days, five times faster than in Bhubaneswar (126 days). Variations in time come mainly from the performance of two local offices:

the Subregistrar’s Office—where Akshay must verify that the property is free of dispute and later on register the sale deed—and the Circle Revenue Office in charge of transferring the property title. The time spent in these two offices accounts on average for 89% of the total time spent on registering property across all cities, and nearly 2/3 of the total time is spent on the transfer (figure 4.2). In Kochi, an entrepreneur spends 3 days to search for an encumbrance, 1 day to register the sale deed, and 20 days to transfer the property title. In Kolkata, the same procedures take 18, 7, and 78 days, respectively. Two factors explain these differences in time: computerization and the efficiency of local staff.

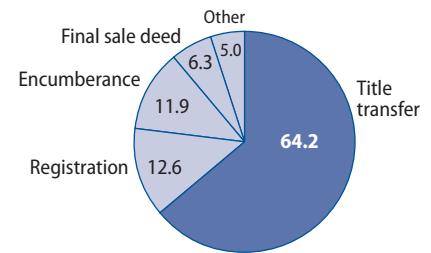
Where land records have been computerized, it is easier for Akshay to search for encumbrances, for the Subregistrar’s Office to register the sale deed, and for the transfer office to check the validity of the application. If the registration system is unified across offices, as in Jaipur, the entrepreneur can search for an encumbrance and register the sale deed in any Subregistrar’s Office, regardless of the office’s jurisdiction.

Digitalizing records, however, is not enough to reduce time. Only offices that complement technological improvements with staff training and performance management reap the fruits of their efforts. Gurgaon, India’s top performer for registering property, is a case in point. The Haryana Urban Development Authority (HUDA), in charge of title transfer, hired a consulting company to develop customized software and train one employee from each unit. HUDA now requires all its employees to be proficient in the new computer system. As a result, HUDA offices take only 15 days to transfer a property title.

Properly staffed offices handle Akshay’s application faster. A major reason for delays at the Subregistrar and transfer offices is lack of staff. This is especially the case in big cities, where

FIGURE 4.2
Transferring a property title is slow

Share of total time to complete a property transfer
17-city average (%)

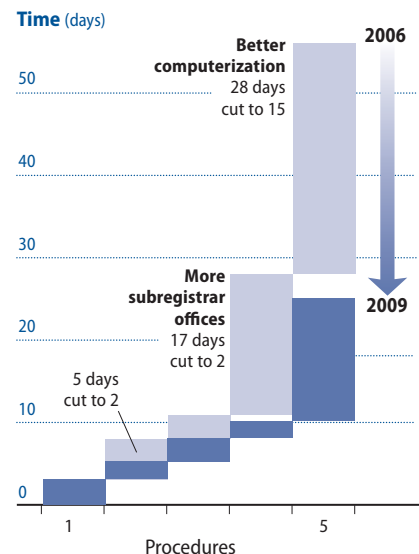


Source: Doing Business database.

real-estate transactions skyrocketed, while the personnel in charge of processing applications remained unchanged. In contrast, cities like Jaipur managed to reduce the time to register a sale deed from 17 days in 2006 to 2 days in 2009, by increasing the number of Subregistrar offices from 2 to 8 (figure 4.3). Proper training and transparency also matters, as Noida exemplifies. Transferring a title there takes only 9 days.

As most of his savings went into the purchase, Akshay also needs his new property to be registered at low cost. In India, however, that will hardly be the case. Registering property costs 10.6%

FIGURE 4.3
Registering property in Jaipur—big improvements since 2006 make it the fastest in India

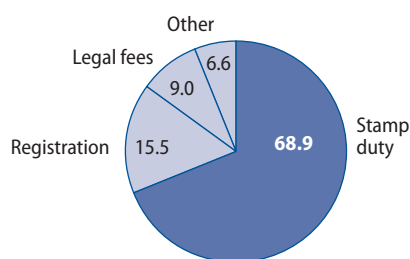


Source: Doing Business database.

FIGURE 4.4

Stamp duty is the biggest cost

Share of total cost to complete a property transfer
17-city average (%)



Source: Doing Business database.

of the property value, compared to 0.2% in Russia and 2.8% in Singapore. Some cities are cheaper than others. In Ranchi, Akshay will spend 5.4% of the property value, more than in Mexico (4.8%) but almost three times less than in Kochi (15.5%) and five times less than in Noida (25.4%).

Much of the cost variations can be explained by differences in stamp-duty rates, registration costs for the final sale deed, and lawyers' fees. Stamp duty can

be as high as 12.5% of the property value (Kochi) or as low as 3% (New Delhi) and 4% (Ranchi). Stamp duties account on average for 69% of all costs incurred (figure 4.4). Deed-registration costs, charged by subregistrar offices in most cities, also vary significantly, from 1% of the property value in Ahmedabad to 8.5% in Guwahati.

Entrepreneurs often hire lawyers, whose fees also explain the differences in cost between cities. Lawyer's fees can indeed be as high as INR 30,500 in Delhi (US\$ 693) or as low as INR 7,500 (US\$ 170.5) in Patna. Variations are driven by the size of the city and demand for real-estate lawyers, but the cost to the entrepreneur also depends on how many procedures he needs to hire a lawyer for. In cities where the procedures are simple, computerized, transparent and local officials are held accountable, entrepreneurs do not hire lawyers as often.

The central and state authorities are well aware that a straightforward and efficient property-registration system

is important. When property-transfer costs were as high as 13% in 2005, many property owners resorted to strategies to avoid property taxes, such as evading registration or using long-term leases, transfers under court decrees, and cooperative housing.³ To tackle these issues, the Ministry of Urban Development launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), a nationwide program aimed at streamlining property registration. Under JNNURM, a series of reforms is underway. Several states cut their stamp-duty rate, such as Delhi (from 8% to 6% for men, and 6% to 4% for women), Gujarat (reduced to 4.9% in 2006), Orissa (from 11% to 5% in 2008), and Uttar Pradesh (reduced to 5% in 2005). Five cities—Bhubaneswar, Jaipur, New Delhi, Patna, and Bihar—have further computerized their land records, making it easier for entrepreneurs to search for encumbrances and register their sale deeds (table 4.2).

WHAT TO REFORM?

REDUCE STAMP DUTY FOR PROPERTY REGISTRATION OR REPLACE IT WITH A FIXED FEE

High stamp duties create an incentive for entrepreneurs to undervalue their property or evade registration altogether. Reducing stamp duties or replacing them with a fixed fee would encourage entrepreneurs to formally register their property. The rise in registrations could offset, if not exceed, the financial loss caused by the tax cut. In July 2004, after reducing the stamp duty from 10% to 5%, the state of Maharashtra saw its stamp-duty revenues jump by 20%.⁴ Municipalities could also eliminate surcharges and registration fees. They impose an additional burden on entrepreneurs wishing to register.

Egypt successfully implemented a reduction in property-registration fees. In 2006, registering a property in Cairo

TABLE 4.2

Cities and states reformed procedures and cost to register property in 2006-9

	Reduced stamp duty	Improved land record computerization	Reduced administrative fees	Improved administrative efficiency
Ahmedabad, Gujarat	✓			
Bengaluru, Karnataka*				
Bhubaneswar, Orissa*	✓	✓	✓	
Chennai, Tamil Nadu*				
Gurgaon, Haryana				
Guwahati, Assam				
Hyderabad, Andhra Pradesh*				
Indore, Madhya Pradesh				
Jaipur, Rajasthan*		✓		✓
Kochi, Kerala				
Kolkata, West Bengal*				
Ludhiana, Punjab				
Mumbai, Maharashtra*				
New Delhi, Delhi*	✓	✓		
Noida, Uttar Pradesh	✓			
Patna, Bihar*		✓		
Ranchi, Jharkhand*		✓		

Note: The reforms took place between April 2006 and February 2009.

*Locations measured by Doing Business in South Asia 2007.

Source: Doing Business database.

cost 5.9% of the property value. Ninety percent of properties were either not registered or undervalued.⁵ The Egyptian government reduced registration fees from 3% of the property value to a low fixed fee and abolished other fees. It cost merely 1% of the property value to transfer property in 2008. The reform paid off: property registrations, and concomitant revenues, rose in the 6 months following the reform.⁶

IMPROVE THE EFFICIENCY OF THE SUBREGISTRAR AND TRANSFER OFFICES

Improving the efficiency of these two offices would dramatically reduce registration time in all 17 cities. It would also reduce costs by encouraging entrepreneurs to conduct the procedures themselves, not via lawyers.

To do so, local government could further computerize land records and train personnel to use the new system. Such reforms have already taken place in a number of states under different names, such as the Property Registration Information System Module (PRISM) initiated in 1997 in Punjab, the Computer-Aided Administration of Registration Department (CARD) program in Hyderabad, or the Karnataka Valuation and e-Registration (KAVERI) initiative in Bengaluru, set out in 2002.

Local governments could also improve the transparency of the process, by explaining the different steps on their website, and publishing fee schedules. The workflow at the offices could be improved to avoid queues and bottlenecks. In addition, local governments could introduce statutory limits capping the time taken by the offices to register the deed and transfer the property title. So far, Kolkata, New Delhi, and Gurgaon have drafted citizen charters that set clear time objectives for title transfer, but the time taken in practice still far exceeds these objectives. To truly reduce time, a citizen charter needs to be accompanied

by better enforcement and sanctions, if deadlines are not respected.

Increasing the number of offices—especially in cities where the real-estate market is buoyant—and fast-track procedures could improve efficiency. For a higher fee, entrepreneurs would have the option of having their application processed more quickly. Cases would be prioritized based on a set of transparent criteria. This system is already offered in a number of cities across the world, such as Buenos Aires (Argentina), Ulan Bator (Mongolia), and Kiev (Ukraine).

ELIMINATE OR CONSOLIDATE PROCEDURES

All cities require the same main procedures to register property: check for encumbrances, draft a sale deed, register the sale deed, and transfer the property title. Still, entrepreneurs in every city must undergo one or two additional procedures, such as checking for secondary non-encumbrance claims, obtaining a tax clearance, or paying stamp duty separately.

These procedures could be eliminated or consolidated with other procedures conducted at the office of the subregistrar. Secondary encumbrance claims should be checked along with primary ones, tax clearance should be an integral part of the verification process preceding registration of the final sale deed, and franking services should be offered at the office of the subregistrar, so as to spare entrepreneurs the inconvenience of buying stamp paper separately.

Since the Telgi stamp-paper scam in 2003,⁷ most cities already offer franking services. New Delhi even introduced an e-stamping facility that allows entrepreneurs to pay the stamp duty online by credit card. However, many businesses still resort to traditional stamp-paper-based methods, because they are not aware such facilities exist. Publicizing franking services would allow reforms to truly impact the number of procedures and time required for registration.

1. A land-reform movement initiated by the Government of West Bengal, which aimed at formally recording the names of sharecroppers.
2. Banerjee Abhijit, Paul Gertler, and Maitresh Ghatak. 2002. "Empowerment and Efficiency: Tenancy Reform in West Bengal." *Journal of Political Economy*, 103 (5): 903–37.
3. Penelope Fidas. 2008. *Doing Business in Madagascar: Proposal to Reduce the Property Transfer Tax*. Washington, D.C.: World Bank Group.
4. World Bank. 2005. *Doing Business in 2006: Creating Jobs*. Washington, D.C.: World Bank Group.
5. Overseas Private Investment Corporation. 2005. "Egypt: Overview of the Housing Sector." Office of Economic Development, Washington D.C., Issues Paper 1, July.
6. World Bank. 2007. *Doing Business in Egypt 2008*. Washington, D.C.: World Bank Group.
7. After acquiring a stamp-paper license from the Government of India, Karim Telgi started printing fake stamp papers. Using more than 300 agents, he then sold the fakes to bulk purchasers, such as banks, insurance companies, and share-brokerage firms. On June 28, 2007, Karim Telgi was sentenced to 13 years in prison and ordered to pay a fine of US\$20 million.

Paying taxes

TABLE 5.1

Where is it easy to pay taxes—and where not?

1	Ludhiana, Punjab (easiest)	10	Indore, Madhya Pradesh
2	Jaipur, Rajasthan	11	Ahmedabad, Gujarat
2	Noida, Uttar Pradesh	12	Bengaluru, Karnataka
4	Mumbai, Maharashtra	13	Hyderabad, Andhra Pradesh
4	Ranchi, Jharkhand	14	Kochi, Kerala
6	Guwahati, Assam	15	Patna, Bihar
7	Gurgaon, Haryana	16	Kolkata, West Bengal
7	New Delhi, Delhi	17	Chennai, Tamil Nadu
9	Bhubaneshwar, Orissa		

Note: Rankings are the average of the city rankings on the number of payments, time and total tax rate. See the data notes for details.
Source: Doing Business database.

Decentralization, demographics, and rising living standards are putting pressure on local governments to provide a wide range of public services and develop infrastructure. Taxes constitute a vital source of revenue to finance the schools, hospitals, and roads necessary for citizens and businesses to thrive.

As necessary as taxes are, paying them is stressful for entrepreneurs around the world. Sameer, the owner of a sari manufacturing company, is no exception. His country, India, ranked 169 out of 181 economies on the ease of paying taxes in *Doing Business 2009*. This year, he will spend on average 278 hours and 68.4% of his company's profits on 65 different payments to comply with all tax requirements. In Hong Kong, Sameer would have to spend only 80 hours on 4 yearly payments, amounting to 24.2% of his profits.

Paying taxes in India's neighboring countries would be easier for Sameer. Although it takes less time in India to prepare, file, and pay taxes than the region's average¹ of 336 hours, South Asia's average number of yearly payments (37) and burden on company's commercial profits (44.4%) remain significantly below those of India.

The good news, for Sameer and other entrepreneurs, is that tax requirements are not equally burdensome in all Indian cities. It is easier for taxpayers

to comply with tax requirements in Ludhiana, Jaipur, and Noida than in Patna, Kolkata, and Chennai (table 5.1). Why such differences?

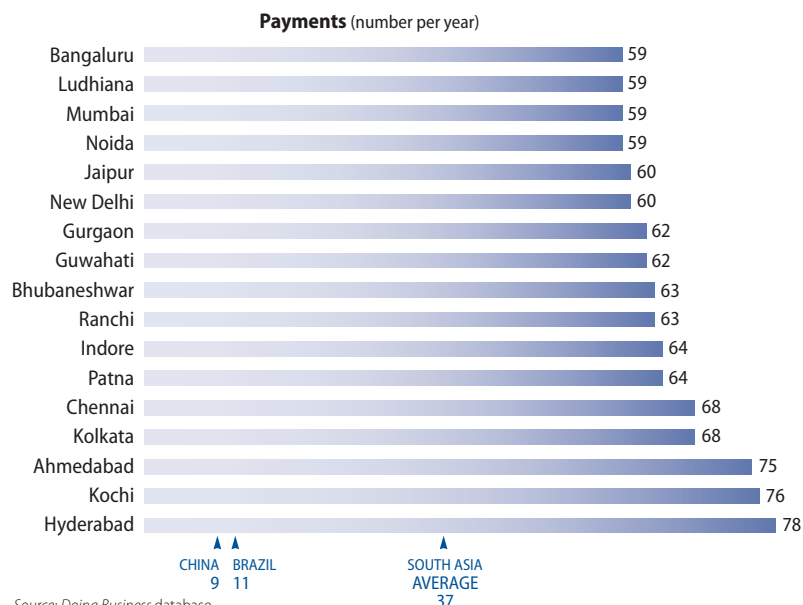
Some cities require fewer annual payments than others. Due to the local fiscal structure and tax requirements, the number of yearly payments varies from 59 in Ludhiana, Noida, Bengaluru, and Mumbai to 76 in Kochi and 78 in Hyderabad (figure 5.1). Most taxes are central, but the state value added tax (VAT), the vehicle tax, the infrastructure development tax, and in some instances

state and municipal business taxes are levied at the local level. Even when several municipalities share the same local tax rate, the number of payments may differ. In Bhubaneshwar, the state employee tax is paid only once a year. In several other cities, it is paid monthly.

It is faster to prepare and file returns and to pay taxes in some cities than in others. An entrepreneur in Jaipur would complete all fiscal requirements in 233 hours, faster than in Kolkata (303 hours) and Patna (405 hours). Many factors can explain variations in time—the trans-

FIGURE 5.1

Indian businesses make numerous tax payments



Source: Doing Business database.

What is measured?

Paying taxes records all taxes and mandatory contributions that a medium-sized company must pay in the 17 cities in fiscal year 2007, as well as measures of the administrative burden of paying taxes and contributions. In doing so, *Doing Business* goes beyond the traditional definition of a tax: as defined for the purposes of government national accounts, taxes include only compulsory, unrequited payments to general government. *Doing Business* differs from this definition because it measures charges that affect business accounts, not government accounts. The main differences are in labor contributions and value added tax. *Doing Business* measures government-mandated contributions paid by the employer to a required private pension fund or workers' insurance fund. It excludes value-added taxes from the total tax rate because they do not affect the accounting profits of the business—that is, they are not reflected in the income statement. Any reforms that took place in fiscal year 2008 and affect the case measured by *Doing Business* will be reflected in *Doing Business 2010*.

Note: See the detailed description of the standard case in the data notes section.

parency and efficiency of tax administration, the availability of accounting software, the English literacy of accountants (as most accounting software is in English), the reach and sophistication of the local banking system, and the number of forms to be filled out. The major bottlenecks in most cities are created by VAT, central sales tax, and labor taxes, which require frequent payments and numerous forms. The processing time for the corporate income tax has been significantly improved since the national government introduced mandatory electronic filing and online payment of the corporate income tax.

The tax burden is not equally heavy

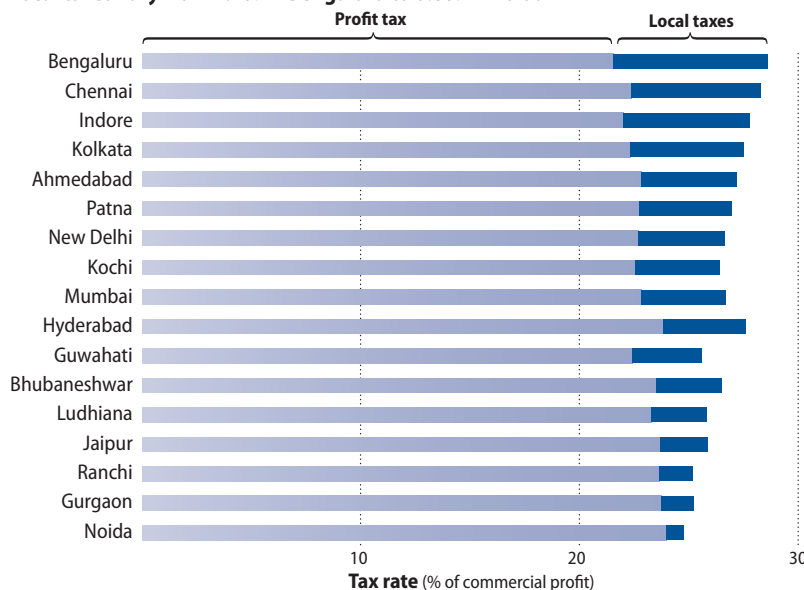
in all cities. In Noida, Sameer would have to spend the equivalent of 66.5% of his commercial profits to pay all taxes and labor contributions, compared with 70.3% in Bengaluru. As labor taxes and the central sales tax remain relatively stable across the 17 benchmarked cities, variations in the effective corporate income-tax rate and state/municipal tax rates account for the local discrepancies (figure 5.2). The statutory base corporate income-tax rate is the same across the country at 30%. However, due to differences in deductions, the effective profit tax rate as a portion of commercial profits varies from 21.6% to 24.1%. Differences in local taxes are considerable

mostly because of different rates in property, environmental, vehicle, profession, and municipal business taxes.

The national government initiated several programs to increase the efficiency of the central and local tax systems. In 2005, it started implementing a uniform VAT rate among all Indian states, eliminating some of the cascading effects caused by local taxes before. By 2008, all Indian states had adopted the VAT system. In 2007, the central sales-tax rate was decreased from 4% to 3%. This served as a significant relief on Indian businesses, since the central sales tax constitutes a large portion of the total tax rate (see figure 5.3). The central sales tax rate was further decreased from 3% to 2% in June, 2008. The lowered tax rates borne in fiscal year 2008 will be reflected in the forthcoming *Doing Business 2010* report.

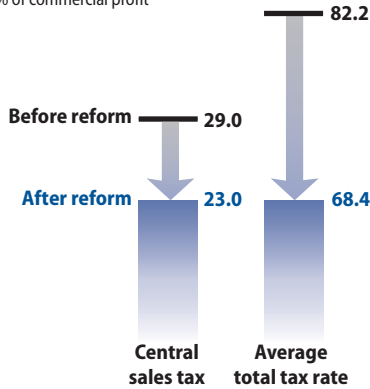
By 2010, the central government plans to introduce a uniform goods and services tax (GST), in order to bring the two systems of indirect taxes in India—one administered by the states, the other by the central government—under the same umbrella. The Indian government also charged a group of experts, the Kelkar Task Force, with the establishment of a list of recommendations to improve India's tax system. On top of the Kelkar Task Force's agenda were administrative reforms and computerization, paving the way for a series of efficiency-improving initiatives. Two examples are the tax information network and the online tax accounting system, which simplified procedures and reduced the number of necessary income-tax forms from 7 to 3. The Ministry of Finance also allows for the electronic filing of corporate income tax. In 2008, more than 2.5 million corporate income-tax returns were filed online, a 249% increase compared to 2007.²

FIGURE 5.2
Local taxes vary from 7.1% in Bengaluru to 0.8% in Noida



Source: *Doing Business* database.

FIGURE 5.3
Reforming—and lowering—taxes
% of commercial profit



Source: Doing Business database.

WHAT TO REFORM?

CONSOLIDATE THE VAT SYSTEM AND PHASE OUT THE CENTRAL SALES TAX

To replace the cascading sales tax, a value added tax (VAT) was introduced in 21 states on April 1st, 2005, a crucial reform considering that sales taxes represented at the time more than 60% of state tax revenues.³ The principles of regional autonomy were respected, as states retained the authority to set their own VAT rates.

Currently, the Indian government is fleshing out a proposal to merge the central VAT on goods and services with the state VAT in the form of a goods and services tax. In addition, the plan includes phasing out the central sales tax.

Our recommendation reiterates

what is already in the government’s reform agenda. First, the government should further harmonize the classification of goods and the sales tax/VAT structure across all states. Second, the central sales tax—which was to have been replaced by the VAT—has not been phased out yet. In September 2007, the central and state governments agreed on 3 successive reductions before a final abolishment of the central sales tax by March 31, 2010. In the meantime, entrepreneurs are required to pay central sales tax, central VAT, and state VAT. Having different taxes levied on the same tax base, administered by different agencies, adds a significant compliance burden on companies that must pay monthly sales taxes both to local and central tax authorities. As a result, companies have to abide by different laws. On average, countries that have more than one law per tax also require 20% more time to pay taxes than countries that do not (figure 5.4). These taxes could be consolidated into one and the revenues would then be distributed to different government agencies.

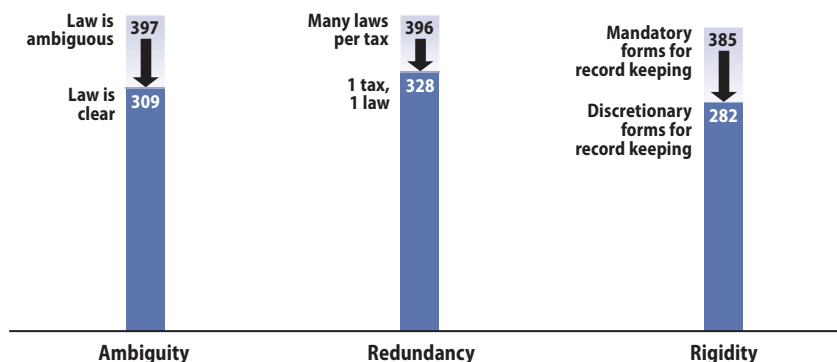
PROMOTE THE USE OF ONLINE TAX FILING AND PAYMENT

A complex tax administration is costly, both for entrepreneurs who spend time dealing with paperwork and tax officials, and for the government, whose fiscal rev-

enues get eroded by tax evasion. A recent study evaluated the cost of compliance in India at between 6 and 15% of corporate tax collections.⁴ Fiscal complexity also favors corruption and rent-seeking behavior.

Most of the online tax filing and payment platforms have been launched by the central government. Examples include the central VAT and the corporate income tax. State authorities should follow suit. To simplify the administrative burden, the central and state governments could expand the successful experience of the online tax accounting system to all taxes paid by businesses. When businesses can enter tax information, perform calculations, and pay with one click, it reduces both compliance time and the number of payments. If India were to introduce electronic filing and payment systems for social security and state employee’s insurance contributions, the country’s average number of payments would drop from 65 to 43. Such a system would also benefit the government: a computerized tax system minimizes mistakes, diminishes administration costs, facilitates refunds, and enables data collection on taxpayers to ensure better tax compliance.

FIGURE 5.4
More complexity, more time paying taxes
Time to comply with tax regulations (hours per year)



Source: Doing Business database.

1. Average calculations including Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka.
2. Website of India’s Income Tax Department: <https://incometaxindiaefiling.gov.in/portal/index.do>.
3. Rao, Govinda M., and Rao Kavita R. 2005. *Trends and Issues in Tax Policy and Reform in India*. India Policy Forum 2006, Washington, D.C.: Brookings Institution.
4. Das-Gupta, Arindam. 2002. *The Income Tax Compliance Cost of Corporations in India, 2000–2001*. NIPFP Working Paper 8. New Delhi: National Institute of Public Finance and Policy.

Trading across borders

TABLE 6.1

Where is it easy to export and import—and where not?

1	Bhubaneshwar, <i>Orissa</i> (easiest)	10	Patna, <i>Bihar</i>
2	Chennai, <i>Tamil Nadu</i>	11	Indore, <i>Madhya Pradesh</i>
3	Ahmedabad, <i>Gujarat</i>	12	Ludhiana, <i>Punjab</i>
3	Mumbai, <i>Maharashtra</i>	13	Hyderabad, <i>Andhra Pradesh</i>
5	Kochi, <i>Kerala</i>	14	Jaipur, <i>Rajasthan</i>
6	Kolkata, <i>West Bengal</i>	14	New Delhi, <i>Delhi</i>
7	Guwahati, <i>Assam</i>	16	Noida, <i>Uttar Pradesh</i>
8	Ranchi, <i>Jharkhand</i>	17	Gurgaon, <i>Haryana</i>
9	Bengaluru, <i>Karnataka</i>		

Note: Rankings are the average of the city rankings on the number of documents, time and cost required to export and import. See the data notes for details.

Source: *Doing Business* database.

Madan owns a small textile business in Guwahati. His garments, famous for their fine embroidery, are increasingly sought after by international clients. He would like to expand his business and sell his products abroad, but he is afraid to make the leap because of the time and cost it takes to export. His cargo must be transported to the nearest seaport, crossing numerous checkpoints, which may delay the shipment. Once at the port, the cargo may be delayed further because of congestion and administrative procedures, adding to the cost and uncertainty.

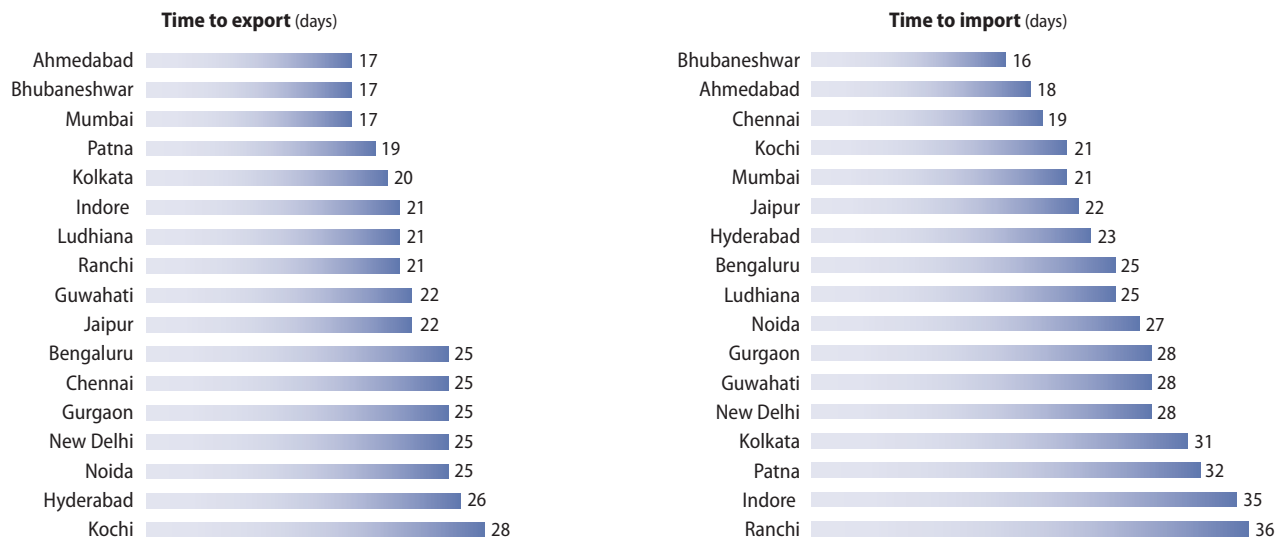
There are many successful entrepreneurs like Madan who would be more encouraged to expand their activities abroad if they had to spend less time and money on paperwork, clearance procedures, port activities, and inland transportation. Exporting a container of textiles from Guwahati through the port of Kolkata requires on average 8 documents, 22 days, and costs US\$ 713. In Singapore, the best performer in 2009, it would take Madan only 4 documents, 5 days, and US\$ 456 to complete all export requirements.

To produce his precious garments, Madan needs to import silk from Thailand. He needs to receive all material on time and at a low cost to stay competitive. In Guwahati, importing a container of textiles requires an average of 9 documents and 28 days with an average cost of US\$ 794. In Denmark, the same process requires 3 documents and takes 5 days to complete at a cost of US\$ 681.

The more time-consuming the export or import process, the less likely it is that a trader will be able to reach international markets in a timely fashion.

FIGURE 6.1

Time to export and import in India



Source: *Doing Business* database.

What is measured?

Trading across borders measures all procedural requirements, including the number of necessary documents and the associated time and cost (excluding trade tariffs) for exporting and importing a standardized cargo of goods by ocean transport. For exporting goods, procedures range from packaging of the goods at the factory to their departure from the port of exit. For importing goods, procedures range from the vessel's arrival at the port of entry to the cargo's delivery at the factory warehouse. Payment is made by a letter of credit.

Note: See the detailed description of the standard case in the data notes section.

This affects his ability to expand businesses and create jobs. A recent study of 126 economies calculates the loss from export delays at around 1% of trade for each extra day. For perishable agricultural products the cost is nearly 3% of the volume of trade for each day's delay.¹

The administrative requirements, time, and cost to import and export goods vary among the 17 measured Indian cities. The export process takes on average 22 days, whereas for import it takes 26. It is fastest to import and export from Bhubaneswar through the port of Vishakapatnam—17 days to export and 16 days to import. The coastal city of Chennai is close behind with 25 days to export and 19 days to import. Exporting a 20-foot container takes the longest from Kochi—28 days. Importing is very time-consuming in Ranchi at 36 days (figure 6.1).²

A breakdown of the total export

time in different stages sheds light on the main bottlenecks of the process (figure 6.2). Exporters in both inland and coastal cities spend more than half of their time complying with documentation requirements. Customs clearance and port activities account for the second-largest fraction of total export time. Inland transportation accounts for only 16% of the export time for inland cities (12% for coastal cities). It illustrates that improvements in the trade logistics chain have the biggest potential impact on the overall time to trade.

Inland transportation, an important component of trading, is one of the sources of variation in total time and cost among the Indian cities. The time it takes to transport cargo to the seaport can be reduced through improvements in the rail and road infrastructure. However, a substantial portion of inland transport delays also stems from numerous interstate tax checkpoints as well as administrative and informal ones. Streamlining or eliminating those checkpoints would cost less than investing in infrastructure and still reduce transportation time.

Chennai is among the cheapest Indian cities with which to trade. For example, businesses pay INR 56,723 (US\$ 1,289) to export a 20-foot container from Jaipur, compared to only INR 23,800 (US\$ 541) in Chennai. This cost advantage is in part explained by lower inland transportation costs, but also by moderate port charges and terminal handling

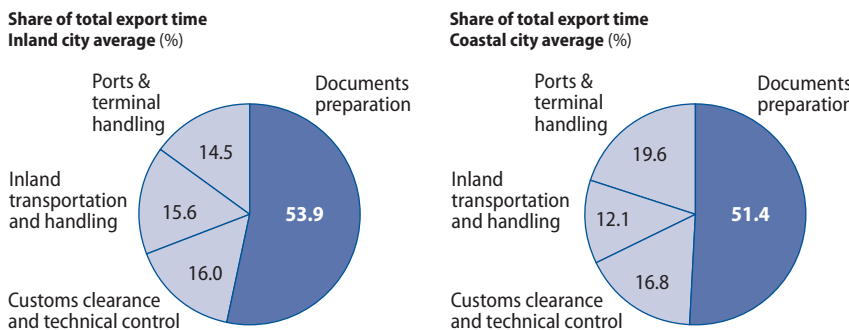
fees charged at Chennai port. The port charges and terminal handling fees are even lower in Kochi, which has both the lowest overall export costs (INR 19,014 – US\$ 432) and import costs (INR 21,120 – US\$ 480).

Importing and exporting goods to/from Noida, Gurgaon, and New Delhi is associated with higher costs (figure 6.3). More than 50% of these costs stem from inland transportation, reflecting the big distance of these cities to the Nhava Sheva port, which is most commonly used. Trading across borders is most expensive in Jaipur, where it costs INR 56,723 (US\$ 1,289) to export and INR 60,900 (US\$ 1,384) to import a container through the port of Mundra. In addition to elevated inland transportation costs, traders face higher port charges and terminal handling fees at Mundra port.

India was the top reformer globally on the trading across borders indicator in *Doing Business 2008* and continued reforming in *Doing Business 2009*. The implementation of ICEGATE (Indian Customs and Excise Gateway)—an electronic data interchange (EDI) system—at the country's major entry points has significantly facilitated trading. The system enables shipping lines to submit their cargo manifests electronically, initiating the clearance process even before the ship docks. In addition to simplified and streamlined filing and payment processes, the EDI system has also reduced opportunities for facilitation payments. These reforms helped cut delays for traders in Mumbai by 10 days since their implementation (figure 6.4).

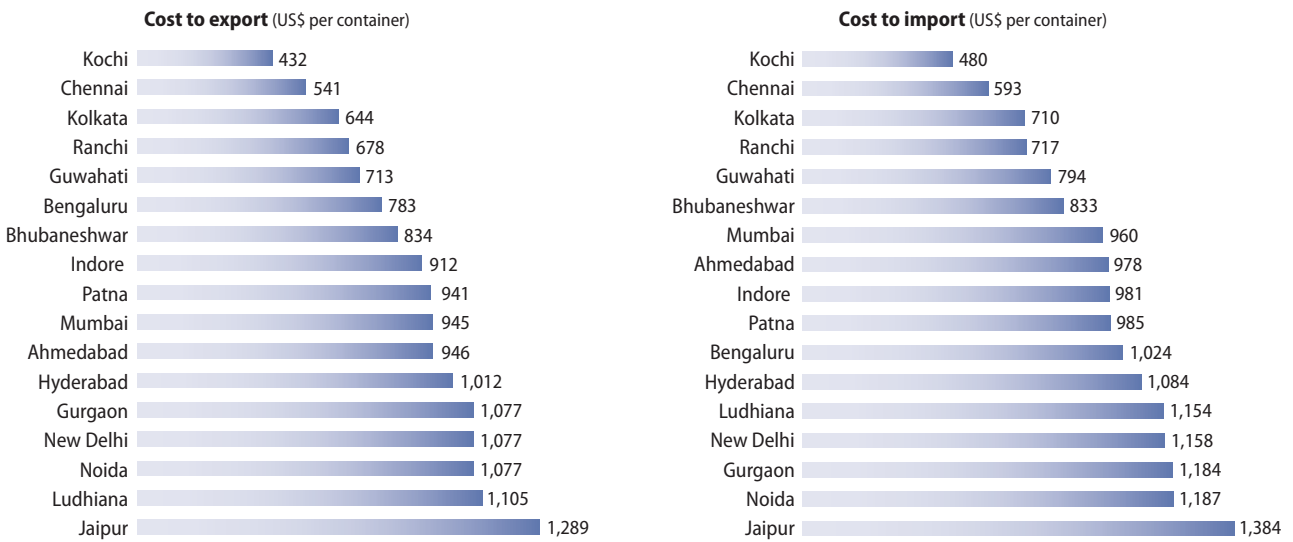
To speed up and facilitate trade in inland cities, India created Inland Container Depots (ICDs) across the country. These 'dry ports' offer handling, storage, and customs-clearance services, enabling traders to complete all required clearances and inspections in their respective cities as opposed to at the port of entry/exit. This relieves traders from the burden of setting up and maintain-

FIGURE 6.2
Exporters spend most time on paperwork



Source: *Doing Business* database.

FIGURE 6.3
Cost to export and import in India



Source: Doing Business database.

ing an office or agent in the seaport, saving time and costs.

A good illustration of the benefits of ICDs is the example of Guwahati. Entrepreneurs like Madan can have their containers cleared and sealed in the Amin-gaon Concor ICD before it is loaded onto the train to Kolkata port. It relieves them of the burden of clearing their containers in Kolkata, and allows them to bypass the numerous official and unofficial checkpoints that exporters face when transporting their cargo by road. In some cities, however, the ICDs' infrastructure and logistics are deficient, hence increasing the time needed to trade.

Thanks to the emergence of pri-

vately managed terminals, the productivity and service quality in India's main ports has improved. These changes have contributed to the rapid growth of India's main gateway, Nhava Sheva near Mumbai, both in terms of the overall trade volume, but also in terms of increasing numbers of direct container services rather than feeder services. A similar development can be witnessed in other privately managed terminals at other ports, such as Chennai or Mundra.

WHAT TO REFORM?

REDUCE AND STREAMLINE DOCUMENTATION REQUIREMENTS

Indian traders continue to spend most of their time complying with burdensome paperwork. It currently takes 8 separate documents to export, and 9 to import. With an electronic customs declaration form already available, Indian cities could simply consolidate other information onto the form, in line with systems in Hong Kong or Germany.

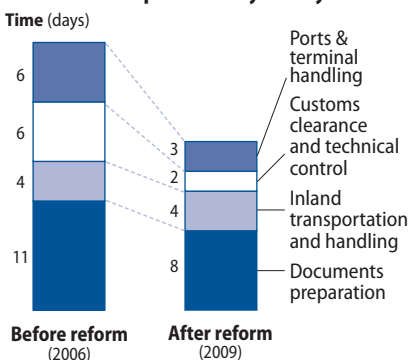
IMPROVE THE ELECTRONIC DATA INTERCHANGE SYSTEM

The introduction of EDI has improved trading across borders to a large extent, but more can be done to achieve full implementation and improve its functionality. Customs at some of the ICDs are still not geared to accept certain documents through EDI. In some places, frequent system outages force traders to revert to physical submission of documents, which delays the process at the traders' expense.

INCREASE CONTAINER CAPACITY AT PORTS AND ICDs

Many ports and ICDs continue to suffer from congestion, leading to delays. In some cases, the congestion is caused by limited storage areas, which should be expanded. But congested storage space is sometimes also caused by long storage times of traders. This problem can be addressed with an effective storage-management system, introducing and enforcing time limits and raising fees for longer storage at ports and ICDs. Cargo should be held at ports and ICDs for as short a time as possible; in order to avoid delays, these should not be used as intermediate storage areas.

FIGURE 6.4
Mumbai cut export time by 10 days



Source: Doing Business database.

REDUCE AND STREAMLINE INLAND CHECKPOINTS

Cargo is often delayed because of numerous official and unofficial checkpoints on the principal trade routes, in particular between state borders and district boundaries.³ Official checkpoints are operated by various ministries (e.g. finance, transport, and forestry) and are aimed at collecting taxes, monitoring goods in transit across states, checking licenses, etc. There is little coordination between the agencies involved. In most cases, each operates its own post. The delays at each post are generally short, but can extend to several hours in some regions, adding time and unpredictability to road transport. The total number of checkpoints should be reduced and streamlined to the greatest extent possible.

CONTINUE INVESTMENTS IN ROAD AND RAIL INFRASTRUCTURE

An important obstacle to trade is poor road conditions and limited rail capacity. The largest part of inland transportation occurs via road, accounting for approximately 70% of all traffic. The government has acknowledged the importance of better road infrastructure and launched the ambitious National Highways Development Project in 1998 in order to improve and extend India's highway network. The first stages of the project are almost completed, but closer monitoring and tracking efforts could help accelerate its successful completion.

While the government has attached great importance to roads and highways, it attached less value to rail transport and infrastructure. Many traders prefer rail transport because of its reliability, but complain about limited capacity. One of the major problems is the ageing track infrastructure, which is increasingly used to its full capacity. The planned construction of dedicated freight corridors will increase freight capacity and service quality for traders. These ambitious projects, however, will take several years to complete.

1. Djankov, Simeon, Caroline Freund, and Cong Pham. November 2008. "Trading on Time". *Review of Economics and Statistics*.
2. Exports and imports are measured through the ports of Chennai, Kochi, Kolkata, Nhava Sheva, Mundra and Vishakapatnam.
3. This problem has been acknowledged in the report of the Planning Commission's Working Group Report on Shipping and Inland Water Transport for the 11th Five Year Plan, p. 10: "Truck delays at checkpoints have been estimated to cost the economy anywhere between INR 9 billion and INR 23 billion a year in lost truck operating hours. The estimate does not include 'Facilitation Payments' made at the checkpoints to circumvent various regulations, and these have been estimated to range between INR 9 and INR 72 billion."

Enforcing contracts

TABLE 7.1

Where is it easy to enforce a contract—and where not?

1 Hyderabad, <i>Andhra Pradesh</i> (easiest)	10 Indore, <i>Madhya Pradesh</i>
2 Guwahati, <i>Assam</i>	11 Ranchi, <i>Jharkhand</i>
2 Patna, <i>Bihar</i>	12 New Delhi, <i>Delhi</i>
4 Ludhiana, <i>Punjab</i>	13 Kolkata, <i>West Bengal</i>
5 Bhubaneshwar, <i>Orissa</i>	14 Gurgaon, <i>Haryana</i>
6 Kochi, <i>Kerala</i>	15 Bengaluru, <i>Karnataka</i>
7 Chennai, <i>Tamil Nadu</i>	16 Ahmedabad, <i>Gujarat</i>
7 Jaipur, <i>Rajasthan</i>	17 Mumbai, <i>Maharashtra</i>
7 Noida, <i>Uttar Pradesh</i>	

Note: Rankings are the average of the city rankings on the procedures, time and cost to resolve a commercial dispute through the courts. See Data Notes for details.

Source: *Doing Business* database.

“I don’t go to court when a buyer refuses to pay me—even though I know that justice should be on my side. It’s time-consuming and costly to get my money back. That’s why I only sell equipment to old clients or people I know,” sighs Dipak, an electric appliance supplier in India. Where contract enforcement is efficient, businesses are more likely to engage new customers. Where contract enforcement through the court system is more onerous, businesses prefer to get involved with only a small group of clients who know each other from previous dealings—limiting opportunities for businesses to grow and prosper.

Courts serve business best when they are fast, affordable, and fair. Worldwide, only 35% of businesses covered by the World Bank Enterprise Surveys believe that the courts in their country are fair, impartial, and uncorrupt. Burdensome procedures, delays, and total costs are deterrents, whereas efficient courts support entrepreneurship and development. Studies find that when contracts can be enforced quickly and cheaply, small businesses get better financial terms on loans.¹

Resolving commercial disputes through the courts is more time consuming in South Asia than in any other region. The process takes 1,053 days on average compared with 689 days in the

Middle East and North Africa and 425 days in Eastern Europe and Central Asia. In India, across the 17 cities, it takes on average 961 days to enforce a contract, faster than elsewhere in South Asia, but slower than in Brazil (616 days), Indonesia (570 days), and Hong Kong, China (211 days)—the global leader on the ease of enforcing contracts. Overall court costs and attorney fees across India add up to an average 26.6 % of the value of the claim, similar to the South Asia average of 27.2% and much below the East Asia and Pacific average of 48.4% of the value of the claim.

Within India, it is easier to enforce a contract in Hyderabad, Patna, and Guwahati and more difficult in Ahmedabad and Mumbai. The ease of enforcing contracts reflects the differences in time and cost to resolve disputes in the local courts and reflects the differences in volume and backlog of court cases across cities in India (table 7.1). The top-performing city on the ease of enforcing contracts would rank 105 out of 181 economies. This means enforcing a commercial dispute in 600 days, as in Guwahati, and paying 16.9 % of the value of the claim, as in Patna.

The shortest time needed to enforce a contract, from the filing of the case until the enforcement of the judgment, is in Guwahati (600 days), Kochi (705 days),

and Bhubaneshwar (723 days), while in Ahmedabad (1,295 days) and Mumbai (1,420 days) it takes longer—almost four years (figure 7.1). One reason it takes a long time to go through the courts across all states in India is the limited number of judges and the high incidence of unfilled vacancies, which creates backlogs of pending cases. India’s population-to-judge ratio is approximately 14 judges per million people. In comparison, the ratio of judges per million people is 51 judges in the UK, 58 judges in Australia, 75 in Canada, and 107 in the US. Nearly 4,000 cases are being handled per judge.² Even if the disposal rate at the courts increases, as seen in Ahmedabad and across other courts in India in the past few years, there are still a lot of pending cases and newly filed cases, adding to the total time it takes for a case to be resolved. Indian courts are increasingly taking steps to appoint more judges.

What is measured?

Enforcing contracts tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. It studies the time, cost, and number of procedures from the moment the plaintiff files a lawsuit through trial and judgment until the actual payment through a public sale of the defendant’s movable goods.

Note: See the detailed description of the standard case in the data notes section.

For example, the High Court in Ranchi increased the number of judges in 2008 and 2009 by an additional 5.³

The lengthiest delays occur during the litigation period. Under Order 17 Rule 1 of the Code of Civil Procedure, the court may give more time to the parties and may also adjourn the hearing up to three times at any stage of the suit. In practice, judges often grant adjournments and litigants use dilatory tactics to delay proceedings. These add to the long litigation period, showing the need to balance the power of judges and the responsibilities of litigants and their lawyers.

Contract enforcement costs least in Patna (16.9% of the value of the claim) and in Hyderabad (17.7%) and most in New Delhi (33.7%) and Mumbai (39.5%)—both large cities with high attorney fees (figure 7.2). The main difference in the court cost is attributed to the different *ad valorem* fees deposited at the time of filing the suit. These fees are regulated by the respective Court Fees Act of each state and calculated based on the value of the claim. At an average of 6% of the value of the claim, the *ad valorem* fee is the second highest

cost after attorney fees, which represent on average 16% of the value of the claim. Although court rules also provide for fee structures for attorneys, they are not mandatory; in practice attorneys charge clients based on their own fee structure and expertise. Increasing competition among lawyers reduces attorney fees. Enforcement costs, which account on average for 2.6% of the value of the claim, are similar across states.

The Code of Civil Procedure of 1908, last amended in 2002, is the applicable rule across all 17 Indian states benchmarked. Based on the *Doing Business* case study, it takes 46 procedural steps to enforce a contract in India but only 21 in Singapore, 24 in Hong Kong, China—the highest-ranking economy for enforcing contracts—and 31 procedures in the OECD economies. Some would argue that more formal procedures in dispute resolution ensure that due process is followed and justice is done. The evidence suggests otherwise. The more complex the procedure for resolving disputes, the less likely firms are to report that judges are impartial and court decisions fair.⁴

Judicial reform is not easy. Out of 239 reforms captured by *Doing Business*

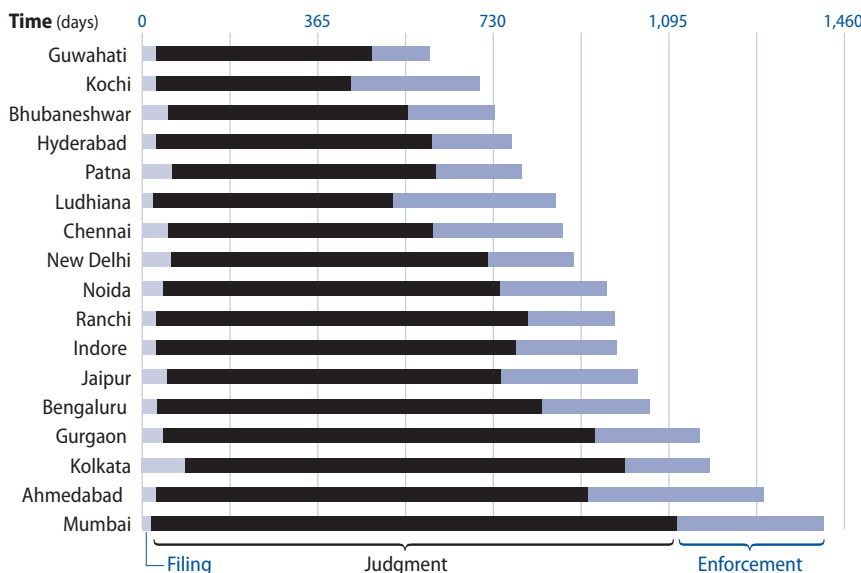
2009 in the ten indicators covered, only 12 were related to enforcing contracts. Judicial reform requires a careful consideration of judicial administration and infrastructure as well as a court-by-court approach. In the past years, India’s judiciary has taken steps to improve case management with the use of information and communication technology. In 2008, the Supreme Court of India allowed for electronic filing of cases.⁵ E-filing systems are being planned for the various High Courts in the near future and eventually in the District Courts as well.⁶ Allowing lawyers to file and submit documents online requires a reliable network infrastructure and authentication framework. “Indiacourts”⁷ is a website that provides a single-point access to information related to the Supreme Court and all 21 High Courts. Litigants can browse through judgments, case status, rules, and the list of judges of each court.

WHAT TO REFORM?

SET UP SPECIALIZED COURTS OR COMMERCIAL DIVISIONS IN EXISTING COURTS

Setting up separate commercial courts or establishing specialized commercial chambers in existing courts can reduce the time and cost of commercial contract enforcement. Indian courts could benefit from the proposed establishment of commercial divisions within the High Courts. In 7 African countries that introduced commercial courts or sections in the past 5 years—Burkina Faso, the Democratic Republic of Congo, Ghana, Mauritania, Mozambique, Nigeria, and Rwanda—the average time to resolve a commercial dispute dropped by about 19%. Mozambique, the top reformer in enforcing contracts, reduced the average time to resolve a commercial dispute from 1,010 days to 730. Since March 2008 the country has also gained 22 new judges—a 10% overall increase.

FIGURE 7.1 Lengthy delays in the judgement phase across India



Source: *Doing Business* database.

IMPLEMENT CASE MANAGEMENT SYSTEMS IN COURTS

Strengthening administrative control and information technology over the litigation process and court operation will better equip judges and court staff to address backlogs and delays. Case management is successful if court data are simultaneously being computerized and if support functions such as case tracking, document management, deadline reminders, and scheduling of hearings are done automatically. In 2008, Macedonia, Former Yugoslav Republic, continued to systematically equip courts with electronic case-management systems, speeding contract enforcement in commercial matters. Tonga’s newly appointed chief justice introduced case management, transferring 90% of all cases—criminal, commercial, and land—from paper to computer and cut the time to enforce contracts from 510 days to 350.

KEEP JUDICIAL STATISTICS AND INCREASE JUDICIAL CAPACITY

Statistical information helps assess court performance. Keeping statistics on the number of commercial cases being handled and disposed of, the clearance rate

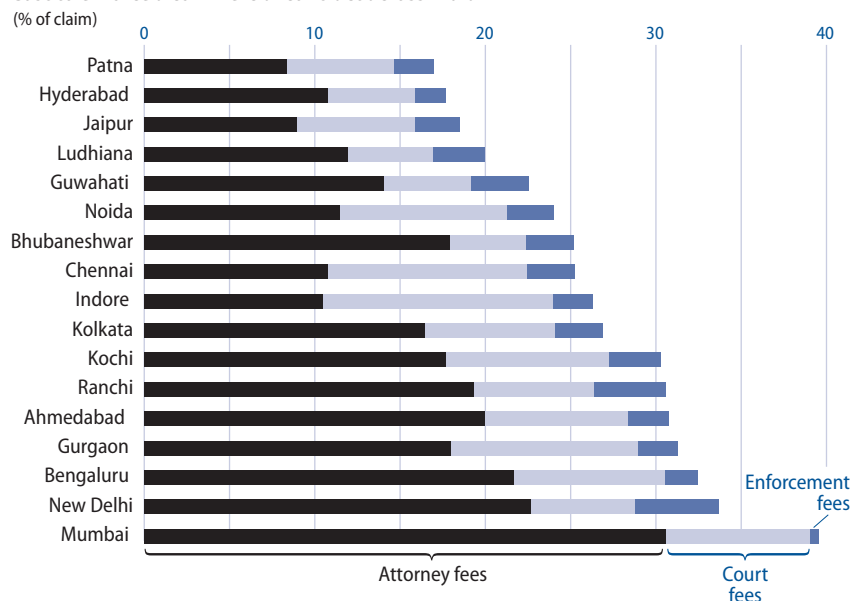
on the time to resolve cases, and the appeals rate allows an analysis of reform and helps guide future policies of judicial reform. This effort can also assist in optimal case assignment and promotion criteria for judges. Similar practices already exist in India. Indore has a system in place whereby every judge at District Court and High Court is given a mark for each disposed case and these marks are taken into consideration for promotions.

STRENGTHEN THE ALTERNATIVE DISPUTE RESOLUTION (ADR) SYSTEM

Due to the slow judicial process, there has been a big focus on noncourt dispute-resolution in India, especially through the Lok Adalat system, constituted under the National Legal Services Authority Act, 1987. Although *Doing Business* measures the efficiency of the public court system and not arbitration or mediation procedures, the use of ADR indirectly affects court performance to the extent that it reduces caseloads. While in India there is a strong ADR tradition, its impact on dispute resolution is minimal.⁸ Strengthening the ADR mechanisms can reduce court burdens and create cheaper and speedier options for resolving disputes.

1. World Bank Enterprise Surveys (<http://www.enterprisesurveys.org>).
2. All Indian Seminar on “Judicial Reforms,” Vigyan Bhavan, New Delhi, 23rd–24th February 2008; http://www.supremecourtindia.nic.in/new_links/speech.htm
3. <http://jharkhandhighcourt.nic.in/>
4. Based on the analysis of the *Doing Business 2005* indicators with indicators of judicial impartiality from the Economic Freedom of the World; Geeta Batra, Daniel Kaufmann, and Andrew Stone. 2003. *Investment Climate Around the World: Voices of the Firms from the World Business Environment Survey*. Washington, D.C.: World Bank Group.
5. World Bank. 2007. *Doing Business 2008*. Washington, D.C.: World Bank Group.
6. http://www.supremecourtindia.nic.in/new_links/speech.htm
7. <http://www.indiancourts.nic.in/>
8. India Law Institute. 2008. *ADR: Status/Effectiveness Study*, prepared for the International Center for Alternative Dispute Resolution (ICADR) and the World Bank.

FIGURE 7.2
Cost to enforce a commercial contract across India



Source: *Doing Business* database.

Closing a business

TABLE 8.1

Ease of closing a business across the Indian cities and states

1	Hyderabad, <i>Andhra Pradesh</i> (easiest)	10	Chennai, <i>Tamil Nadu</i>
2	Ludhiana, <i>Punjab</i>	10	Kochi, <i>Kerala</i>
3	Mumbai, <i>Maharashtra</i>	12	Guwahati, <i>Assam</i>
4	Ahmedabad, <i>Gujarat</i>	13	Ranchi, <i>Jharkhand</i>
5	Bhubaneswar, <i>Orissa</i>	14	Jaipur, <i>Rajasthan</i>
6	Gurgaon, <i>Haryana</i>	15	Patna, <i>Bihar</i>
6	New Delhi, <i>Delhi</i>	16	Noida, <i>Uttar Pradesh</i>
8	Bengaluru, <i>Karnataka</i>	17	Kolkata, <i>West Bengal</i>
9	Indore, <i>Madhya Pradesh</i>		

Note: Ease of closing a business rankings are based on the recovery rate: how many cents on the dollar the creditor recovers from the insolvent firm. See Data Notes for details.

Source: *Doing Business* database.

Farmers in India could apply for debt relief and have their movable property sold to pay back their debts as early as the 1880s. Their farm would be divided into two parts, one set aside for the support of the insolvent farmer and his dependents and the remainder to be managed on behalf of the creditors and the village bankers.¹ Creditors are more likely to lend where efficient insolvency laws exist, inspiring confidence that they will be able to collect on their loans.²

Bottlenecks in bankruptcy laws and proceedings cut into the amount claimants can recover. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. Speedier processing of debt recovery suits is also important to keep assets from deteriorating and to facilitate reinvestment; it can also lower the cost of credit.³ The freedom to declare bankruptcy, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

In spite of bankruptcy laws in India being national, there are differences in the functioning of the judicial bodies across the states. Across the 17 Indian cities, the insolvency process takes on average 7.9 years, costs 8.6% of the estate

value, and the recovery rate is 13.7 cents on the dollar. The process is slower than in South Asian countries, where it takes on average 5 years, in East Asia and the Pacific (2.7 years), and in the OECD countries (1.7 years). India is also less lender-friendly than neighboring South Asian countries, where creditors can expect to recover on average 19.9 cents on the dollar. In the OECD economies the recovery rate is almost five times higher, at 68.6 cents on the dollar (figure 8.1).

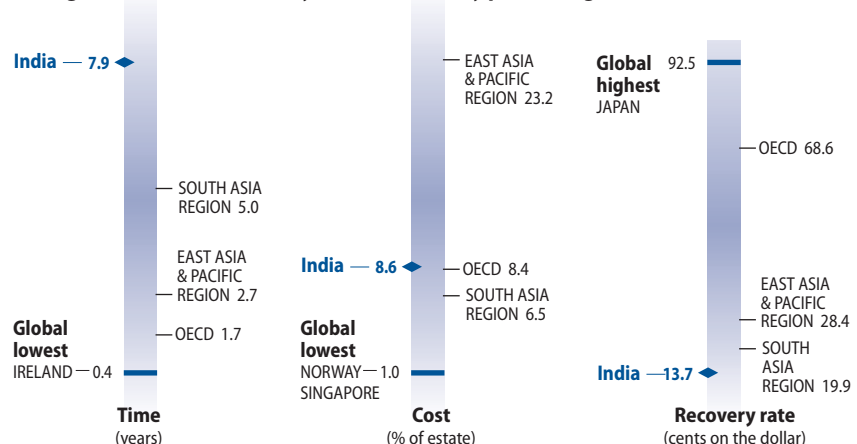
There are variations in the speed and cost of the insolvency process and the recovery rates across Indian cities. It is easier to go through bankruptcy in Hyderabad and more difficult in Kolkata. Hyderabad has the highest recovery rate

at 15.9 cents on the dollar and Kolkata has the lowest recovery rate at 9.1 cents on the dollar (table 8.1). It costs between 7 and 10% of the estate value to go through the debt-recovery process, mostly due to attorney fees, newspaper publication costs, liquidator's fees, and preservation costs.

India's legal and regulatory framework in the area of bankruptcy has advanced in the last two decades. Among the various channels of recovery available for financial institutions, the Debt Recovery Tribunals (DRTs) and the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI) have been the most effective in terms of amount recovered.⁴

FIGURE 8.1

Average time, cost and recovery rate in insolvency proceedings



Source: *Doing Business* database.

What is measured?

Closing a business studies the time, cost, and outcomes of bankruptcy proceedings* involving domestic entities based on a specific case study. *Doing Business* assumes that creditors want to recover as much as possible as quickly as possible while debtors will defend themselves and may end up using dilatory tactics. *Doing Business* reports the maximum time, including appeals, to go through the insolvency process and debt-enforcement procedures, from the moment the debtor defaults on the loan until recovery, and records the recovery rate of the creditor at the end of the bankruptcy process.

* In this chapter the words 'bankruptcy' and 'insolvency' are used interchangeably as general terms to refer to a case where the debtor is unable to pay his or her debts; they do not cover personal bankruptcy rules.

Note: See the data notes for a detailed description of case-study assumptions and the methodology used to measure the ease of closing a business.

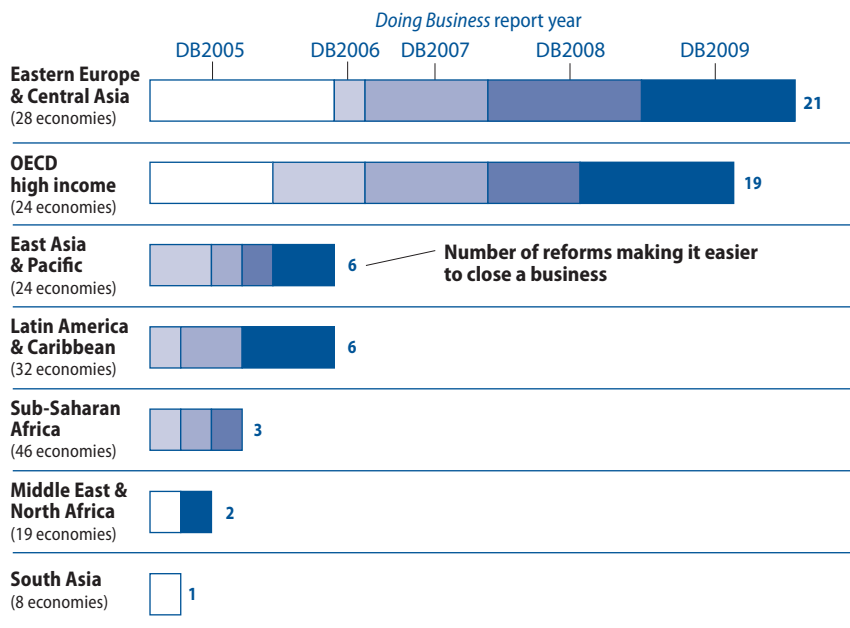
The government introduced Debt Recovery Tribunals (DRTs) to speed up the resolution of debt-recovery claims due to banks and financial institutions in 1993. The SARFAESI Act was enacted in 2002 and amended in 2004, with a view to making adequate provisions for the recovery of loans and to enforce security interests without the intervention of the court—or at least with minimum intervention. Cases under the SARFAESI Act are resolved faster than under the traditional Debt Recovery Act and give the debtor a very limited scope of defenses. Once the bank sends the notice taking possession of the asset under the SARFAESI Act, two things might happen: either the debtor agrees to the seizure of the secured asset, or the debtor files an objection or appeal with the DRT. This appeal starts the procedure by means of which the debtor will try to prove that the creditor's taking possession of the asset is not justified or does not respect the terms of the agreement. Therefore, DRTs currently handle cases both under their original jurisdiction contemplated in the 1993 Debt Recovery Act and their jurisdiction under the SARFAESI Act. Debt Recovery Appellate Tribunals (DRAT) are the appellate courts that review decisions made by the DRTs.

These positive changes in the law have only taken full effect in practice in the past couple of years. Until recently, the validity of the SARFAESI Act and before that the validity of the DRTs were held up in court challenges, but now both

Acts are used by creditors. In the past few years case management at the DRTs has also advanced. The DRTs of Chennai each have a website providing online information about the tribunal, its composition, and a list of upcoming cases. The DRTs of Mumbai have started working faster since more DRT judges were assigned recently. Additionally, the increasing use of the SARFAESI Act has reduced resort to the courts, particularly now that most of the issues generated during the period of transition to this new law have been resolved, eliminating the jurisdiction disputes that arose with the enactment of the SARFAESI Act.⁵

Even though it takes less time to go through debt-enforcement proceedings at the DRTs than in the ordinary courts, the process from the moment of defaulting on the loan until recovery of the debt remains time-consuming and burdensome. The government has been committed to strengthening DRT functioning over the last three years but problems remain. The number of DRTs across India has increased from 29 in 2005 to 33 in 2008.⁶ Still, not all cities have DRTs and due to staffing problems, not all DRTs have presiding officers to hear cases.⁷ DRT presiding officers are civil-court judges appointed for a five-year term. Where no appointment has been made or where an appointment is pending for a DRT in a particular city, the presiding officers of nearby DRTs rotate. Newly appointed officers also have to spend time in training and to familiarize themselves with the recovery proceedings. Once fully in the job, they may have to re-hear the cases of the preceding officer at the request of the parties. This creates case backlogs and slows down the recovery process.

FIGURE 8.2
Few reforms in South Asia



Note: A reform is counted as 1 reform per reforming economy per year. Source: *Doing Business* database.

The government has also been working toward improving the legal and regulatory framework in the broader area of bankruptcy. Initiatives to improve the insolvency framework include guidelines for One-Time Settlement (OTS) of outstanding dues.

India could improve its insolvency and debt-recovery practice, not only by consolidating and fully implementing the reform efforts already underway, but also by learning from existing best international practices. In addition, the respective roles of the key players in the insolvency process should be considered: insolvency practitioners, judges, liquidators, creditors, and appraisers, etc., in order to build the institutional capacity and reinforce the insolvency regime within India.

In 2009, the *Doing Business* report noted 16 countries out of 181 that have made it easier to go through bankruptcy proceedings and have reformed their closing a business process (figure 8.2). Reforming the bankruptcy system in a country requires a tough balancing act. If banks cannot protect their credit, they lend less—and at a higher rate. But if entrepreneurs believe that the law empowers creditors to push a company into insolvency, they will be reluctant to start new businesses. But the balancing exercise does not end at this. In some countries, like India, where laws distinguish between secured, unsecured, and other types of creditors, laws should be expanded to allow for a greater role in decision-making for all the parties involved in the bankruptcy process.

The philosophy underlying a good bankruptcy law has three cornerstones. It seeks to rehabilitate viable businesses and liquidate unviable ones. It aims to maximize the value received by creditors, shareholders, employees, and other stakeholders by requiring that businesses be turned around, sold as going concerns, or liquidated—whichever generates the greatest total value. And it

establishes a system for clearly ranking creditors. Countries with laws meeting these three criteria normally achieve a higher recovery rate than countries without such laws.

WHAT TO REFORM?

IMPLEMENT ONGOING REFORMS

Strong insolvency laws are a mandate of a market economy to rotate the investment wheel.⁸ The proposed Companies Bill (2008), which amends the current Companies Act, introduces many important reforms for India's insolvency framework. The government should focus on passing the proposed legislation in this area to deal with insolvency more efficiently.

ESTABLISH SPECIALIZED COURTS

Specialized commercial or bankruptcy courts make it easier to deal with insolvency cases. The Debt Recovery Tribunals are only handling cases of financial institutions at the moment. The National Companies Law Tribunal (NCLT)⁹ constitutes a single forum for dealing with the rehabilitation of all types of companies, their liquidation, and winding up. If established, the NCLT will ensure uniformity and standardization in insolvency and liquidation procedures for nonfinancial institutions.

EXPAND CREDITOR RIGHTS

Currently, unsecured creditors are allowed only a limited role in rehabilitation and liquidation proceedings under the Companies Act and the Sick Industrial Companies (Special Provisions) Act (SICA). The Companies Bill (2008) contemplates forming a creditor's committee, similar to other common-law jurisdictions. Giving unsecured creditors a statutory right to participate in the vote for a rehabilitation scheme will improve the liquidation and revival process within India. In the past 5 years, the OECD economies have expanded the

powers of creditors. France and Korea allow the creditors' committee to vote on the reorganization plan.

DEVELOP ADEQUATE LICENSING AND TRAINING PROGRAMS FOR INSOLVENCY PRACTITIONERS

Establishing public or private benchmarks for insolvency practitioners will strengthen the country's capacity to deal with insolvency cases. In India, the administrators are being chosen from a panel consisting of advocates, company secretaries, chartered accountants, and such other professionals as the government may deem fit. There is no requirement, however, that these professionals have any demonstrated experience or capacity in dealing with insolvent entities. The Indian Institute of Insolvency's Practitioners (IIIP) is a private-sector body, which could potentially carry out the functions of an insolvency regulator, including licensing, training, and discipline. The government could empower the IIIP to facilitate the development of the licensing and training scheme in this area. Poland's new Law on Trustee Licensing tightened professional requirements for administrators to ensure they have the skills and education needed to oversee bankruptcy proceedings. Obtaining a trustee's license now requires passing an exam in economics, law, finance, and management. The reform also limits trustees' pay to 3% of the bankrupt estate's value, down from 5%.

1. W.W. Hunter. 1886. *The Indian Empire: Its People, History, and Products*. Second ed. London: Trubner & Co, Ludgate Hill, 449–51.
2. Djankov, Simeon, Oliver Hart, Caralee McLiesh, and Andrei Shleifer. 2006. Debt Enforcement around the World. *NBER Working Paper 12807*. Cambridge, MA: National Bureau of Economic Research.
3. Visaria, Sujata. 2006. Legal Reform and Loan Repayment: The Microeconomic Impact of Debt Recovery Tribunals in India. *Institute for Economic Development*

- Working Papers Series* dp-157. Boston, MA: Boston University, Department of Economics .
4. Reserve Bank of India Report on Trend and Progress of Banking in India, 2007–2008.
 5. The Act was successful in facilitating debt-recovery proceedings, but did not address the framework for rehabilitation or reorganization of insolvent companies. Rehabilitation is currently under the jurisdiction of the Sick Industrial Companies (Special Provisions) Act (SICA) and is addressed in the proposed Companies Bill (2008).
 6. Indian Ministry of Finance, Annual Report, 2007–2008.
 7. For example, at the time of this study, Patna (Bihar) is sharing the Presiding Officer with Kolkata (West Bengal).
 8. Dube, Indrajit. 2008. Indian Corporate Insolvency Law: Efficiency and Efficacy from a Cross Border Perspective. Corporate Law Teachers Association, Annual Proceedings. Kharagpur. Available at SSRN: <http://ssrn.com/abstract=1141931>.
 9. The tribunal currently under the Companies (Second Amendment) Act 2002 and included in the Companies Bill (2008) as part of the revised framework for the regulation on insolvency is being challenged by the Supreme Court.

ECONOMY CHARACTERISTICS

GROSS NATIONAL INCOME (GNI) PER CAPITA

Doing Business in India 2009 reports 2007 income per capita and population as published in the World Bank's *World Development Indicators 2008*. Income is calculated using the Atlas method (current US\$). For cost indicators expressed as a percentage of income per capita, 2007 GNI in local currency units is used as the denominator.

India's GNI per capita in 2007 = US\$ 950.

EXCHANGE RATE

The exchange rate used in this report is 1 US\$ = 43.97 INR (Indian Rupees)

REGION AND INCOME GROUP

Doing Business uses the World Bank regional and income group classifications, available at <http://www.worldbank.org/data/countryclass>.

The indicators presented and analyzed in *Doing Business in India 2009* measure business regulation and the protection of property rights—and their effect on businesses, especially small and medium-size domestic firms. First, the indicators document the degree of regulation, such as the number of procedures to start a business or to register and transfer commercial property. Second, they gauge regulatory outcomes, such as the time and cost to enforce a contract, go through bankruptcy or trade across borders. Third, they measure the extent of legal protections of property, for example, the protections of investors against looting by company directors or the range of assets that can be used as collateral according to secured transactions laws. Finally, a set of indicators documents the tax burden on businesses. For details on how the rankings on these indicators are constructed, see *Ease of doing business*. In this project, *Doing Business* indicators have been created for 17 Indian cities—the complete list is available on page 58.

The data for all sets of indicators in *Doing Business in India 2009* are current as of February 2009. The data for paying taxes refer to January–December 2007.

METHODOLOGY

The *Doing Business in India 2009* data are collected in a standardized way, following the methodology developed by the *Doing Business* team. To start, the *Doing Business* team, with academic advisers, designs a survey. The survey uses a simple business case to ensure comparability across economies and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Then, the survey is customized to the particular case of India, using the data published for 10 Indian cities in *Doing Busi-*

ness in South Asia 2007 and Mumbai in *Doing Business 2009* as a baseline to capture differences in business regulations across cities. Surveys are administered through more than 500 local experts, including lawyers, business consultants, accountants, freight forwarders, government officials and other professionals routinely administering or advising on legal and regulatory requirements. These experts have several rounds of interaction with the subnational *Doing Business* team, through face-to-face interviews, conference calls, written correspondence and visits by the team. For *Doing Business in India 2009* the team members visited India three times to recruit respondents, verify data and meet with local government officials. The team also invited local government officials and judges to review the preliminary results and offered them a right of reply period. The data from surveys are subjected to numerous tests for robustness, which lead to revisions or expansions of the information collected.

The *Doing Business* methodology offers several advantages. It is transparent, using factual information about what laws and regulations say and allowing multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue, as the texts of the relevant laws and regulations are collected and answers checked for accuracy. The methodology is inexpensive and easily replicable, so data can be collected in a large sample of economies. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. Finally, the data not only highlight the extent of specific regulatory obstacles to doing business but also identify their source and point to what might be reformed.

LIMITS TO WHAT IS MEASURED

The *Doing Business* methodology has 4 limitations that should be considered when interpreting the data. First, the data often focus on a specific business form—generally a limited liability company (or its legal equivalent) of a specified size—and may not be representative of the regulation on other businesses, for example, sole proprietorships. Second, transactions described in a standardized case scenario refer to a specific set of issues and may not represent the full set of issues a business encounters. Third, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in *Doing Business* represent the median values of several responses given under the assumptions of the standardized case.

Finally, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly. Alternatively, the business may choose to disregard some burdensome procedures. For both reasons the time delays reported in *Doing Business in India 2009* could differ from the perceptions of entrepreneurs reported in the World Bank Enterprise Surveys or other perception surveys.

Most laws and regulations underlying the *Doing Business* data are available on the *Doing Business* website at <http://www.doingbusiness.org>. All the sample surveys and the details underlying the indicators are also published on the website. Questions on the methodology and challenges to data can be submitted through the site's "Ask a Question" function.

STARTING A BUSINESS

Doing Business in India 2009 records all procedures officially required for an entrepreneur to start up and formally operate an industrial or commercial business. These include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities.

After a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost of complying with each procedure under normal circumstances and the paid-in minimum capital requirements. Subsequently, local incorporation lawyers and government officials complete and verify the data.

Information is also collected on the sequence in which procedures are to be completed and whether procedures may be carried out simultaneously. It is assumed that any required information is readily available and that all agencies involved in the start-up process function without corruption. If answers by local experts differ, inquiries continue until the data are reconciled.

To make the data comparable across economies, several assumptions about the business and the procedures are used.

ASSUMPTIONS ABOUT THE BUSINESS

The business:

- Is a limited liability company.
- Operates in the economy's selected cities.
- Is 100% domestically owned and has 5 owners, none of whom is a legal entity.
- Has start-up capital of 10 times income per capita at the end of 2007, paid in cash.
- Performs general industrial or commercial activities, such as the production or sale to the public of products or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.
- Leases the commercial plant and offices and is not a proprietor of real estate.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees 1 month after the commencement of operations, all of them nationals.
- Has a turnover of at least 100 times income per capita.
- Has a company deed 10 pages long.

PROCEDURES

A procedure is defined as any interaction of the company founders with external parties (for example, government agencies, lawyers, auditors or notaries). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that must be completed in the same building but in different offices are counted as separate procedures. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators, accountants or lawyers, unless the use of such a third party is mandated by law. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately. Each electronic procedure is counted separately. If 2 procedures can be completed through the same website but require separate filings, they are counted as 2 procedures.

Both pre- and post-incorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded.

Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account before registering for sales tax or value added tax, this transaction is included as a procedure. Shortcuts are counted only if they fulfill 4 criteria: they are legal, they are available to the general public, they are used by the majority of companies, and avoiding them causes substantial delays.

Only procedures required of all businesses are covered. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas and waste disposal services are not included.

TIME

Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time

required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry regulations and their sequence from the beginning but has had no prior contact with any of the officials.

COST

Cost is recorded as a percentage of the economy's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required by law. The company law, the commercial code and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

PAID-IN MINIMUM CAPITAL

The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the economy's income per capita. The amount is typically specified in the commercial code or the company law. Many economies have a minimum capital requirement but allow businesses to pay only a part of it before registration, with the rest to be paid after the first year of operation. For example, in Germany in June 2008, the minimum capital requirement for limited liability companies was €25,000, of which at least €12,500 was payable before registration. The paid-in minimum capital recorded for Germany is therefore €12,500, or 42.2% of income per capita.

The data details on starting a business can be found for each economy at <http://www.doing-business.org>. This methodology was developed in Djankov, Simeon, Rafael La Porta, Florencio López-de-Silanes and Andrei Shleifer. 2002.

“The Regulation of Entry.” Quarterly Journal of Economics 117 (1): 1–37; and is adopted here with minor changes.

DEALING WITH CONSTRUCTION PERMITS

Doing Business in India 2009 records all procedures required for a business in the construction industry to build a standardized warehouse. These procedures include submitting all relevant project-specific documents (for example, building plans and site maps) to the authorities; obtaining all necessary clearances, licenses, permits and certificates; completing all required notifications; and receiving all necessary inspections. *Doing Business* also records procedures for obtaining connections for electricity, water, sewerage and a fixed land line. Procedures necessary to register the property so that it can be used as collateral or transferred to another entity are also counted. The survey divides the process of building a warehouse into distinct procedures and calculates the time and cost of completing each procedure in practice under normal circumstances.

Information is collected from experts in construction licensing, including architects, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations, including approvals and inspections. To make the data comparable across economies, several assumptions about the business, the warehouse project and the utility connections are used.

ASSUMPTIONS ABOUT THE CONSTRUCTION COMPANY

The business (BuildCo):

- Is a limited liability company.
- Operates in the economy’s selected cities.
- Is 100% domestically and privately owned.
- Has 5 owners, none of whom is a legal entity.
- Is fully licensed and insured to carry out construction projects, such as building warehouses.
- Has 60 builders and other employees, all of them nationals with the technical expertise and professional experience necessary to obtain construction permits and approvals.
- Has at least 1 employee who is a licensed architect and registered with the local association of architects.
- Has paid all taxes and taken out all necessary insurance applicable to its general business activity (for example, accidental insurance for construction

workers and third-person liability insurance).

- Owns the land on which the warehouse is built.

ASSUMPTIONS ABOUT THE WAREHOUSE

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Has 2 stories, both above ground, with a total surface of approximately 1,300.6 square meters (14,000 square feet). Each floor is 3 meters (9 feet, 10 inches) high.
- Has road access and is located in the periurban area of the economy’s selected cities (that is, on the fringes of the city but still within its official limits).
- Is not located in a special economic or industrial zone. The zoning requirements for warehouses are met by building in an area where similar warehouses can be found.
- Is located on a land plot of 929 square meters (10,000 square feet) that is 100% owned by BuildCo and is accurately registered in the cadastre and land registry.
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will include all technical equipment required to make the warehouse fully operational.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

ASSUMPTIONS ABOUT THE UTILITY CONNECTIONS

The electricity connection:

- Is 10 meters (32 feet, 10 inches) from the main electricity network.
- Is a medium-tension, 3-phase, 4-wire Y, 140-kVA connection. Three-phase service is available in the construction area.
- Will be delivered by an overhead service, unless overhead service is not available in the periurban area.
- Consists of a simple hookup unless installation of a private substation (transformer) or extension of network is required.
- Requires the installation of only one

electricity meter.

- BuildCo is assumed to have a licensed electrician on its team to complete the internal wiring for the warehouse.

The water and sewerage connection:

- Is 10 meters (32 feet, 10 inches) from the existing water source and sewer tap.
- Does not require water for fire protection reasons; a fire extinguishing system (dry system) will be used instead. If a wet fire protection system is required by law, it is assumed that the water demand specified below also covers the water needed for fire protection.
- Has an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day.
- Has a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year.

The telephone connection:

- Is 10 meters (32 feet, 10 inches) from the main telephone network.
- Is a fixed land line.

PROCEDURES

A procedure is any interaction of the company’s employees or managers with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies, public and private inspectors and technical experts apart from in-house architects and engineers. Interactions between company employees, such as development of the warehouse plans and inspections conducted by employees, are not counted as procedures. Procedures that the company undergoes to connect to electricity, water, sewerage and telephone services are included. All procedures that are legally or in practice required for building a warehouse are counted, even if they may be avoided in exceptional cases.

TIME

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete a procedure in practice. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen. It is assumed that BuildCo does not waste time and commits to

completing each remaining procedure without delay. The time that BuildCo spends on gathering information is ignored. It is assumed that BuildCo is aware of all building requirements and their sequence from the beginning.

COST

Cost is recorded as a percentage of the economy's income per capita. Only official costs are recorded. All the fees associated with completing the procedures to legally build a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspections before, during and after construction; getting utility connections; and registering the warehouse property. Non-recurring taxes required for the completion of the warehouse project also are recorded. The building code, information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

The data details on dealing with construction permits can be found for each economy at <http://www.doingbusiness.org>.

REGISTERING PROPERTY

Doing Business in India 2009 records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name so that the buyer can use the property for expanding its business, use the property as collateral in taking new loans or, if necessary, sell the property to another business. The process starts with obtaining the necessary documents, such as a copy of the seller's title if necessary, and conducting due diligence if required. The transaction is considered complete when the buyer can use the property as collateral for a bank loan.

Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide information on procedures as well as the time and cost to complete each of them.

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

ASSUMPTIONS ABOUT THE PARTIES

The parties (buyer and seller):

- Are limited liability companies.
- Are located in the periurban area of the economy's selected cities.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

ASSUMPTIONS ABOUT THE PROPERTY

The property:

- Has a value of 50 times income per capita. The sale price equals the value.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no zoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A 2-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition and complies with all safety standards, building codes and other legal requirements. The property of land and building will be transferred in its entirety.
- Will not be subject to renovations or additional building following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants (legal or illegal), and no other party holds a legal interest in it.

PROCEDURES

A procedure is defined as any interaction of the buyer or the seller or their agents (if an agent is legally or in practice required) with external parties, including government agencies, inspectors, notaries and lawyers. Interactions between company officers and employees are not considered. All procedures that are legally or in practice required for registering property are recorded, even if they may be avoided in exceptional cases. It is as-

sumed that the buyer follows the fastest legal option available and used by the majority of property owners. Although the buyer may use lawyers or other professionals where necessary in the registration process, it is assumed that it does not employ an outside facilitator in the registration process unless legally or in practice required to do so.

TIME

Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day. It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority of property owners is chosen. If procedures can be undertaken simultaneously, it is assumed that they are. It is assumed that the parties involved are aware of all regulations and their sequence from the beginning. Time spent on gathering information is not considered.

COST

Cost is recorded as a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Other taxes, such as capital gains tax or value added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If cost estimates differ among sources, the median reported value is used.

The data details on registering property can be found for each economy at <http://www.doingbusiness.org>.

PAYING TAXES

Doing Business in India 2009 records the taxes and mandatory contributions that a medium-size company must pay in a given year, as well as measures of the administrative burden of paying taxes and contributions. Taxes and contributions measured include the profit or corporate income tax, social contributions and labor taxes paid by the

employer, property taxes, property transfer taxes, dividend tax, capital gains tax, financial transactions tax, waste collection taxes and vehicle and road taxes.

Doing Business in India 2009 measures all taxes and contributions that are government mandated (at any level—federal, state or local), apply to the standardized business and have an impact in its income statements. In doing so, *Doing Business* goes beyond the traditional definition of a tax: as defined for the purposes of government national accounts, taxes include only compulsory, unrequited payments to general government. *Doing Business* departs from this definition because it measures imposed charges that affect business accounts, not government accounts. The main differences relate to labor contributions and value added tax. The *Doing Business* measure includes government-mandated contributions paid by the employer to a required private pension fund or workers' insurance fund. The indicator includes, for example, Australia's compulsory superannuation guarantee and workers' compensation insurance. It excludes value added taxes from the total tax rate because they do not affect the accounting profits of the business—that is, they are not reflected in the income statement.

Doing Business has prepared a case scenario to measure the taxes and contributions paid by a standardized business and the complexity of an economy's tax compliance system. This case scenario uses a set of financial statements and assumptions about transactions made over the year. Tax experts in each economy compute the taxes and contributions due in their jurisdiction based on the standardized case facts. Information is also compiled on the frequency of filing, tax audits and other costs of compliance. The project was developed and implemented in cooperation with PricewaterhouseCoopers.

To make the data comparable across economies, several assumptions about the business and the taxes and contributions are used.

ASSUMPTIONS ABOUT THE BUSINESS

The business:

- Is a limited liability, taxable company.
- Started operations on January 1, 2006. At that time the company purchased all the assets shown in its balance sheet and hired all its workers.
- Operates in the economy's selected cities.
- Is 100% domestically owned and has 5 owners, all of whom are natural persons.

- Has a start-up capital of 102 times income per capita at the end of 2006.
- Performs general industrial or commercial activities. Specifically, it produces ceramic flowerpots and sells them at retail. It does not participate in foreign trade (no import or export) and does not handle products subject to a special tax regime, for example, liquor or tobacco.
- At the beginning of 2007, owns 2 plots of land, 1 building, machinery, office equipment, computers and 1 truck and leases 1 truck.
- Does not qualify for investment incentives or any benefits apart from those related to the age or size of the company.
- Has 60 employees—4 managers, 8 assistants and 48 workers. All are nationals, and 1 manager is also an owner.
- Has a turnover of 1,050 times income per capita.
- Makes a loss in the 1st year of operation.
- Has a gross margin (pretax) of 20% (that is, sales are 120% of the cost of goods sold).
- Distributes 50% of its net profits as dividends to the owners at the end of the second year.
- Sells one of its plots of land at a profit during the second year.
- Has annual fuel costs for its trucks equal to twice income per capita.
- Is subject to a series of detailed assumptions on expenses and transactions to further standardize the case. All financial statement variables are proportional to 2005 income per capita. For example, the owner who is also a manager spends 10% of income per capita on traveling for the company (20% of this owner's expenses are purely private, 20% are for entertaining customers and 60% for business travel).

ASSUMPTIONS ABOUT THE TAXES AND CONTRIBUTIONS

All the taxes and contributions paid in the second year of operation (fiscal 2007) are recorded. A tax or contribution is considered distinct if it has a different name or is collected by a different agency. Taxes and contributions with the same name and agency, but charged at different rates depending on the business, are counted as the same tax or contribution.

The number of times the company pays taxes and contributions in a year is the number of different taxes or contributions multiplied by the frequency of payment (or

withholding) for each one. The frequency of payment includes advance payments (or withholding) as well as regular payments (or withholding).

TAX PAYMENTS

The tax payments indicator reflects the total number of taxes and contributions paid, the method of payment, the frequency of payment and the number of agencies involved for this standardized case during the second year of operation. It includes consumption taxes paid by the company, such as sales tax or value added tax. These taxes are traditionally collected from the consumer on behalf of the tax agencies. Although they do not affect the income statements of the company, they add to the administrative burden of complying with the tax system and so are included in the tax payments measure.

The number of payments takes into account electronic filing. Where full electronic filing and payment is allowed and it is used by the majority of medium-size businesses, the tax is counted as paid once a year even if payments are more frequent. For taxes paid through third parties, such as tax on interest withheld at source by a financial institution or fuel tax paid by the fuel distributor, only one payment is included even if payments are more frequent. These are taxes withheld or paid at source where no filing is required of the company.

Where 2 or more taxes or contributions are filed for and paid jointly using the same form, each of these joint payments is counted once. For example, if mandatory health insurance contributions and mandatory pension contributions are filed for and paid together, only one of these contributions would be included in the number of payments.

TIME

Time is recorded in hours per year. The indicator measures the time taken to prepare, file and pay 3 major types of taxes and contributions: the corporate income tax, value added or sales tax and labor taxes, including payroll taxes and social contributions. Preparation time includes the time to collect all information necessary to compute the tax payable. If separate accounting books must be kept for tax purposes—or separate calculations made—the time associated with these processes is included. This extra time is included only if the regular accounting work is not enough to fulfill the tax accounting requirements. Filing time includes the time to complete all necessary tax return forms and make all necessary calculations. Payment time

considers the hours needed to make the payment online or at the tax authorities. Where taxes and contributions are paid in person, the time includes delays while waiting.

TOTAL TAX RATE

The total tax rate measures the amount of taxes and mandatory contributions borne by the business in the second year of operation, expressed as a share of commercial profit. *Doing Business in Veneto 2009* and *Doing Business 2009* report the total tax rate for fiscal 2007. The total amount of taxes borne is the sum of all the different taxes and contributions payable after accounting for allowable deductions and exemptions. The taxes withheld (such as personal income tax) or collected by the company and remitted to the tax authorities (such as value added tax, sales tax or goods and service tax) but not borne by the company are excluded. The taxes included can be divided into 5 categories: profit or corporate income tax, social contributions and labor taxes paid by the employer (in respect of which all mandatory contributions are included, even if paid to a private entity such as a required pension fund), property taxes, turnover taxes and other small taxes (such as municipal fees and vehicle and fuel taxes).

The total tax rate is designed to provide a comprehensive measure of the cost of all the taxes a business bears. It differs from the statutory tax rate, which merely provides the factor to be applied to the tax base. In computing the total tax rate, the actual tax payable is divided by commercial profit.

Commercial profit is essentially net profit before all taxes borne. It differs from the conventional profit before tax, reported in financial statements. In computing profit before tax, many of the taxes borne by a firm are deductible. In computing commercial profit, these taxes are not deductible. Commercial profit therefore presents a clear picture of the actual profit of a business before any of the taxes it bears in the course of the fiscal year.

Commercial profit is computed as sales minus cost of goods sold, minus gross salaries, minus administrative expenses, minus other expenses, minus provisions, plus capital gains (from the property sale) minus interest expense, plus interest income and minus commercial depreciation. To compute the commercial depreciation, a straight-line depreciation method is applied, with the following rates: 0% for the land, 5% for the building, 10% for the machinery, 33% for the computers, 20% for the office equipment, 20% for the truck and 10% for business development expenses. Commercial profit amounts to 59.4

times income per capita.

This methodology is consistent with the Total Tax Contribution framework developed by PricewaterhouseCoopers. This framework measures taxes that are borne by companies and affect their income statements, as does *Doing Business*. But while PricewaterhouseCoopers bases its calculation on data from the largest companies in the economy, *Doing Business* focuses on a standardized medium-size company.

*The data details on paying taxes can be found for each economy at <http://www.doingbusiness.org>. This methodology was developed in Djankov, Simeon, Tim Ganser, Caralee McLiesh, Rita Ramalho and Andrei Shleifer. 2008. *The Effect of Corporate Taxes on Investment and Entrepreneurship*. NBER Working Paper 13756. Cambridge, MA: National Bureau of Economic Research.*

TRADING ACROSS BORDERS

Doing Business in India 2009 compiles procedural requirements for exporting and importing a standardized cargo of goods by ocean transport. Every official procedure for exporting and importing the goods is recorded—from the contractual agreement between the 2 parties to the delivery of goods—along with the time and cost necessary for completion. All documents needed by the trader for clearance of the goods across the border are also recorded. For exporting goods, procedures range from packing the goods at the factory to their departure from the port of exit. For importing goods, procedures range from the vessel's arrival at the port of entry to the cargo's delivery at the factory warehouse. The time and cost for ocean transport are not included. Payment is made by letter of credit, and the time, cost and documents required for the issuance of a letter of credit are taken into account.

Local freight forwarders, shipping lines, customs brokers, port officials and banks provide information on required documents and cost as well as the time to complete each procedure. To make the data comparable across economies, several assumptions about the business and the traded goods are used.

ASSUMPTIONS ABOUT THE BUSINESS

The business:

- Has 60 employees.
- Is located in the economy's selected cities.
- Is a private, limited liability company. It does not operate in an export process-

ing zone or an industrial estate with special export or import privileges.

- Is domestically owned with no foreign ownership.
- Exports more than 10% of its sales.

ASSUMPTIONS ABOUT THE TRADED GOODS

- The traded product travels in a dry-cargo, 20-foot, full container load. It weighs 10 tons and is valued at \$20,000.

The product:

- Is not hazardous nor does it include military items.
- Does not require refrigeration or any other special environment.
- Does not require any special phytosanitary or environmental safety standards other than accepted international standards.

DOCUMENTS

All documents required per shipment to export and import the goods are recorded. It is assumed that the contract has already been agreed upon and signed by both parties. Documents required for clearance by government ministries, customs authorities, port and container terminal authorities, health and technical control agencies and banks are taken into account. Since payment is by letter of credit, all documents required by banks for the issuance or securing of a letter of credit are also taken into account. Documents that are renewed at least annually and that do not require renewal per shipment (for example, an annual tax clearance certificate) are not included.

TIME

The time for exporting and importing is recorded in calendar days. The time calculation for a procedure starts from the moment it is initiated and runs until it is completed. If a procedure can be accelerated for an additional cost and is available to all trading companies, the fastest legal procedure is chosen. Fast-track procedures applying to firms located in an export processing zone are not taken into account because they are not available to all trading companies. Ocean transport time is not included. It is assumed that neither the exporter nor the importer wastes time and that each commits to completing each remaining procedure without delay. Procedures that can be completed in parallel are measured as simultaneous. The waiting time between procedures—for example, during unloading of the cargo—is included in the measure.

COST

Cost measures the fees levied on a 20-foot container in INR and U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included. These include costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include customs tariffs and duties or costs related to ocean transport. Only official costs are recorded.

*The data details on trading across borders can be found for each economy at <http://www.doingbusiness.org>. This methodology was developed in Djankov, Simeon, Caroline Freund and Cong Pham. November 2008. "Trading on Time." *Review of Economics and Statistics*; and is adopted here with minor changes.*

ENFORCING CONTRACTS

Indicators on enforcing contracts measure the efficiency of the judicial system in resolving a commercial dispute. The data are built by following the step-by-step evolution of a commercial sale dispute before local courts. The data are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers as well as by judges.

ASSUMPTIONS ABOUT THE CASE

- The value of the claim equals 200% of the economy's income per capita.
- The dispute concerns a lawful transaction between 2 businesses (Seller and Buyer), located in the economy's selected cities. Seller sells goods worth 200% of the economy's income per capita to Buyer. After Seller delivers the goods to Buyer, Buyer refuses to pay for the goods on the grounds that the delivered goods were not of adequate quality.
- Seller sues Buyer to recover the amount under the sales agreement (that is, 200% of the economy's income per capita). Buyer opposes Seller's claim, saying that the quality of the goods is not adequate. The claim is disputed on the merits.
- A court in the economy's selected cities with jurisdiction over commercial cases worth 200% of income per capita decides the dispute.
- Seller attaches Buyer's goods prior to obtaining a judgment because Seller fears that Buyer may become insolvent during the lawsuit.

- Expert opinions are given on the quality of the delivered goods. If it is standard practice in the economy for parties to call witnesses or expert witnesses to give an opinion on the quality of the goods, the parties each call one witness or expert witness. If it is standard practice for the judge to appoint an independent expert to give an opinion on the quality of the goods, the judge does so. In this case the judge does not allow opposing expert testimony.
- The judgment is 100% in favor of Seller: the judge decides that the goods are of adequate quality and that Buyer must pay the agreed price (200% of income per capita).
- Buyer does not appeal the judgment. The judgment becomes final.
- Seller takes all required steps for prompt enforcement of the judgment. The money is successfully collected through a public sale of Buyer's movable assets (for example, office equipment).

PROCEDURES

A procedure is defined as any interaction between the parties, or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.

The survey allows respondents to record procedures that exist in civil law but not common law jurisdictions, and vice versa. For example, in civil law countries the judge can appoint an independent expert, while in common law countries each party submits a list of expert witnesses to the court. To indicate the overall efficiency of court procedures, 1 procedure is now subtracted for economies that have specialized commercial courts and 1 procedure for economies that allow electronic filing of court cases.

TIME

Time is recorded in calendar days, counted from the moment Seller files the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods between. The average duration of different stages of dispute resolution is recorded: the completion of filing and service of process and of pretrial attachment (time to file the case), the issuance of judgment (time for the trial and obtaining the judgment) and the moment of payment (time for enforcement of judgment).

COST

Cost is recorded as a percentage of the claim, assumed to be equivalent to 200% of income per capita. No bribes are recorded. Three types of costs are recorded: court costs, enforcement costs and average attorney fees. Court costs include all costs Seller must advance to the court or to the expert regardless of the final cost to Seller. Expert fees, if required by law or necessary in practice, are included in court costs. Enforcement costs are all costs Seller must advance to enforce the judgment through a public sale of Buyer's movable assets, regardless of the final cost to Seller. Average attorney fees are the fees Seller must advance to a local attorney to represent Seller in the standardized case.

*The data details on enforcing contracts can be found for each economy at <http://www.doingbusiness.org>. This methodology was developed in Djankov, Simeon, Rafael La Porta, Florencio López-de-Silanes and Andrei Shleifer. 2003. "Courts." *Quarterly Journal of Economics* 118 (2): 453-517; and is adopted here with minor changes.*

CLOSING A BUSINESS

Doing Business studies the time, cost and outcomes of bankruptcy proceedings involving domestic entities. The data are derived from survey responses by local insolvency practitioners and verified through a study of laws and regulations as well as public information on bankruptcy systems.

To make the data comparable across economies, several assumptions about the business and the case are used.

ASSUMPTIONS ABOUT THE BUSINESS

The business:

- Is a limited liability company.
- Operates in the economy's selected cities.
- Is 100% domestically owned, with the founder, who is also the chairman of the supervisory board, owning 51% (no other shareholder holds more than 5% of shares).
- Has downtown real estate, where it runs a hotel, as its major asset.
- Has a professional general manager.
- Has had average annual revenue of 1,000 times income per capita over the past 3 years.
- Has 201 employees and 50 suppliers, each of which is owed money for the last delivery.

- Borrowed from a domestic bank 5 years ago (the loan has 10 years to full repayment) and bought real estate (the hotel building), using it as security for the bank loan.
- Has observed the payment schedule and all other conditions of the loan till now.
- Has a floating charge or mortgage, with the value of its principal being exactly equal to the market value of the hotel.

ASSUMPTIONS ABOUT THE CASE

The business is experiencing liquidity problems. The company's loss in 2007 reduced its net worth to a negative figure. There is no cash to pay the bank interest or principal in full, due tomorrow. The business therefore defaults on its loan. Management believes that losses will be incurred in 2008 and 2009 as well.

The bank holds a floating charge against the hotel in economies where floating charges are possible. If the law does not permit a floating charge but contracts commonly use some other provision to that effect, this provision is specified in the lending contract.

The business has too many creditors to negotiate an informal out-of-court workout. It has the following options: a judicial procedure aimed at the rehabilitation or reorganization of the business to permit its continued operation; a judicial procedure aimed at the liquidation or winding-up of the company; or a debt enforcement or foreclosure procedure aimed at selling the hotel either piecemeal or as a going concern, enforced either in court (or through a government authority like a debt collection agency) or out of court (for example, by appointing a receiver).

TIME

Time for creditors to recover their debt is recorded in calendar years. Information is collected on the sequence of procedures and on whether any procedures can be carried out simultaneously. Potential delay tactics by the parties, such as the filing of dilatory appeals or requests for extension, are taken into consideration.

COST

The cost of the proceedings is recorded as a percentage of the estate's value. The cost is calculated on the basis of survey responses by insolvency practitioners and includes court fees as well as fees of insolvency practitioners, independent assessors, lawyers and accountants. Respondents provide cost estimates from among the following options: a specific percentage or less than 2%, 2–5%, 5–8%, 8–11%, 11–18%, 18–25%, 25–33%, 33–50%, 50–75% and more than 75% of the value of the business estate.

RECOVERY RATE

The recovery rate is recorded as cents on the dollar recouped by creditors through the bankruptcy, insolvency or debt enforcement proceedings. The calculation takes into account whether the business emerges from the proceedings as a going concern as well as costs and the loss in value due to the time spent closing down. If the business keeps operating, no value is lost on the initial claim, set at 100 cents on the dollar. If it does not, the initial 100 cents on the dollar are reduced to 70 cents on the dollar. Then the official costs of the insolvency procedure are deducted (1 cent for each percentage of the initial value). Finally, the value lost as a result of the time the money remains tied up in insolvency proceedings is taken into account, including the loss of value due to depreciation of the hotel furniture. Consistent with international accounting practice, the depreciation rate for furniture is taken to be 20%. The furniture is assumed to account for a quarter of the total value of assets. The recovery rate is the present value of the remaining proceeds, based on end-2007 lending rates from the International Monetary Fund's *International Financial Statistics*, supplemented with data from central banks.

This methodology was developed in Djankov, Simeon, Oliver Hart, Caralee McLiesh and Andrei Shleifer. 2006. Debt Enforcement around the World. NBER Working Paper 12807. Cambridge, MA: National Bureau of Economic Research.

EASE OF DOING BUSINESS

The ease of doing business index ranks cities from 1 to 17. For each city the index is calculated as the ranking on the simple average of its percentile rankings on each of the 7 topics covered in *Doing Business in India 2009*. The ranking on each topic is the simple average of the percentile rankings on its component indicators.

The ease of doing business index is limited in scope. It does not account for an economy's proximity to large markets, the quality of its infrastructure services (other than services related to trading across orders or construction permits), the security of property from theft and looting, macroeconomic conditions or the strength of underlying institutions. There remains a large unfinished agenda for research into what regulation constitutes binding constraints, what package of reforms is most effective and how these issues are shaped by the context of an economy. The *Doing Business* indicators provide a new empirical data set that may improve understanding of these issues.

City tables

Ahmedabad, Gujarat

Ease of doing business (rank)	5				
Starting a business (rank)	14	Paying taxes (rank)	11	Enforcing contracts (rank)	16
Procedures (number)	13	Payments (number per year)	75	Procedures (number)	46
Time (days)	35	Time (hours per year)	261	Time (days)	1,295
Cost (% of income per capita)	46.3	Total tax rate (% of profit)	69	Cost (% of claim)	30.9
Minimum capital (% of income per capita)	0				
Dealing with construction permits (rank)	4	Trading across borders (rank)	3	Closing a business (rank)	4
Procedures (number)	15	Documents to export (number)	8	Time (years)	6.8
Time (days)	144	Time to export (days)	17	Cost (% of estate)	10
Cost (% of income per capita)	746.1	Cost to export (US\$ per container)	946	Recovery rate (cents on the dollar)	15
		Documents to import (number)	9		
Registering property (rank)	2	Time to import (days)	18		
Procedures (number)	5	Cost to import (US\$ per container)	978		
Time (days)	42				
Cost (% of the property value)	7				

Bengaluru, Karnataka

Ease of doing business (rank)	13				
Starting a business (rank)	17	Paying taxes (rank)	12	Enforcing contracts (rank)	15
Procedures (number)	13	Payments (number per year)	59	Procedures (number)	46
Time (days)	40	Time (hours per year)	291	Time (days)	1,058
Cost (% of income per capita)	64.7	Total tax rate (% of profit)	70.3	Cost (% of claim)	32.5
Minimum capital (% of income per capita)	0				
Dealing with construction permits (rank)	1	Trading across borders (rank)	9	Closing a business (rank)	8
Procedures (number)	15	Documents to export (number)	8	Time (years)	7.3
Time (days)	97	Time to export (days)	25	Cost (% of estate)	10
Cost (% of income per capita)	1,159	Cost to export (US\$ per container)	783	Recovery rate (cents on the dollar)	14.1
		Documents to import (number)	9		
Registering property (rank)	4	Time to import (days)	25		
Procedures (number)	5	Cost to import (US\$ per container)	1,024		
Time (days)	28				
Cost (% of the property value)	9.3				

Bhubaneswar, Orissa

Ease of doing business (rank)	3				
Starting a business (rank)	5	Paying taxes (rank)	9	Enforcing contracts (rank)	5
Procedures (number)	12	Payments (number per year)	63	Procedures (number)	46
Time (days)	37	Time (hours per year)	287	Time (days)	735
Cost (% of income per capita)	40	Total tax rate (% of profit)	68.2	Cost (% of claim)	25.2
Minimum capital (% of income per capita)	0				
Dealing with construction permits (rank)	8	Trading across borders (rank)	1	Closing a business (rank)	5
Procedures (number)	18	Documents to export (number)	8	Time (years)	7.5
Time (days)	149	Time to export (days)	17	Cost (% of estate)	7
Cost (% of income per capita)	294.7	Cost to export (US\$ per container)	834	Recovery rate (cents on the dollar)	15
		Documents to import (number)	9		
Registering property (rank)	17	Time to import (days)	16		
Procedures (number)	6	Cost to import (US\$ per container)	833		
Time (days)	126				
Cost (% of the property value)	7.5				

Chennai, Tamil Nadu

Ease of doing business (rank)	15				
Starting a business (rank)	10	Paying taxes (rank)	17	Enforcing contracts (rank)	7
Procedures (number)	13	Payments (number per year)	68	Procedures (number)	46
Time (days)	34	Time (hours per year)	292	Time (days)	877
Cost (% of income per capita)	40.3	Total tax rate (% of profit)	70	Cost (% of claim)	25.3
Minimum capital (% of income per capita)	0				
Dealing with construction permits (rank)	3	Trading across borders (rank)	2	Closing a business (rank)	10
Procedures (number)	15	Documents to export (number)	8	Time (years)	7.5
Time (days)	143	Time to export (days)	25	Cost (% of estate)	10
Cost (% of income per capita)	831.7	Cost to export (US\$ per container)	541	Recovery rate (cents on the dollar)	13.8
		Documents to import (number)	9		
Registering property (rank)	16	Time to import (days)	19		
Procedures (number)	7	Cost to import (US\$ per container)	593		
Time (days)	48				
Cost (% of the property value)	10.1				

Gurgaon, Haryana

Ease of doing business (rank)	4		
Starting a business (rank)	9	Paying taxes (rank)	7
Procedures (number)	12	Payments (number per year)	62
Time (days)	33	Time (hours per year)	288
Cost (% of income per capita)	50.7	Total tax rate (% of profit)	67
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	17
Dealing with construction permits (rank)	2	Documents to export (number)	8
Procedures (number)	19	Time to export (days)	25
Time (days)	110	Cost to export (US\$ per container)	1,077
Cost (% of income per capita)	298	Documents to import (number)	9
		Time to import (days)	28
Registering property (rank)	1	Cost to import (US\$ per container)	1,184
Procedures (number)	4		
Time (days)	26		
Cost (% of the property value)	7.7		

Guwahati, Assam

Ease of doing business (rank)	8		
Starting a business (rank)	13	Paying taxes (rank)	6
Procedures (number)	13	Payments (number per year)	62
Time (days)	38	Time (hours per year)	278
Cost (% of income per capita)	40.5	Total tax rate (% of profit)	67.4
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	7
Dealing with construction permits (rank)	12	Documents to export (number)	8
Procedures (number)	16	Time to export (days)	22
Time (days)	179	Cost to export (US\$ per container)	713
Cost (% of income per capita)	353.1	Documents to import (number)	9
		Time to import (days)	28
Registering property (rank)	14	Cost to import (US\$ per container)	794
Procedures (number)	4		
Time (days)	84		
Cost (% of the property value)	15.4		

Hyderabad, Andhra Pradesh

Ease of doing business (rank)	2		
Starting a business (rank)	4	Paying taxes (rank)	13
Procedures (number)	12	Payments (number per year)	78
Time (days)	33	Time (hours per year)	236
Cost (% of income per capita)	41.6	Total tax rate (% of profit)	69.4
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	13
Dealing with construction permits (rank)	4	Documents to export (number)	8
Procedures (number)	16	Time to export (days)	26
Time (days)	80	Cost to export (US\$ per container)	1,012
Cost (% of income per capita)	1,314.2	Documents to import (number)	9
		Time to import (days)	23
Registering property (rank)	9	Cost to import (US\$ per container)	1,084
Procedures (number)	5		
Time (days)	37		
Cost (% of the property value)	10.5		

Indore, Madhya Pradesh

Ease of doing business (rank)	11		
Starting a business (rank)	8	Paying taxes (rank)	10
Procedures (number)	13	Payments (number per year)	64
Time (days)	32	Time (hours per year)	240
Cost (% of income per capita)	43.8	Total tax rate (% of profit)	69.6
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	11
Dealing with construction permits (rank)	13	Documents to export (number)	8
Procedures (number)	21	Time to export (days)	21
Time (days)	163	Cost to export (US\$ per container)	912
Cost (% of income per capita)	205.2	Documents to import (number)	9
		Time to import (days)	35
Registering property (rank)	10	Cost to import (US\$ per container)	981
Procedures (number)	5		
Time (days)	39		
Cost (% of the property value)	10.7		

Jaipur, Rajasthan

Ease of doing business (rank)	7		
Starting a business (rank)	3	Paying taxes (rank)	2
Procedures (number)	12	Payments (number per year)	60
Time (days)	31	Time (hours per year)	233
Cost (% of income per capita)	45.5	Total tax rate (% of profit)	67.7
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	14
Dealing with construction permits (rank)	13	Documents to export (number)	8
Procedures (number)	19	Time to export (days)	22
Time (days)	151	Cost to export (US\$ per container)	1,289
Cost (% of income per capita)	414.6	Documents to import (number)	9
		Time to import (days)	22
Registering property (rank)	3	Cost to import (US\$ per container)	1,384
Procedures (number)	5		
Time (days)	24		
Cost (% of the property value)	9.9		
		Enforcing contracts (rank)	7
		Procedures (number)	46
		Time (days)	1,033
		Cost (% of claim)	18.6
		Closing a business (rank)	14
		Time (years)	9.1
		Cost (% of estate)	7
		Recovery rate (cents on the dollar)	12.3

Kochi, Kerala

Ease of doing business (rank)	16		
Starting a business (rank)	16	Paying taxes (rank)	14
Procedures (number)	13	Payments (number per year)	76
Time (days)	41	Time (hours per year)	263
Cost (% of income per capita)	47.2	Total tax rate (% of profit)	69.1
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	5
Dealing with construction permits (rank)	15	Documents to export (number)	8
Procedures (number)	22	Time to export (days)	28
Time (days)	224	Cost to export (US\$ per container)	432
Cost (% of income per capita)	233.8	Documents to import (number)	9
		Time to import (days)	21
Registering property (rank)	7	Cost to import (US\$ per container)	480
Procedures (number)	4		
Time (days)	27		
Cost (% of the property value)	15.5		
		Enforcing contracts (rank)	6
		Procedures (number)	46
		Time (days)	705
		Cost (% of claim)	30.2
		Closing a business (rank)	10
		Time (years)	7.5
		Cost (% of estate)	10
		Recovery rate (cents on the dollar)	13.8

Kolkata, West Bengal

Ease of doing business (rank)	17		
Starting a business (rank)	10	Paying taxes (rank)	16
Procedures (number)	13	Payments (number per year)	68
Time (days)	36	Time (hours per year)	303
Cost (% of income per capita)	39.6	Total tax rate (% of profit)	69.1
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	6
Dealing with construction permits (rank)	16	Documents to export (number)	8
Procedures (number)	27	Time to export (days)	20
Time (days)	258	Cost to export (US\$ per container)	644
Cost (% of income per capita)	2,549.6	Documents to import (number)	9
		Time to import (days)	31
Registering property (rank)	13	Cost to import (US\$ per container)	710
Procedures (number)	5		
Time (days)	107		
Cost (% of the property value)	7.4		
		Enforcing contracts (rank)	13
		Procedures (number)	46
		Time (days)	1,183
		Cost (% of claim)	26.9
		Closing a business (rank)	17
		Time (years)	10.8
		Cost (% of estate)	10
		Recovery rate (cents on the dollar)	9.1

Ludhiana, Punjab

Ease of doing business (rank)	1		
Starting a business (rank)	7	Paying taxes (rank)	1
Procedures (number)	12	Payments (number per year)	59
Time (days)	33	Time (hours per year)	255
Cost (% of income per capita)	48	Total tax rate (% of profit)	67.6
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	12
Dealing with construction permits (rank)	7	Documents to export (number)	8
Procedures (number)	17	Time to export (days)	21
Time (days)	143	Cost to export (US\$ per container)	1,105
Cost (% of income per capita)	622.9	Documents to import (number)	9
		Time to import (days)	25
Registering property (rank)	11	Cost to import (US\$ per container)	1,154
Procedures (number)	4		
Time (days)	67		
Cost (% of the property value)	10.6		
		Enforcing contracts (rank)	4
		Procedures (number)	46
		Time (days)	862
		Cost (% of claim)	20
		Closing a business (rank)	2
		Time (years)	7.3
		Cost (% of estate)	7
		Recovery rate (cents on the dollar)	15.3

Mumbai, Maharashtra

Ease of doing business (rank)	10		
Starting a business (rank)	12	Paying taxes (rank)	4
Procedures (number)	13	Payments (number per year)	59
Time (days)	30	Time (hours per year)	271
Cost (% of income per capita)	70.9	Total tax rate (% of profit)	68.5
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	3
Dealing with construction permits (rank)	17	Documents to export (number)	8
Procedures (number)	37	Time to export (days)	17
Time (days)	200	Cost to export (US\$ per container)	945
Cost (% of income per capita)	2,718	Documents to import (number)	9
		Time to import (days)	21
Registering property (rank)	5	Cost to import (US\$ per container)	960
Procedures (number)	5		
Time (days)	44		
Cost (% of the property value)	7.4		

New Delhi, Delhi

Ease of doing business (rank)	6		
Starting a business (rank)	1	Paying taxes (rank)	7
Procedures (number)	11	Payments (number per year)	60
Time (days)	32	Time (hours per year)	277
Cost (% of income per capita)	41.1	Total tax rate (% of profit)	68.5
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	14
Dealing with construction permits (rank)	4	Documents to export (number)	8
Procedures (number)	19	Time to export (days)	25
Time (days)	144	Cost to export (US\$ per container)	1,077
Cost (% of income per capita)	256	Documents to import (number)	9
		Time to import (days)	28
Registering property (rank)	7	Cost to import (US\$ per container)	1,158
Procedures (number)	5		
Time (days)	55		
Cost (% of the property value)	7.5		

Noida, Uttar Pradesh

Ease of doing business (rank)	12		
Starting a business (rank)	6	Paying taxes (rank)	2
Procedures (number)	12	Payments (number per year)	59
Time (days)	30	Time (hours per year)	278
Cost (% of income per capita)	52.5	Total tax rate (% of profit)	66.5
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	16
Dealing with construction permits (rank)	9	Documents to export (number)	8
Procedures (number)	19	Time to export (days)	25
Time (days)	139	Cost to export (US\$ per container)	1,077
Cost (% of income per capita)	696.1	Documents to import (number)	9
		Time to import (days)	27
Registering property (rank)	12	Cost to import (US\$ per container)	1,187
Procedures (number)	5		
Time (days)	37		
Cost (% of the property value)	25.4		

Patna, Bihar

Ease of doing business (rank)	14		
Starting a business (rank)	2	Paying taxes (rank)	15
Procedures (number)	11	Payments (number per year)	64
Time (days)	37	Time (hours per year)	405
Cost (% of income per capita)	38.6	Total tax rate (% of profit)	68.4
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	10
Dealing with construction permits (rank)	9	Documents to export (number)	8
Procedures (number)	19	Time to export (days)	19
Time (days)	185	Cost to export (US\$ per container)	941
Cost (% of income per capita)	204.4	Documents to import (number)	9
		Time to import (days)	32
Registering property (rank)	15	Cost to import (US\$ per container)	985
Procedures (number)	5		
Time (days)	87		
Cost (% of the property value)	12.4		

Ranchi, Jharkhand

Ease of doing business (rank)	9		
Starting a business (rank)	15	Paying taxes (rank)	4
Procedures (number)	12	Payments (number per year)	63
Time (days)	38	Time (hours per year)	271
Cost (% of income per capita)	51.5	Total tax rate (% of profit)	67
Minimum capital (% of income per capita)	0		
		Trading across borders (rank)	8
Dealing with construction permits (rank)	9	Documents to export (number)	8
Procedures (number)	19	Time to export (days)	21
Time (days)	170	Cost to export (US\$ per container)	678
Cost (% of income per capita)	226.4	Documents to import (number)	9
		Time to import (days)	36
Registering property (rank)	6	Cost to import (US\$ per container)	717
Procedures (number)	5		
Time (days)	56		
Cost (% of the property value)	5.4		
		Enforcing contracts (rank)	11
		Procedures (number)	46
		Time (days)	985
		Cost (% of claim)	30.6
		Closing a business (rank)	13
		Time (years)	8.5
		Cost (% of estate)	7
		Recovery rate (cents on the dollar)	13.2

Doing Business Indicators

Starting a business

	Procedures (number)	Time (days)	Cost (% of GNI per capita)	Paid-in minimum capital (% of GNI per capita)	Ease of starting a business (rank)
Ahmedabad <i>Gujarat</i>	13	35	46.3	0	14
Bengaluru <i>Karnataka</i>	13	40	64.7	0	17
Bhubaneswar <i>Orissa</i>	12	37	40.0	0	5
Chennai <i>Tamil Nadu</i>	13	34	40.3	0	10
Gurgaon <i>Haryana</i>	12	33	50.7	0	9
Guwahati <i>Assam</i>	13	38	40.5	0	13
Hyderabad <i>Andhra Pradesh</i>	12	33	41.6	0	4
Indore <i>Madhya Pradesh</i>	13	32	43.8	0	8
Jaipur <i>Rajasthan</i>	12	31	45.5	0	3
Kochi <i>Kerala</i>	13	41	47.2	0	16
Kolkata <i>West Bengal</i>	13	36	39.6	0	10
Ludhiana <i>Punjab</i>	12	33	48.0	0	7
Mumbai <i>Maharashtra</i>	13	30	70.9	0	12
New Delhi <i>Delhi</i>	11	32	41.1	0	1
Noida <i>Uttar Pradesh</i>	12	30	52.5	0	6
Patna <i>Bihar</i>	11	37	38.6	0	2
Ranchi <i>Jharkhand</i>	12	38	51.5	0	15

Dealing with construction permits

	Procedures (number)	Time (days)	Cost (% of GNI per capita)	Ease of dealing with construction permits (rank)
	15	144	746.1	4
	15	97	1,158.7	1
	18	149	294.7	8
	15	143	831.7	3
	19	110	298.0	2
	16	179	353.1	12
	16	80	1,314.2	4
	21	163	205.2	13
	19	151	414.6	13
	22	224	233.8	15
	27	258	2,549.6	16
	17	143	622.9	7
	37	200	2,717.7	17
	19	144	256.0	4
	19	139	696.1	9
	19	185	204.4	9
	19	170	226.4	9

Registering property				Trading across borders							
	Procedures (number)	Time (days)	Cost (% of property value)	Ease of registering property (rank)	Documents for export (number)	Time for export (days)	Cost to export (US\$ per container)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per container)	Ease of trading (rank)
Ahmedabad <i>Gujarat</i>	5	42	7.0	2	8	17	946	9	18	978	3
Bengaluru <i>Karnataka</i>	5	28	9.3	4	8	25	783	9	25	1,024	9
Bhubaneswar <i>Orissa</i>	6	126	7.5	17	8	17	834	9	16	833	1
Chennai <i>Tamil Nadu</i>	7	48	10.1	16	8	25	541	9	19	593	2
Gurgaon <i>Haryana</i>	4	26	7.7	1	8	25	1,077	9	28	1,184	17
Guwahati <i>Assam</i>	4	84	15.4	14	8	22	713	9	28	794	7
Hyderabad <i>Andhra Pradesh</i>	5	37	10.5	9	8	26	1,012	9	23	1,084	13
Indore <i>Madhya Pradesh</i>	5	39	10.7	10	8	21	912	9	35	981	11
Jaipur <i>Rajasthan</i>	5	24	9.9	3	8	22	1,289	9	22	1,384	14
Kochi <i>Kerala</i>	4	27	15.5	7	8	28	432	9	21	480	5
Kolkata <i>West Bengal</i>	5	107	7.9	13	8	20	644	9	31	710	6
Ludhiana <i>Punjab</i>	4	67	10.6	11	8	21	1,105	9	25	1,154	12
Mumbai <i>Maharashtra</i>	5	44	7.4	5	8	17	945	9	21	960	3
New Delhi <i>Delhi</i>	5	55	7.5	7	8	25	1,077	9	28	1,158	14
Noida <i>Uttar Pradesh</i>	5	37	25.4	12	8	25	1,077	9	27	1,187	16
Patna <i>Bihar</i>	5	87	12.4	15	8	19	941	9	32	985	10
Ranchi <i>Jharkhand</i>	5	56	5.4	6	8	21	678	9	36	717	8

Paying taxes

	Payments (number)	Time (hours)	Total tax rate (% profit)	Ease of closing a business (rank)
Ahmedabad <i>Gujarat</i>	75	261	69.0	11
Bengaluru <i>Karnataka</i>	59	291	70.3	12
Bhubaneswar <i>Orissa</i>	63	287	68.2	9
Chennai <i>Tamil Nadu</i>	68	292	70.0	17
Gurgaon <i>Haryana</i>	62	288	67.0	7
Guwahati <i>Assam</i>	62	278	67.4	6
Hyderabad <i>Andhra Pradesh</i>	78	236	69.4	13
Indore <i>Madhya Pradesh</i>	64	240	69.6	10
Jaipur <i>Rajasthan</i>	60	233	67.7	2
Kochi <i>Kerala</i>	76	263	69.1	14
Kolkata <i>West Bengal</i>	68	303	69.1	16
Ludhiana <i>Punjab</i>	59	255	67.6	1
Mumbai <i>Maharashtra</i>	59	271	68.5	4
New Delhi <i>Delhi</i>	60	277	68.5	7
Noida <i>Uttar Pradesh</i>	59	278	66.5	2
Patna <i>Bihar</i>	64	405	68.4	15
Ranchi <i>Jharkhand</i>	63	271	67.0	4

Enforcing contracts

	Procedures (number)	Time (days)	Cost (% of debt)	Ease of enforcing contracts (rank)
	46	1,295	30.9	16
	46	1,058	32.5	15
	46	735	25.2	5
	46	877	25.3	7
	46	1,163	31.3	14
	46	600	22.5	2
	46	770	17.8	1
	46	990	26.3	10
	46	1,033	18.6	7
	46	705	30.2	6
	46	1,183	26.9	13
	46	862	20.0	4
	46	1,420	39.6	17
	46	900	33.8	12
	46	970	24.0	7
	46	792	17.0	2
	46	985	30.6	11

Closing a business

	Time (years)	Cost (% of estate)	Recovery rate (cents on the dollar)	Ease of closing a business (rank)
Ahmedabad <i>Gujarat</i>	6.8	10	15.0	4
Bengaluru <i>Karnataka</i>	7.3	10	14.1	8
Bhubaneswar <i>Orissa</i>	7.5	7	15.0	5
Chennai <i>Tamil Nadu</i>	7.5	10	13.8	10
Gurgaon <i>Haryana</i>	7	10	14.7	6
Guwahati <i>Assam</i>	8.3	7	13.5	12
Hyderabad <i>Andhra Pradesh</i>	7	7	15.9	1
Indore <i>Madhya Pradesh</i>	8	7	14.0	9
Jaipur <i>Rajasthan</i>	9.1	7	12.3	14
Kochi <i>Kerala</i>	7.5	10	13.8	10
Kolkata <i>West Bengal</i>	10.8	10	9.1	17
Ludhiana <i>Punjab</i>	7.3	7	15.3	2
Mumbai <i>Maharashtra</i>	7	9	15.1	3
New Delhi <i>Delhi</i>	7	10	14.7	6
Noida <i>Uttar Pradesh</i>	8.7	10	11.9	16
Patna <i>Bihar</i>	9.3	7	12.0	15
Ranchi <i>Jharkhand</i>	8.5	7	13.2	13

LIST OF PROCEDURES

Starting a business**Ahmedabad, Gujarat**

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 2 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 3,020 (INR 1,000 for MOA + INR 2,000 for AOA for a share capital between INR 100,000 and INR 500,000 + INR 20 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum of association (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

List of procedures

Starting a business

Registering property

Dealing with construction permits

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days. An e-stamping system, for paying stamp duty electronically, has been implemented in 4 Municipal corporation areas in Gujarat, including Ahmedabad.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 7 days

Cost: INR 13,700 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 500)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for a seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdsl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin.nsdsl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 3 days

Cost: INR 60 (the fee schedule for a one-year registration is:

1. Business establishments having 10 or more employees: INR 60;
2. Business establishments having fewer than 10 employees: INR 60;
3. Shops having 10 or more employees: INR 60;
4. Shops having fewer than 10 employees: INR 40;
5. Hotels having accommodation facility: INR 60;
6. Restaurants and dining halls: INR 60;
7. Theaters and Happiness or Entertainment Public Places: INR 60;
8. Establishments having 0 employees: INR 20.)

Comments: The registration form (available online or at the stationery shop in the Ahmedabad Municipal Corporation, AMC) must be submitted to the local shop inspector (at one of the 35 Civic Centers of the AMC) with the applicable fees. According to the Shops and Establishments Act (1948) (The Bombay Act has been modified and is in use for Gujarat), the establishment must be registered as follows:

- a. The employer must register the establishment in the prescribed manner within 30 days of the date on which the establishment commences its work;
- b. The establishment must submit to the local shop inspector Form A and the prescribed fees for registering the establishment;
- c. After the statement on Form A and the prescribed fees are received and the correctness of the statement is satisfactorily audited, the certificate for the registration of the establishment is issued.

Along with the form, the following must be submitted:

- a. Professional tax challan;
- b. Property-tax receipt;
- c. ID Proof;
- d. Electricity bill;
- e. Visiting card or company letterhead;
- f. Lease paid receipt.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 18 days

Cost: No cost

Comments: Value-Added Tax (VAT) registration is mandatory for companies with a turnover of INR 500,000 and above. Under the Gujarat VAT Act (2003), the application should be filed with the Commercial Tax Department using Form 101 and, upon verification, the authority shall issue the Certificate of Registration on Form 102 within 30 days of the application receipt. If the certificate is not issued within 30 days, the company is deemed registered. The application must be accompanied by the following supporting documentation: Permanent Account Number, Memorandum of Association, Certificate of Incorporation, proof of ownership of the place of business, and details of owners. No fee is charged for registration but there is a provision for a deposit of INR 25,000 to be made, which can be adjusted against future tax liability. The purpose of such deposit is to indemnify the office in case of any loss caused to the department owing to any misrepresentation or act of the entrepreneur. The said deposit is refunded in the event the registration is surrendered or cancelled. The request for a deposit is at the discretion of the authority and the amount depends on the submission of several documents such as paid telephone and electricity bills or proof of ownership of immovable assets or residential property. In practice, many firms do not pay such a deposit and instead have another dealer act as a guarantor. Taxpayers can also apply online for VAT registration and amendments to the Certificate of Registration at commercialtax.gujarat.gov.in. Upon online registration, the company receives an inspection within 3 or 4 days. The certificate is subsequently sent by mail within 10-15 days. Most applicants still use the offline option to register for VAT.

Procedure 11.* Register for Profession Tax at the Profession Tax Office (State/ Municipal)

Time: 3 days

Cost: No cost

Comments: As per the amendment to the Gujarat State Tax on Profession, Trades, Calling, and Employment Act, in effect from April 2008, registration and power to levy and collect Profession Tax have been transferred from the State to the Municipal level. Registration is now being done at the Civic Centers of Ahmedabad Municipal Corporation. The application should be made within 60 days of the commencement of business. The application form is available online from the Ahmedabad Municipal Corporation website or at the Civic Centers. It should be accompanied by a registration certificate (such as the Permanent Account Number card or the Certificate of Incorporation), a proof of place of business, and details of employees. Upon verification, the Profession Tax Registration Certificate is issued.

Procedure 12.* Register with the Employees' Provident Fund Organization (National)

Time: 15 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or nonreporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 13.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 15 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Bengaluru, Karnataka

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 1,520 (INR 1,000 for MOA + INR 500 for AOA for every 1,000,000 of share capital or part thereof + INR 20 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 6 days

Cost: INR 13,700 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 500)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for a seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration is available at <https://tin.tin.nsdl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 7 days

Cost: INR 6,250 (the registration fee schedule depends on the number of employees:

- No employees: INR 125;
- 1 to 9 employees: INR 250;
- 10 to 19 employees: INR 2,500;
- 20 to 49 employees: INR 6,250;
- 50 to 99 employees: INR 12,500;
- 100 employees and above: INR 25,000.)

Comments: Under the Karnataka Shops and Commercial Establishments Act (1961), within thirty days of the establishment of the new company, the employer shall send to the inspector of the area concerned a statement in the prescribed form containing the following information:

- The name of the employer and the manager, if any;
- The postal address of the establishment;
- The name, if any, of the establishment;
- Other particulars as may be prescribed.

On receipt of the statement and fees, the inspector shall, on being satisfied with the correctness of the statement, register the establishment. The Registration Certificate shall be prominently displayed at the establishment.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 20 days

Cost: INR 500

Comments: Under the Karnataka Value-Added Tax Act (2005), the application for VAT registration is to be made on Form 1, within 30 days of the company becoming liable to taxation, to the respective local tax office, depending upon the jurisdiction in which the office of the company is situated. A refundable deposit ranging from INR 2,000 to INR 25,000 is to be paid on the basis of the turnover:

- For a turnover below INR 1,000,000: INR 2000;
- For a turnover above INR 1,000,000 but below INR 25,000,000: INR 3000;
- For a turnover above INR 25,000,000: INR 10,000;
- For a turnover below INR 25,000,000 in areas other than the City Municipal Corporation limits: INR 1000

VAT registration is mandatory for:

- Every dealer whose taxable turnover is likely to exceed INR 200,000 in any year;
- Every dealer whose taxable turnover exceeds INR 15,000 in any one month after the date from which the tax shall be levied and every dealer executing a works contract whose receipts exceed INR 15,000 in any one month;
- Every dealer who obtains or brings taxable goods from outside the state;
- Every dealer who exports taxable goods;
- Every dealer who performs sale of goods in the course of interstate trade;
- Every casual dealer and every nonresident dealer or their agents;
- Every dealer involved in the execution of works contract.

Procedure 11.* Register for Profession Tax at the Profession Tax Office (State)

Time: 7 days

Cost: INR 2,500 (there is no registration fee. However, every employer is required to pay an annual fee of INR 2,500. In the first year, the same is paid when applying for registration, while in subsequent years the same is paid on or before April 30)

Comments: The company is required to register as an employer under Section 5 of the Karnataka Tax on Professions, Trades, Callings, and Employment Act (1976). The concerned authority is the Professional Tax Office, depending upon the jurisdiction in which the office of the company is situated. For registration, application is to be made on Form 1 prescribed under the said Act.

Procedure 12.* Register with the Employees' Provident Fund Organization (National)

Time: 21 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. A company with more than 20 employees must register with the EPFO and a code number will be allotted. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

The code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 13.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 14 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable by submitting Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

*This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Bhubaneswar, Orissa

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 650 (INR 300 for MOA + INR 300 for AOA + INR 50 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 6 days

Cost: INR 13,300 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 100)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for a seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdsl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin.nsdsl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 5 days

Cost: INR 65

Comments: The procedure for obtaining the Registration Certificate under the Orissa Shops and Commercial Establishments Act (1958) is as follows: the employer of every establishment shall, within thirty days of the date of commencement of its work, submit to the inspector of the area concerned a statement in the prescribed form along with the applicable fee (depending on the number of employees working in the establishment) for registration of the establishment. The statement shall consist of the following information:

- a. The name of the employer and the manager, if any;
- b. The postal address of the establishment;
- c. The name, if any, of the establishment;
- d. The category of the establishment.

Procedure 10.* Register for Value-Added Tax (VAT) and Profession Tax at the Commercial Tax Office (State)

Time: 20 days

Cost: INR 100 (no registration fee is prescribed for VAT. Stamp duty of INR 100 is required to be affixed to the application for registration. No registration fee is prescribed for Profession Tax.)

Comments: The registration for both VAT and Profession Tax is done at the same window, by the same officer, at the Commercial Tax office. Application for VAT registration automatically triggers registration for Professional Tax.

1. VAT registration

VAT registration is effective from date of issuance of the Certificate of Registration. The company shall apply on Form 101. In addition to Form 101, other accompanying documentation includes:

- a. Form VAT-101-D with details about the director(s);
- b. Certified true copy of the Memorandum and Articles of Association of the company;
- c. Proof of address of the registered office premises;
- d. Antecedents of directors;
- e. Copy of the Permanent Account Number card;
- f. Current bank account number;
- g. Original challan of payment of registration fees;

- h. Two passport-sized photographs of the authorized signatory;
- i. Board resolution authorizing the signatory to sign the application form and appear before the Commercial Tax Officer to complete the formalities related to registration.

No time limit is prescribed. Registration is granted after verification of the documents and enquiry about the business.

2. Profession Tax registration

The company is required to register as an 'employer' under Section 6 of the Orissa State Tax on Professions, Trades, Callings, and Employment Act 2(000), within 90 days of the company becoming liable to taxation. Application is to be made on Form I, prescribed under the said Act. The assessing authority shall grant certificate of registration within 30 days of the application receipt.

Procedure 11.* Register with the Employees' Provident Fund Organization (National)

Time: 12 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or nonreporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 12.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 15 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

*This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Chennai, Tamil Nadu

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment

(Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 520 (INR 200 for MOA if accompanied by AOA + INR 300 for AOA + INR 20 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 6 days

Cost: INR 13,225 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filling fee on Form 18: INR 200 + filling fee on Form 32: INR 200 + POA from 5 subscribers: INR 25)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (cost depends on the number of seals required and the time period for delivery)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003,

any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin.nsdl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 5 days

Cost: No cost

Comments: There is no separate registration required under the Tamil Nadu Shops and Establishments Act. However, the company must declare the number of employees and their particulars on Forms 1, 2, 5, and 5 and submit them to the Assistant Inspector of Labor for the designated region where the office is located. Upon verification, the Labor Office will give a copy of the form back to the entrepreneur, containing the list of holidays that is granted to the employees. A copy of the form is to be displayed at the premises of the company. Apart from submitting this information, the company is required to ensure compliance of the following:

- The company must display a weekly holiday notice on its premises;
- Apart from declaring the three national holidays, the company must also declare five festival holidays. Particulars of the five festival holidays are to be submitted to the Assistant Inspector of Labor;
- The company must maintain various registers such as the Attendance Register, Leave Register, and Service Register. The Company must submit annual returns to the Inspector of Labor.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 17 days

Cost: INR 500 (for principal place of business)

Comments: Under the Tamil Nadu VAT Act (2006), every dealer is required to register within 30 days of opening a business. New dealers are requested to fill out Form A available online (www.tnvat.gov.in) and send the filled-in application with the necessary enclosures, including two passport-sized photographs of the applicant and a stamped self-addressed envelope along with proof of payment of registration fee, to the registering authority of the area in which the principal place of business is situated. The registering authority shall acknowledge receipt of Form A. The authority, on satisfying itself that the application is in order, shall assign a Taxpayer Identification Number (TIN) and issue the Certificate of Registration on Form D within thirty days of the application receipt.

Procedure 11.* Register for Profession Tax at the Profession Tax Office (State/ Municipal)

Time: 7 days

Cost: No cost

Comments: The company is required to register as an employer under the Tamil Nadu Tax on Professions, Trades, Callings, and Employment Act. The concerned authority for registration under the Act is the Revenue Officer from the Profession Tax section at Chennai Municipal Corporation. The application form, along with the certificate from the Registrar of Trades, is to be submitted to the said authority within 60 days of the company becoming liable to taxation.

Procedure 12.* Register with the Employees' Provident Fund Organization (National)

Time: 14 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or nonreporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the

employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 13.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 14 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions are made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

*This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Gurgaon, Haryana

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 190 (INR 60 for MOA if accompanied by AOA + INR 120 for AOA for authorized capital exceeding INR 100,000 + INR 10 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA) and articles of association (AOA) and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 5 days

Cost: INR 13,300 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 100)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdsl.com.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin.nsdsl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin.nsdsl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 14 days

Cost: INR 5,000 (the registration fee varies between INR 5,000 and INR 10,000 depending on the type of establishment:

1. INR 10,000 for starred hotels, nursing homes, movie theaters, privately managed educational institutions, private colleges, gas stations, banks, insurance companies, and financial institutions;
2. INR 5,000 for workshops, automobile service stations not covered under the Factories Act, computer training centers, shorthand and type institutions, health and fitness clubs, clinics and medical laboratories, restaurants, un-starred hotels, and all other shops and establishments, excluding dhabas and halwais employing 10 employees or more.

Comments: Under the Punjab Shops and Establishment Act, as applicable in Haryana, Form F is submitted to the jurisdictional Office of Inspector Shops and Establishment Act. Upon verification, the inspector issues the Registration Certificate for three years. The certificate is must be renewed upon expiration. The registration fee depends upon the type of business.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 15 days

Cost: INR 100

Comments: Under the Haryana VAT Act (2003), the dealer shall apply for registration to the appropriate assessing authority using Form VAT-A1, along with a deposit of INR 100, within 15 days of the dealer becoming liable to taxation under the Act. The assessing authority, after making such enquiry as deemed necessary, shall register the dealer and shall issue the Certificate of Registration on Form VAT-G1. The registration is valid from the date of the application receipt or from the date of commencement of the liability to taxation, whichever is later. Every Certificate of Registration shall bear a unique Taxpayer Identification Number (TIN).

Procedure 11.* Register with the Employees' Provident Fund Organization (National)

Time: 12 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or nonreporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 12.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 15 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Guwahati, Assam

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 510 (INR 200 for MOA + INR 300 for AOA + INR 10 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 7 days

Cost: INR 13,250 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 50)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin.nsdl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 21 days

Cost: INR 500 (the registration fee depends on the number of employees):

1. No employees: INR 100;
2. Between 1 and 3 employees: INR 200;
3. Between 4 and 9 employees: INR 300;
4. 10 employees and above: INR 500.

Comments: Under the Assam Shops and Establishment Act 1971, Form O in duplicate is to be submitted with the jurisdictional Office of Inspector, Shops and Establishment Act. Upon verification, the inspector issues the Registration Certificate.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 15 days

Cost: INR 100

Comments: Under the Assam VAT Act (2003), to obtain registration, a company shall submit application using Form 2 along with the following documents:

- a. Proof of ownership;
- b. Memorandum of Association;
- c. Copy of the Permanent Account Number card;
- d. Certificate of Incorporation.

Within 30 days of the application receipt, the Tax Department shall issue the Certificate of Registration on Form 3.

Procedure 11.* Register for Profession Tax at the Profession Tax Office (State)

Time: 5 days

Cost: No cost

Comments: Registration is to be made under the provisions of the Assam Professions, Trades, Callings, and Employments Taxation Act (1947).

Procedure 12.* Register with the Employees' Provident Fund Organization (National)

Time: 18 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 13.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 15 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Hyderabad, Andhra Pradesh

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost

structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 510 (INR 200 for MOA + INR 300 for AOA + INR 10 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 5 days

Cost: INR 13,300 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 100)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (cost depends on the number of seals required and the time period for delivery)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin-nsdl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin-nsdl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 15 days

Cost: INR 1,000 (the registration fee schedule under Andhra Pradesh Shops and Establishments Act [1988] is as follows:

1. No employees: INR 30;
2. Employing up to 5 persons: INR 100;
3. Employing more than 6 and up to 10 persons: INR 200;
4. Employing more than 11 and up to 20 persons: INR 350;
5. Employing more than 21 and up to 50 persons: INR 1,000;
6. Employing more than 51 and up to 100 persons: INR 2,000;
7. Employing 101 persons and above: INR 2,500.)

Comments: The procedure for obtaining the Registration Certificate under the Andhra Pradesh Shops and Establishments Act (1988) is as follows: the employer of every establishment shall, within 30 days of the date of opening business, submit to the inspector of the area concerned a statement in the prescribed form along with the applicable fee (depending on the number of employees) for registration of the establishment. The statement shall consist of the following information:

- a. The name of the employer and the manager, if any;
- b. The postal address of the establishment;
- c. Other particulars as may be prescribed.

The inspector shall then register the establishment by entering the name of the establishment in the Register of Establishments and shall issue a Certificate of Registration to the employer. The Certificate of Registration is required to be prominently displayed at the establishment.

Procedure 10.* Register for Value-Added Tax (VAT) and Profession Tax at the Commercial Tax Office (State)

Time: 15 days

Cost: No cost

Comments: The registration for both VAT and Profession Tax is done at the same window by the same officer at the Commercial Tax Office. Application for VAT registration automatically triggers registration for Professional Tax.

i. VAT

Companies registered with the Sales Tax Department prior to April 1, 2005 must register under the Andhra Pradesh Vat Act, which became effective on April 1, 2005. Companies incorporated after April 1, 2005 can directly register for VAT. The application for registration must be made by the following categories of dealers:

1. Every dealer other than a casual dealer;
2. Every dealer commencing business and whose estimated taxable turnover for twelve consecutive months is more than INR 4,000,000 shall be liable to register as a VAT dealer before the commencement of business. Dealers with a taxable turnover, in a tax period of 12 months, between INR 500,000 and INR 4,000,000 are registered as Turnover Tax (TOT) dealers;
3. Every dealer whose taxable turnover in the preceding three months exceeds INR 1,000,000 or in the preceding twelve months exceeds INR 4,000,000;
4. The following dealers shall be liable to be registered irrespective of their taxable turnover:
 - a. Dealers importing goods;
 - b. Dealers registered under the Central Sales Tax;
 - c. Dealers residing outside the State but carrying business within the State;
 - d. Every commission agent, agent, broker, declared agent, auctioneer, or any mercantile agent;
 - e. Dealers with a sales-tax deferral;
 - f. Every dealer executing a works contract exceeding INR 500,000.

The application for registration shall be made using Forms 100, 100B, and 150A providing for details such as:

1. Status of business;
2. Occupancy status of the business premises;
3. Nature of the principal activity of the business;
4. Business bank account details;
5. Details of directors.

II. Profession Tax

Every person engaged in any profession, trade, calling, or employment must obtain a Certificate of Registration under the Andhra Pradesh Tax on Professional, Trades, Callings, and Employments Act (1987). Within 30 days of becoming liable to taxation, the dealer must apply for a Certificate of Registration using Form 1. The assessing authority shall make such enquiry as may be necessary and shall, within 30 days of application, grant the Registration Certificate on Form 1A, if everything is in order.

Procedure 11.* Register with Employees' Provident Fund Organization (National)

Time: 12 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 12.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 15 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Indore, Madhya Pradesh

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 1,510 (INR .500 for MOA + INR 1,000 for AOA or 0.15% of share capital subject to a minimum of INR 1,000 and a maximum of INR 500,000 + INR 10 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days. The State government is in the process of implementing an e-stamping online facility under the integrated computerization project.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 6 days

Cost: INR 13,450 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 250)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration is available at <https://tin.tin.nsdl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 15 days

Cost: INR 250 (the registration fee depends on the number of employees:

1. No employee: INR 100;
2. Between 1 and 3 employees: INR 150;
3. Between 4 and 9 employees: INR 200;
4. 10 employees and above: INR 250)

Comments: Under the Madhya Pradesh Shops and Establishment Act, Form A is submitted with the jurisdictional Office of Inspector, Shops and Establishment. Upon verification the inspector issues the Registration Certificate, valid for 5 years, on Form C.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 1 day

Cost: INR 500

Comments: Under the Madhya Pradesh VAT Act (2002), a registration application shall be filed, in duplicate, with the Commercial Tax Department using Form 6, within 30 days of when the Act becomes applicable. The application shall be accompanied by an affidavit in support of the particulars given in the application and also a satisfactory proof of payment of a registration fee of INR 500. Other required information includes:

- a. A bank account;
- b. An introduction from an already registered dealer;
- c. First purchase bill;
- d. First sales bill;
- e. Certificate of incorporation.

On the day the application is received, the concerned authority shall grant the certificate of registration and shall verify the particulars of the application later (including inspection of the business). If the information submitted is found to be incorrect, the authority will reject the application and cancel the Registration Certificate. The registration threshold is a turnover of INR 500,000 per annum.

Procedure 11.* Register for Profession Tax at the Profession Tax Office (State)

Time: 10 days

Cost: No cost

Comments: Under the Madhya Pradesh Professional Tax Act (1995), every employer shall obtain a Certificate of Registration from the assessing authority by making an application using Form 3 within 30 days of becoming liable to taxation under the Act. The threshold for registration is INR 500,000 in annual turnover. The assessing authority shall, after conducting the necessary enquiries, grant the Certificate of Registration within 60 days of the application receipt. At the time of registration, no fee is applicable. There is an annual fee of INR 2,500, payable each year after registration.

Procedure 12.* Register with the Employees' Provident Fund Organization (National)

Time: 13 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the

employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 13.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 10 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions are made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Jaipur, Rajasthan

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 2,365 (INR 500 for MOA + INR 1,855 for AOA or 0.5% of authorized share capital + INR 10 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum of association (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 6 days

Cost: INR 13,450 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 32: INR 200 + filing fee on Form 18: INR 200 + POA from 5 subscribers: INR 250)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: e-Form 1; e-Form 18; and e-Form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsd.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin.nsd.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 15 days

Cost: INR 625

Comments: The procedure for obtaining the Registration Certificate under the Rajasthan Shops and Commercial Establishments Act (1958) is as follows: the employer of every establishment shall, within 30 days of the opening of business, submit to the concerned authority (Joint Commissioner, Labor Department), a statement in the prescribed form along with the applicable fee (depending on the number of employees) for registration of the establishment. The statement shall consist of the following information:

- The name of the employer and the manager, if any;
- The postal address of the establishment;
- Proof of opening of the establishment;
- List of workers;
- Other particulars as may be prescribed.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 1 day

Cost: No cost

Comments: An application for registration under the Rajasthan VAT Act shall be submitted, in duplicate, using Form VAT-01, along with enclosures, to the office of the authority competent to grant registration. The authorized officer, having checked that the application is complete, shall issue the Registration Certificate on Form VAT-03, within 24 hours of receipt of such application. The assessing authority shall, within 45 days of such issuance, conduct an enquiry to verify the facts and statements made in the application for registration. The application for registration shall be accompanied by:

- Declaration of business manager on Form VAT 02;
- Copy of Partnership Deed, if any;
- Memorandum and Articles of Association of the company;
- Deed of Trust;
- Copy of the resolution passed by the Board of Directors, in case of a company, or by the governing body, in case of other entities, for authorization to file the application for registration;
- Security required to be furnished as per Section 15 of the Act in such form as prescribed in Rule 77;
- Signed photo, duly attested by a gazette officer or a notary public, of proprietor, partners, or managing director(s), as the case may be;
- Copy of voter identification card, passport, Permanent Account Number, or driver's license;
- Copy of rent deed, rent receipt, electricity bill, telephone bill, water bill, or own property documents, as proof of address.

Procedure 11.* Register with the Employees' Provident Fund Organization (National)

Time: 12 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 12.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 10 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Kochi, Kerala

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 1,525 (INR 1,000 for AOA + INR 500 for MOA + INR 25 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 5 days

Cost: INR 13,300 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 100)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (cost depends on the number of seals required and the time period for delivery)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facili-

tation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration is available at <https://tin.tin.nsdl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 14 days

Cost: INR 500 (the registration fee is:

1. No employee: INR 10;
2. Up to 5 employees: INR 50;
3. 6 to 10 employees: INR 100;
4. 11 to 20 employees: INR 200;
5. 21 to 30 employees: INR 300;
6. 31 to 50 employees: INR 500;
7. 51 to 100 employees: INR 1,000;
8. 100 employees and above: INR 2,000)

Comments: Under the Kerala Shops and Establishment Act (1960), the application for registration using Form B1 must be submitted to the Labor Commissioner within 30 days of the opening of the establishment. An inspection may be made to verify the facts stated in the application. The registration fee depends upon the number of employees in the establishment.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 25 days

Cost: INR 1,800

Comments: Under the Kerala VAT Act (2003), the application should be filed with the Commercial Tax Department using Form 1 and, upon verification, the authority shall issue the Certificate of Registration within 30 days of the application receipt. The application must be accompanied by:

1. Attested copy of proof of identity such as passport or Permanent Account Number card;
2. Declaration stating the name of the person deemed to be the manager of such business;
3. Memorandum and Articles of Association;
4. Certified copy of the Certificate of Incorporation;
5. Latest copy of the income-tax return;
6. Copy of the Board of Directors' resolution to apply for registration.

The schedule of fees is as follows:

- a. Where the total turnover of the company is less than INR 500,000: INR 500;
- b. Where the total turnover is greater than INR 500,000 but less than INR 1,000,000: INR 750;
- c. Where the total turnover is greater than INR 1,000,000 but less than INR 5,000,000: INR 1,000 + INR 25 for each INR 100,000 or part thereof above INR 1,000,000;
- d. Where the total turnover is INR 5,000,000 and above: INR 2,000 + INR 50 for each INR 100,000 or part thereof above INR 5,000,000 (the total registration fee shall not exceed INR 20,000).

Procedure 11.* Register for Profession Tax at the Profession Tax Office (State/ Municipal)

Time: 9 days

Cost: No cost

Comments: This Act is applicable to all concerned shops and establishments in Kerala. Every employer is required to deduct a specified amount, based on the rates prescribed by the Act, from the salary of the employees. While registration is at the level of the state government, collection of tax is at the Municipal Corporation level.

Procedure 12.* Register with the Employees' Provident Fund Organization (National)

Time: 18 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days, if the application is complete. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 13.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 15 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. The employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Kolkata, West Bengal

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 370 (INR 60 for MOA + INR 300 for AOA if authorized share capital exceeds INR 100,000 + INR 10 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 5 days

Cost: INR 13,250 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 50)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsd.com.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin.nsd.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 15 days

Cost: INR 250 (fee for an establishment with more than 20 employees)

Comments: The procedure for obtaining the registration certificate under the West Bengal Shops and Commercial Establishments Act (1963) is as follows: the employer of every establishment shall, within 30 days of the opening of the business, submit to the concerned registering authority an application in triplicate of Part 1 of Form B along with the applicable fees for registration of the establishment. The application is to be submitted to the Shops and Establishment Office. Documents to be filed include:

- Proof of opening of the establishment;
- List of workers;
- Memorandum and Articles of Association of the company;
- Certified copy of the Certificate of Incorporation of the company;
- Details of activities carried on by the company;
- Board resolution for registration under the Act.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 20 days

Cost: INR 100 (no registration fee is prescribed. Stamp duty of INR 100 is required to be affixed to the application for registration)

Comments: Under the West Bengal VAT Act (2003), the application should be filed, using Form 1, with the appropriate registering authority from the area in which the place of business is situated. The application must be accompanied by a Memorandum of Association, Certificate of Incorporation, proof of place of business, and a declaration from an authorized signatory. Upon verification, the authority shall issue the Registration Certificate within 3 weeks of the application receipt, otherwise it is deemed granted.

Procedure 11.* Register for Profession Tax at the Profession Tax Office (State)

Time: 10 days

Cost: No cost

Comments: As per the West Bengal State Tax, Trades, Callings, and Employment Act (1979), every person who is engaged in any profession, trade, calling, or employment is required to pay a profession tax. An application for registration is to be made by the employer, using Form I, to the Profession Tax Office having jurisdiction over the employer's place of business. Application should be filed within 90 days of the date of accrual of liability. The registration certificate is issued by the Profession Tax authorities on Form IA.

Procedure 12.* Register with the Employees' Provident Fund Organization (National)

Time: 15 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 13.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 15 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Ludhiana, Punjab

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 1,515 (INR 500 for MOA + INR 1,000 for AOA for a share capital above 100,000 + INR 15 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 5 days

Cost: INR 13,700 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 500)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website

(as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for a seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration is available at <https://tin.tin.nsdl.com/tan/StatusTrack.html>. Applying online shortens the time

to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 15 days

Cost: INR 100

Comments: As per the Punjab Shops and Commercial Establishments Act (1958), a dealer has to apply for registration along with the following particulars:

1. Name of the employer and manager, if any;
2. Postal address of the establishment;
3. Name of establishment, if any;
4. Number of persons employed;
5. Other particulars as may be prescribed.

The Inspector shall then register the establishment by entering the name of the establishment in the Register of Establishments and shall issue a Certificate of Registration to the employer. The certificate is required to be prominently displayed at the establishment.

The trades in Ludhiana are regulated by the Municipal Corporation of Ludhiana as per Section 343 of the Punjab Municipal Corporation Act (1976). The Municipal Corporation issues licenses under 343(1) (B) for the establishment of certain trades; for others no application is needed.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 15 days

Cost: INR 2,175 (INR 2000 registration fee + INR 25 court fee + INR 150 stamp paper)

Comments: Under the Punjab VAT Act (2005), the application should be filed with the Tax Department using Form VAT-1. The authority shall issue the Registration Certificate within 15 days of the application receipt. The application must be accompanied by a Memorandum of Association, Certificate of Incorporation, and proof of place of business.

In addition to the registration fee, it is mandatory for a firm, regardless of size and turnover, to submit two surety bond forms of INR 50,000 each, with the company name, address, and list of immovable property. The purpose of such submission is to indemnify the office in case of any loss to the Tax Department due to any misrepresentation or act of the entrepreneur.

Procedure 11.* Register with the Employees' Provident Fund Organization (National)

Time: 10 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 12.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 15 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI Corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

*This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Mumbai, Maharashtra

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The process to obtain the Director Identification Number (DIN) is as follows:

1. Obtain the provisional DIN by filing application Form DIN-1 online. This form is on the Ministry of Corporate Affairs 21st Century (MCA 21) portal www.mca.gov.in. The provisional DIN is immediately issued. The application form must then be printed and signed and sent for approval to the ministry by courier along with proof of identity and address:
 - a. identity proof (any of the following): Permanent Account Number card, driver's license, passport, or voter card;
 - b. residence proof (any of the following): driver's license, passport, voter card, telephone bill, ration card, electricity bill, bank statement.
2. The concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The process takes about 4 weeks.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate. The digital signature certificate can be obtained from one of six private agencies authorized by MCA 21 such as Tata Consultancy Services. Company directors submit the prescribed application form along with proof of identity and address. Each agency has its own fee structure, ranging from INR 400 to INR 2650.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website.

The ROC in Mumbai has staff members working full time on name reservations (approximately 3, but more if the demand increases). A maximum of 6 suggested names may be submitted. They are then checked by ROC staff for any similarities with all other names in India.

The MCA receives approximately 50-60 applications a day. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the selected name appears on the website. Applicants need to keep consulting the website to confirm that one of their submitted names was approved.

In practice, it takes 2 days for obtaining a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website).

Procedure 4. Stamp the company documents at the State Treasury (State) or authorized bank (Private)

Time: 1 day

Cost: INR 1,300 (INR 200 for MOA + INR 1,000 for AOA for every INR 500,000 of share capital or part thereof + INR 100 for stamp paper for declaration Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the Memorandum, Articles of Association, and the payment receipt.

The company must ensure that the copies submitted to the Superintendent of Stamps or to the authorized bank for stamping are unsigned and that no promoter or subscriber has written anything on it by hand. The Superintendent returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty.

The rate of stamp duty varies from state to state.

According to Article 10 and Article 39 of the Indian Stamp Act (1899), the stamp duty payable on the Memorandum and Articles of Association for company incorporation in Mumbai, Maharashtra, is as follows:

- a. Articles of Association: INR 1000/- for every INR 500,000/- of share capital (or part thereof), subject to a maximum of INR 50,000,000;
- b. Memorandum of Association: INR 200;
- c. Form-1 (declaration of compliance): INR 100.

Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 5 days

Cost: INR 14,133 (see comments)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Company Affairs: e-form 1; e-form 18; and e-form 32. Along with these documents, scanned copies of the consent of the initial directors, and also of the signed and stamped form of the Memorandum and Articles of Association, must be attached to Form 1. The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies. The certificate of incorporation is sent automatically to the registered office of the company by registered or rush mail.

The registration fees paid to the Registrar are scaled according to the company's authorized capital (as stated in its memorandum):

- a. INR 100,000 or less: INR 4,000.

If the nominal share capital is over INR 100,000, additional fees based the amount of nominal capital apply to the base registration fee of INR 4,000:

- b. For every INR 10,000 of nominal share capital or part of INR 10,000 after the first INR 1,00,000, up to INR 500,000: INR 300;
- c. For every INR 10,000 of nominal share capital or part of INR 10,000 after the first INR 500,000, up to INR 5,000,000: INR 200;
- d. For every INR 10,000 of nominal share capital or part of INR 10,000 after the first INR 5,000,000, up to INR 10,000,000: INR 100;
- e. For every INR 10,000 of nominal share capital or part of INR 10,000 after the first INR 10,000,000: INR 50.

The payment of fees can be made:

1. offline: one can upload all incorporation documents and generate the payment challan. Against this challan, the applicant must obtain a demand draft for filing fees amount in favor of the Pay and Accounts Office, Ministry of Corporate Affairs, New Delhi and this demand draft is payable in Mumbai. The applicant must make the payments at specified branches of certain banks. It takes around one week for clearance of payment. Only after clearance does the ROC accept the documents for verification and approvals;
2. online: the applicant makes the payment by credit card and the system accepts the documents immediately. Please note that in Mumbai, the ROC requests prescrutiny of documents for any corrections before they are uploaded. Once the documents have been uploaded, they can then be approved without any further correction. The online filing mechanism requires only one copy of scanned documents to be filed (including stamped MOA, AOA, and POA).

Schedule of Registrar filing fees for the articles and for the other forms (1, 18, and 32):

- a. INR 200 for a company with authorized share capital of more than INR 100,000 but less than INR 500,000;
- b. INR 300 for a company with nominal share capital of INR 500,000 or more but less than INR 2,500,000;
- c. INR 500 for a company with nominal share capital of INR 2,500,000 or more.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (cost depends on the number of seals required and the time period for delivery)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 7 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote his or her Permanent Account Number (PAN) for tax payment purposes and the Tax Account Number (TAN) for depositing tax deducted at source. The Central Board of Direct Taxes (CBDT) has instructed banks not to accept any form for tax payment (challan) without the PAN or TAN, as applicable.

The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax department (effective July 2003) outsourced their operations pertaining to allotment of PAN and issuance of PAN cards to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers in all cities where there is an Income Tax office.

The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the certificate of registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application.

IT PAN Service Centers or TIN Facilitation Centers will supply PAN application forms (Form 49A), assist the applicant in filling out the form, collect filled-out forms, and issue an acknowledgment slip. After obtaining PAN from the Income Tax department, UTIISL or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online but the documents still need to be physically dropped off for verification with the authorized agent. For more details see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from the Assessing Office in the Mumbai Income Tax Department

Time: 7 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The section also makes it mandatory for the TAN to be quoted in all tax-deducted-at-source (TDS) and tax-collected-at-source (TCS) returns, all TDS/TCS payment challans, and all TDS/TCS certificates issued. Failure to apply for a TAN or to comply with any of the other provisions of the section is subject to a penalty of INR 10,000/-.

The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and <http://tin.nsdl.com>. The processing fee for both applications (a new TAN or a change request) is INR 50 (plus applicable taxes).

After verification of application, the same is sent to the Income Tax Department and upon satisfaction the department issues the TAN to the applicant. The national government levies the income tax. Since outsourcing, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application.

The application for a TAN can be made either online through the NSDL website (www.tin-nsdl.com) or offline. Upon payment of the fee by credit card, the hard copy of the application must be physically filed with the NSDL.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 2 days

Cost: INR 6,500 (INR 2000 + 3 times registration fee for trade refuse charges)

Comments: A statement containing the employer's and manager's names and the establishment's name (if any), postal address, and category must be sent to the local shop inspector with the applicable fees.

According to Section 7 of the Bombay Shops and Establishments Act (1948), the establishment must be registered as follows:

- Under Section 7(4), the employer must register the establishment in the prescribed manner within 30 days of the opening of the business.

- Under Section 7(1), the establishment must submit to the local shop inspector Form A and the prescribed fees for registering the establishment.

- Under Section 7(2), after Form A and the prescribed fees are received and the correctness of the statement on the form is satisfactorily audited, the certificate for the registration of the establishment is issued on Form D, according to the provisions of Rule 6 of the Maharashtra Shops and Establishments Rules of 1961.

Since the amendments in the Maharashtra Shops and Establishment (Amendment) Rules (2003), dated December 15, 2003, the Schedule for fees for registration and renewal of registration (as per Rule 5) is as follows:

- a. 0 employees: INR 100;
- b. 1 to 5 employees: NR 300;
- c. 6 to 10 employees: INR 600;
- d. 11 to 20 employees: INR 1000;
- e. 21 to 50 employees: INR 2000;
- f. 51 to 100 employees: INR 3500;
- g. 101 or more employees: INR 4500.

Hence in the given case the registration fees would be INR 2000, as there are 50 employees.

In addition, an annual fee (three times the registration and renewal fees) is charged as trade refuse charges (TRC), under the Mumbai Municipal Corporation Act (1888).

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 12 days

Cost: INR 5,100 (registration fee INR 5000 + stamp duty INR 100)

Comments: Beginning April 1, 2005, the sales tax was replaced by the VAT, which requires registration by filing Form 101. The authorized representative signing the application must be available at the Sales-Tax Office on the day of the application verification. The applicant goes to the Sales-Tax Office and up to the registration counter. The clerk at the counter verifies that the applicant has all the required documents and gives the applicant a token (waiting number). After a short wait, the applicant's number is called and the applicant approaches the desk of a sales-tax officer. There, all the information on Form 101 is manually entered into the system by the officer. Within 10 minutes, the system generates a Tax Identification Number (TIN). Thereafter, the company is considered fully registered to pay taxes. However, the applicant must wait between 10 and 15 days to receive the VAT registration certificate by mail. In addition to Form 101, other accompanying documentation includes: 1) Certified true copy of the memorandum and articles of association of the company; 2) Proof of permanent residential address. At least 2 of the following documents must be submitted: copy of passport, copy of driver's license, copy of a voter registration card, copy of property card or latest receipt of property tax from the Municipal Corporation, copy of latest paid electricity bill in the name of the applicant; 3) Proof of place of business (for an owner, in the case of Doing Business): Proof of ownership of premises viz. copy of property card, ownership deed, agreement with the builder, or any other relevant documents; 4) One recent passport-sized photograph of the applicant; 5) Copy of Income Tax Assessment Order with PAN or copy of PAN card; 6) challan on Form No. 210 (original) showing payment of registration fee at INR 5000 (in case of voluntary RC) and INR 500 (in other cases).

The whole process will be put online by the spring of 2009. This means that rather than physically having to go to the office, companies will fill in all their details online for Form 101 and then go to the office only so that the Sales-Tax Office can verify the above-listed documentation.

Procedure 11.* Register for Profession Tax at the Profession Tax Office (State)

Time: 2 days

Cost: No cost

Comments: According to Section 5 of the Profession Tax Act, every employer (not being an officer of the government) is liable to taxation and shall obtain a certificate of registration from the prescribed authority. The company is required to apply to the registering authority using Form I. The registration authority for the Mumbai area is located at Vikariker Bhavan, Mazgaon in Mumbai. Depending on the nature of the business, the application should be supported with such documents as proof of address, details of company registration number under the Indian Companies Act (1956), details of the head office (if the company is a branch of a company registered outside the state), company deed, certificates under any other act, and so forth.

Procedure 12.* Register with the Employees' Provident Fund Organization (National)

Time: 12 days

Cost: No cost

Comments: The Employees Provident Funds and Miscellaneous Provisions Act (1952) applies to an establishment employing 20 or more persons and engaged in any of the 183 industries and classes of business establishments throughout India, excluding the States of Jammu and Kashmir.

The applicant fills in an application and is then allotted a social-security number. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. Provident Fund registration is optional if the workforce size is not more than 20.

The employer is required to provide necessary information to the concerned regional Provident Fund Organization (EPFO) in the prescribed manner for allotment of Establishment Code Number. No separate registration is required for the employees. Nevertheless all eligible employees are required to become members of the Fund and an individual account number is allotted by the employer in the prescribed manner.

As per an internal circular, the code number is to be allotted within 3 days of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number in 12 to 15 days. An online application facility is not provided so far.

Procedure 13.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 9 days

Cost: No cost

Comments: Registration is the process by which every employer/factory and every paid employee is identified for health insurance purposes and their individual records are set up for them. As per the Employees' State Insurance (General), Form 01 must be submitted by the employer for registration. It takes 3 days to a week for the Employer Code Number to be issued. The "intimation letter" containing the Code Number is mailed to the employer and that takes an additional couple of days. The Employee's individual insurance is a separate process that is initiated upon the employer's registration. The employer is responsible for submitting the required declaration form and employees are responsible for providing correct information to the employer. The employee temporary cards (ESI Cards) are issued on the spot by the local offices in many places. The temporary cards are valid for 13 weeks from the date of the employees' appointment. It takes about 4 to 5 weeks to get a permanent ESI card.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

New Delhi, Delhi

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 767 (INR 200 for MOA + INR 556.5 for AOA or 0.15% of authorized share capital + INR 10 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days. An e-stamping system, for paying stamp duty electronically, has already been implemented in Delhi.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 5 days

Cost: INR 13,300 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 32: INR 200 + filing fee on Form 18: INR 200 + POA from 5 subscribers: INR 100)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for a seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 12 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 12 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification

of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration is available at <https://tin.tin.nsdl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 9 days

Cost: INR 525

Comments: For obtaining registration under the Delhi Value-Added Tax Act (2004), an application must be made to the Commercial Tax Office of the ward in which the principal place of business is located, accompanied by the following documents:

- Latest rent receipt (if the business premises are leased) or ownership documents, as the case may be;
- Proof of legal and physical possession of the business premises;
- Four photographs of the authorized signatory and a proof of identification;
- List of company directors;
- Bank statement of the company from the date of incorporation to the application date;
- Copy of first sale and purchase document;
- List of products for which registration is required;
- Copy of the Certificate of Incorporation, Memorandum of Association, and the Articles of Association;
- Certified copy of the Board Resolution;
- Self-attested copy of the Permanent Account Number of the company;
- Bank guarantee for a sum of INR 100,000. However, subject to compliance of certain additional requirements (such as proof of ownership of the business premises), a bank guarantee of INR 50,000 may also be accepted by the department. Alternatively, in lieu of furnishing a bank guarantee, a surety may also be given by an already registered dealer if the said dealer is registered for a period of at least 12 months. Most firms that are seeking registration choose another registered firm to stand as a guarantor.

After examining the aforesaid documents, the department issues the Registration Certificate within 7 to 15 working days. Generally an inspector pays a visit within 2 to 3 days of the issuance of the Certificate of Registration and a report about the functioning of the company is submitted by the inspector to the department.

The VAT registration can be effective from the date of application only if a bank guarantee is given. In that case, the registration will be immediate. But, as mentioned earlier, most firms opt for another registered firm to stand as a guarantor.

Procedure 10.* Register with the Employees' Provident Fund Organization (National)

Time: 13 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 11.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 15 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Noida, Uttar Pradesh

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 1,010 (INR 500 for MOA + INR 500 for AOA + INR 10 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 5 days

Cost: INR 13,250 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 50)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for a seal, depending on the number of words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 10 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdil.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 10 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin.nsdil.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 9 days

Cost: INR 5,000 (the registration fee depends on the number of employees:

1. No employee: INR 200;
2. Between 1 and 5 employees: INR 1,000;
3. Between 6 and 10 employees: INR 1,500;
4. Between 11 and 25 employees: INR 2,500;
5. 26 employees and above: INR 5,000

Comments: The procedure for obtaining the Registration Certificate under the Uttar Pradesh Shops and Commercial Establishments Act is as follows:

The employer of every establishment shall, within 3 months of the opening of the business, submit to the inspector of the area concerned a statement in the prescribed form along with the applicable fee (depending on the number of employees) for registration of the establishment. The statement shall consist of the following information:

- a. The name of the employer and the manager, if any;
- b. The postal address of the establishment;
- c. Other particulars, as may be prescribed.

The Inspector shall then register the establishment by entering the name of the establishment in the Register of Establishments and shall issue a Certificate of Registration to the employer. The Certificate of Registration is required to be prominently displayed at the establishment.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 1 day

Cost: INR 100

Comments: Under the Uttar Pradesh Value-Added Tax Act (2008), every dealer with a turnover of INR 500,000 or above should apply for registration using Form VII, completed in all respects, to the registering authority of the area in which the principal place of business is located. The application should be accompanied by a proof of payment of the registration fee. VAT registration will be effective from the date of application. Upon submission of the application, an acknowledgment number is issued. The concerned dealer can pay, trade, and collect VAT, using its acknowledgment number, for one month. On satisfaction that the application is in order and the information furnished is correct and complete, the registering authority will issue the registration certificate within one month.

Procedure 11.* Register with the Employees' Provident Fund Organization (National)

Time: 12 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or noneporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 12.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 12 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Patna, Bihar

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 180 (INR 65 for MOA + INR 105 for AOA + INR 10 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 6 days

Cost: INR 13,250 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 50)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (costs start at INR 350 for a seal, depending on number of the words to be engraved)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7. Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utiisl.co.in, and www.tin.nsdl.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin.nsdl.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 1 day

Cost: INR 100

Comments: Every company that is liable to taxation under the Bihar VAT Act shall apply for registration using Form A-1. The application is to be accompanied by:

1. Certificate of Incorporation and Memorandum of Association;
2. Proof of identity of authorized signatory signing the application form;
3. Proof of ownership of principal place of business;
4. Proof of ownership of the company directors' residential property;
5. Proof of identity of the company directors;
6. Copy of the company's Permanent Account Number card;
7. Copy of the company's last telephone bill or electricity bill;
8. Proof of immovable property held by the company.

Upon submission of the application, an acknowledgment number is issued. The concerned firm can pay, trade, and collect VAT using this acknowledgment number until the final confirmation is received.

Procedure 10.* Register with the Employees' Provident Fund Organization (National)

Time: 20 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 11.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 14 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

STARTING A BUSINESS

Ranchi, Jharkhand

Standard company legal form: Private Limited Company

Paid-in-minimum capital requirement: none

Data as of: February 2009

Procedure 1. Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)

Time: 1 day

Cost: INR 100

Comments: The applicant is required to fill out and submit Form DIN-1 to obtain the provisional DIN. This form is available online on the Ministry of Corporate Affairs 21st Century (MCA 21) portal (www.mca.gov.in). The provisional DIN is immediately issued. The applicant is also required to pay an application fee of INR 100, which can be done online. The printed application form must then be signed and sent for approval to the Ministry of Corporate Affairs by courier, along with proof of payment (Service Request Number [SRN] of the fee paid online), proof of identity, and proof of residence within 60 days of the date of generation of the provisional DIN. On receipt of the DIN application form and attached supporting documents, the concerned authority verifies all the documents and, upon approval, issues a permanent DIN. The status of the DIN approval process can be checked online on the MCA portal. The provisional DIN itself is approved as the permanent DIN.

Procedure 2. Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)

Time: 3 days

Cost: INR 1,500

Comments: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate (DSC). The DSC can be obtained from six private agencies authorized by the Ministry of Corporate Affairs (MCA 21). Each certifying agency has its own fee structure, ranging from INR 400 to INR 2,600, depending upon various factors such as validity period, delivery time, and cost structure. Company directors submit the prescribed application form along with proof of identity and address. After the DSC is obtained, it must be registered on the MCA portal before it can be affixed on any e-form. Once the Director has obtained the provisional DIN online, DSC may be obtained while the provisional DIN is being registered.

Procedure 3. Reserve the company name online with the Registrar of Companies (ROC) (National)

Time: 2 days

Cost: INR 500

Comments: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 website. A maximum of 6 suggested names can be submitted; they are then checked by ROC staff for any similarities with all other names in India. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the Registrar of Companies electronically informs the applicant. In practice, it takes 2 days to obtain a clearance of the name if the

proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website). As a result of reforms introduced by the MCA, payment of the ROC fee can be made online.

Procedure 4. Stamp the company documents at the State Treasury (State)

Time: 1 day

Cost: INR 180 (INR 65 for MOA + INR 105 for AOA + INR 10 for stamp paper for declaration on Form 1)

Comments: The request for stamping the incorporation documents should be accompanied by unsigned copies of the memorandum (MOA), articles of association (AOA), and the payment receipt. The Superintendent at the State Treasury returns the copies, one of which is duly stamped, signed, and embossed, showing payment of the requisite stamp duty. Once the memorandum and articles of association have been stamped, they must be signed and dated by the company promoters, including the company name and the description of its activities and purpose, father's name, address, occupation, and the number of shares subscribed. This information must be in the applicant's handwriting and duly witnessed.

The time involved in engrossing the documents may vary from 1 to 4 days, depending upon the mode of payment of the stamp duty charges: if the stamp duty is paid in cash (most common form of payment for small amounts such as these duty charges), engrossing can be done in 1-2 days; if stamp duty is paid through demand draft, then engrossing may take 3-4 days.

Procedure 5. Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)

Time: 6 days

Cost: INR 13,250 (filing fee on MOA: INR 12,400 + filing fee on AOA: INR 200 + filing fee on Form 1: INR 200 + filing fee on Form 18: INR 200 + filing fee on Form 32: INR 200 + POA from 5 subscribers: INR 50)

Comments: The following forms are required to be electronically filed on the website of the Ministry of Corporate Affairs using digital signatures: (a) e-form 1; (b) e-form 18; and (c) e-form 32. Along with these forms, signed and scanned copies of the Memorandum and Articles of Association (MOA and AOA) and duly executed Power of Attorney (POA) must be attached to Form 1.

The fees for registering a company can be paid online by credit card or in cash at certain authorized banks. Paying online reduces the time by 2-3 days compared with paying by bank draft.

One copy of the Memorandum of Association, Articles of Association, Form 1, Form 32, Form 18, and the original name-approval letter, consent of directors, and stamped power of attorney must be physically submitted to the Registrar of Companies (ROC). ROC scrutinizes all documents and forms and issues the Certificate of Incorporation, which is available online on the Ministry of Corporate Affairs website (as an e-certificate) after 2-3 days. The physical copy of the certificate is sent to the company office by registered or rush mail. The process takes from 3 to 7 working days.

Procedure 6. Make a seal (Private)

Time: 1 day

Cost: INR 350 (cost depends on the number of seals required and the time period for delivery)

Comments: Although making a company seal is not a legal requirement for the company to be incorporated, companies require a seal to issue share certificates and other documents. The cost depends on the number of words to be engraved, the number of seals required, and the time period for delivery. The cost can range from INR 300 to INR 500.

Procedure 7.* Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)

Time: 15 days

Cost: INR 67 (INR 60 application fee + 12.36% service tax + INR 5 for application form, if not downloaded)

Comments: Under the Income Tax Act (1961), each person must quote the Permanent Account Number (PAN) for tax payment purposes. The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN-related services, the Income Tax Department (effective July 2003) outsourced allotment of PAN to UTI Investor

Services Ltd., which was authorized to set up and manage IT PAN Service Centers. The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the abovementioned service centers using Form 49A, with a certified copy of the Certificate of Registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 60 (plus applicable taxes) applies for processing the PAN application. IT PAN Service Centers or TIN Facilitation Centers will supply the PAN application form (Form 49A), assist the applicant in filling out the form, collect the filled-out form, and issue an acknowledgment slip. After obtaining the PAN from the Income Tax Department, UTI or NSDL, as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online or using the rush process called TATKAL: (1) TATKAL is used only in emergency cases. Under TATKAL, the PAN is allotted on a priority basis, at an extra cost, in approximately 4 days; (2) ONLINE: although the online application would speed up the process to obtain the PAN, applicants are not using the online system mostly because the documents must still be physically dropped off for verification with the authorized agent. For more details, see www.incometaxindia.gov.in, www.utisl.co.in, and www.tin.nsd.co.in.

Procedure 8.* Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)

Time: 14 days

Cost: INR 57 (INR 50 application fee + 12.36% service tax)

Comments: The Tax Account Number (TAN) is a 10-digit alphanumeric number required of anyone responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Form 49B is freely downloadable from the NSDL-TIN website. It is also available at TIN-Facilitation Centers. Locations of TIN Facilitation Centers can be found at www.incometaxindia.gov.in and www.tin-nsdl.com. After verification of the application, the same is sent to the Income Tax Department for validation. The department will issue the TAN and communicate it to NSDL online. On the basis of this, NSDL will issue the TAN letter to the applicant. Since outsourcing in 2003, any authorized franchise or agent appointed by the National Securities Depository Services Limited (NSDL) can accept and process the TAN application. The national government levies the income tax.

The application for a TAN can also be made online. An application (Form 49B) can be submitted through TAN online at the NSDL-TIN website. Once the application is submitted online, a unique 14-digit acknowledgment number is generated. This acknowledgment number should be printed and sent to NSDL at the address mentioned on the NSDL-TIN website along with the processing fee. Payment can be made by check or credit card. Tracking the status of the e-registration at is available at <https://tin.tin.nsd.com/tan/StatusTrack.html>. Applying online shortens the time to obtain the TAN by 2-3 days. However, the majority of applicants are not using the online system mainly because the online application has to be followed with an offline submission: the hard copy of the application is required to be physically filed with NSDL. A TATKAL facility has also been introduced to make this registration faster. TATKAL is being used only in emergency cases. Under TATKAL, the TAN is allotted on a priority basis, at an extra cost, in approximately 5 days.

Procedure 9.* Register with the Office of Inspector, Shops, and Establishment Act (State/ Municipal)

Time: 7 days

Cost: INR 5,000

Comments: Registration is required under the Jharkhand Shops and Commercial Establishment Act. For this purpose, an application must be submitted to the inspector of the area concerned, along with the applicable fee (depending on the number of employees) for registration of the establishment. The statement shall consist of the following information:

1. The name of the employer and the manager, if any;
2. The postal address of the establishment;
3. The name, if any, of the establishment;
4. The category of the establishment.

Procedure 10.* Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)

Time: 20 days

Cost: INR 500

Comments: Under the Jharkhand VAT Act (2005), an application shall be made using Form JVAT 101, along with Annexure I (containing information about the proprietor, each partner, and the director) and Annexure II (containing details about the place of business), and a fee of INR 500, to the registering authority in whose area the principal place of business is located. The registering authority shall issue a receipt of application. The dealer shall submit such an application within 30 days of becoming liable to taxation under the Act.

When satisfied that the information furnished on Form JVAT 101 is complete and correct, the registering authority shall, subject to Rule 5, issue to the dealer a Registration Certificate on Form JVAT 106 within 5 days of receipt of such application, and allot a Taxpayer Identification Number (TIN). In practice, it takes around 20 days for the certificate to be issued. The registering authority thereafter may conduct an enquiry within 45 days of issuance of such certificate, and if, upon enquiry, the information submitted is found to be erroneous, the registering authority may revoke or cancel the Registration Certificate.

Procedure 11.* Register with the Employees' Provident Fund Organization (National)

Time: 20 days

Cost: No cost

Comments: The Employees Provident Fund Organization (EPFO) is a statutory organization under the Ministry of Labor and Employment. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. If a company has more than 20 employees, then it is mandatory to register with the EPFO and a code number will be allotted to the company. Once the employer is registered with the EPFO, it will register his employees with the office and open Provident Fund accounts in the name of each employee. More information is available at www.epfindia.gov.in.

As per an internal circular, the code number is to be allotted within 3 days of the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number later: in 12 to 15 days.

Procedure 12.* Register for medical insurance at the regional office of the Employees' State Insurance Corporation (National)

Time: 14 days

Cost: No cost

Comments: Registration is the process by which every employer and every paid employee is identified for health-insurance purposes. The Employees' State Insurance (ESI) Act (1948) provides for a fund administered by the ESI corporation in which contributions is made both by the employer and the employee at the rates prescribed by the National Government.

The Employer should register within 15 days after the Act becomes applicable. For this purpose, the employer should submit Form 01 to the ESI regional office. Upon receipt of the registration form, the office shall allot an employer's code number and shall inform the employer of that number through an "intimation letter" sent by post.

An employee's individual insurance involves a separate process, one which is initiated after employer's registration. The employer should fill out declaration forms for all coverable employees and submit the same, along with Form 3, to the appropriate regional office within 10 days of the employee's appointment date. The employees' temporary cards (ESI Cards) are issued on the spot. It takes about 4 to 5 weeks to get a permanent ESI card.

More information is available at <http://www.esic.nic.in>.

* This procedure can be completed simultaneously with previous procedures

LIST OF PROCEDURES

Dealing with construction permits

Ahmedabad, Gujarat

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain a certified copy of approved layout of the final plot from the Ahmedabad Urban Development Authority (Municipal)

Time: 14 days

Cost: INR 4,645 (INR 5 per square meter of the plot area for commercial buildings)

Comments: According to the General Development Control Regulations of the Ahmedabad Urban Development Authority, the building company must obtain a certified copy of the approval of the plot layout to be submitted later, along with the application for the development permit, to the Ahmedabad Municipal Corporation (AMC). The following fees apply:

- Residential buildings: INR 2 per square meter of the plot area;
- Commercial buildings: INR 5 per square meter of the plot area.

Procedure 2. Obtain development permission (building permit) from the Ahmedabad Municipal Corporation (Municipal)

Time: 55 days

Cost: INR 136,563 (scrutiny fee INR 5 per square meter + amenity fee INR 100 per square meter of total built area)

Comments: The building company must apply for the development permit (building permission) in the prescribed form C(a) and submit it along with the following documents:

- Certified copy of the approved layout;
- Certified copy of approved subdivisions/layout of final plot;
- Certificate of the licensed/structural engineer/designer;
- Site plan;
- Detailed plan prepared by a registered architect/engineer;
- Certificate of undertaking in the prescribed Form No. 2(a-d) by the registered architect/engineer/structural designer/clerk of works/developer/owner.

This is the fee schedule per square meter:

- Scrutiny fees: INR 3 for residential buildings, INR 5 for commercial buildings and industrial buildings;
- Security deposit: INR 3 for total built area (maximum INR 2,500) for all buildings (refundable);
- Service and amenity fees: INR 100 for total built area for all types of buildings.

The application forms, regulations, fee calculator and case tracking system are available on the AMC e-governance website (www.egovamc.com). AutoDCR (Automating the Development Control Regulations) based on AutoCAD was introduced in April 2008. As a result, building plans can be submitted online but hard copies need to be brought to the office later to pay the scrutiny fees. Most people still prefer to do the whole process in person. The Municipality also opened new civic centers.

Procedure 3. Receive inspection from the Ahmedabad Municipal Corporation (Municipal)

Time: 1 day

Cost: No cost

Comments: During construction and prior to completion, the building company must submit progress certificates upon completion of each stage (plinth and first floor in our case) in Forms No. 6a-d signed by the architect, structural designer, and supervising engineer. One inspection on average would occur in the case of low-rise construction that follows the plans.

Procedure 4. Submit a completion notice to the Ahmedabad Municipal Corporation (Municipal)

Time: 1 day

Cost: No cost

Comments: At the end of the construction, the building company must notify the AMC about the completion of construction by submitting a completion report in Form No. 7 along with a copy of the plans to initiate the final inspection and occupancy permit process. The report and all information must be submitted and signed by the owner and the concerned structural engineer/architect.

Procedure 5.* Receive final inspection by an engineer from the Ahmedabad Municipal Corporation (Municipal)

Time: 1 day

Cost: No cost

Comments: AMC engineers inspect within 21 days from the date of receipt of the notice of completion.

Procedure 6. Obtain the occupancy certificate (building-use permission) from the Ahmedabad Municipal Corporation (Municipal)

Time: 21 days

Cost: INR 6,803 (INR 5 per square meter + INR 300 scrutiny fee)

Comments: The Municipal Corporation should grant the Building Use Permission (occupancy permit) after a necessary inspection within 21 days of receipt of the completion report. Before issuing the occupancy certificate, the Municipal Corporation should ensure that trees are planted on the site or take suitable deposits for tree planting.

Procedure 7. Apply for permanent power connection to the Ahmedabad Electricity Company (Private sector)

Time: 1 day

Cost: INR 19,600 (registration fee INR 140 per kW)

Comments: The Ahmedabad Electricity Company Limited is a private utility company. The application is available online on the company's website: www.torrentpower.com. The building company must submit the application along with evidence of land ownership, a copy of the extract of relevant revenue records for property card, and a tax bill at the AEC kiosks or consumer-care mobile vans. The building company must pay registration fees.

Procedure 8.* Apply for permanent water and sewerage connection to the Gujarat Water and Sewerage Board (State)

Time: 1 day

Cost: INR 20 (application-form fee)

Comments: The Gujarat Water and Sewerage Board is an undertaking of the government of Gujarat. The application form is available at the zonal office. The building company must sign the application and submit it along with the property-tax receipt and building-use permission (in case of new buildings). There are no application fees; the form costs INR 20.

Procedure 9.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (BSNL) (National)

Time: 1 day

Cost: INR 500 (installation charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines); or INR 500 (if more than 500 lines) and a refundable security deposit of INR 2,000.

Procedure 10.* Receive an on-site inspection by the Ahmedabad Electricity Company (Private sector)

Time: 1 day

Cost: No cost

Comments: The Ahmedabad Electricity Company (AEC) carries out the site inspection to estimate the labor and cost of the connection within 15 days of the application and receipt of the registration fee. The inspection engineer issues a letter with work description and rate quotes. The building company also has to set up a transformer at its site.

Procedure 11.* Receive an on-site inspection by the Gujarat Water and Sewerage Board (State)

Time: 1 day

Cost: No cost

Comments: The inspection takes place within about 10 days of the application submission. The inspector gives a connection cost estimate to the building company.

Procedure 12.* Obtain final electricity inspection and "no-objection certificate" from the Ahmedabad Electricity Company Ltd., Torrent Group (Private sector)

Time: 1 day

Cost: INR 50 (flat inspection fee)

Comments: When the installation work is finished, an electrical inspector completes the final inspection and hands over a final no-objection certificate along with the "test report." The test report costs INR 50.

Procedure 13.* Obtain permanent electricity connection from the Ahmedabad Electricity Company (Private sector) upon payment of final fees

Time: 45 days

Cost: INR 140,000 (INR 4,000 per kW; approximately 25% of the sum is connection fees, 75% covers the cost of labor and material)

Comments: To receive the electricity connection, the building company pays connection charges of approximately INR 140,000 (excluding the cost of labor and material) as well as a security deposit of INR 750 per kW.

Procedure 14.* Obtain permanent water and sewerage connection upon payment of final fees from the Gujarat Water and Sewerage Board (State)

Time: 30 days

Cost: INR 3,500 (INR 2,500 water connection fee + INR 1,000 sewerage connection fee)

Comments: To receive the connection, the building company pays charges as established by the Gujarat Water and Sewerage Board's inspectors. The total time taken includes waiting time to obtain the inspection (that lasts only 1 day) and additional 5 days to make a payment and receive the actual connection. The building company also pays refundable meter deposit INR 4,000 for water and INR 2,000 for sewerage.

Procedure 15.* Obtain phone connection (with inspection) from the BSNL (National)

Time: 5 days

Cost: No cost

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Bengaluru, Karnataka

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain attested copy of approved layout by the Bengaluru Development Authority (Municipal)

Time: 3 days

Cost: INR 10,000

Comments: According to the Karnataka Town and Planning Act (1961) under section 17, and the Bengaluru Development Authority Act (1976) under section 15, any layout plan must be approved by the Bengaluru Development Authority.

Procedure 2.* Obtain no-due-tax receipt at the House Tax Department (Municipal)

Time: 1 day

Cost: INR 100 (flat fee)

Comments: The building company must submit up-to-date tax receipt to apply for the building permit.

Procedure 3. Obtain drawing plan/building permit approval from the Commissioner of the Bengaluru Mahanagara Palike (Municipal)

Time: 25 days

Cost: INR 81,938 (license fee INR 60 per square meter of built-up area + scrutiny fee at 5% of the license fee)

Comments: The Bengaluru Mahanagara Palike Building bylaws refer to the warehouse being built as a low-rise storage building for nonhazardous goods. The building company must obtain a building license (building-plan approval) from the Commissioner, Bengaluru Mahanagara Palike, or an officer authorized by the Commissioner. The building company has to submit the application for the building-plan approval along with the following documents:

- a. Title deed/ownership documents (certified copy);
- b. Property card and latest assessment book;
- c. Attested copy of approved layout by BDA or city-survey sketch issued by the Department of Survey and Settlement;
- d. Up-to-date tax receipt;
- e. Drawings;
- f. Key plan;
- g. Site plan;
- h. Building plan;
- i. License-fee receipt;
- j. Indemnity bond;
- k. Foundation certificate issued by a registered architect/engineer;
- l. Other certificates and NOCs (if required);
- m. Supervision certificate from the registered architect/engineer who will be undertaking the supervision.

The Authority shall communicate its decision to the applicant within 30 days. While granting the building license, the Authority may impose a condition that at least two trees shall be planted on sites larger than 200 square meters.

The following fees apply based on the area and structure of the building:

- a. Building-license fee for nonresidential property: INR 60 per square meter of the built area;
- b. Scrutiny fees: 5% of the license fee and subject to a minimum of INR 50;
- c. Ground rent for stocking of building materials on public land: INR 100 per square meter (for small plots only);
- d. Fee for additional copies of the plan: INR 400 for first 5 copies and INR 600 for more than 5 copies;
- e. Refundable security deposit: INR 100 per square meter.

Building bylaws, building-approval application forms, and fees are available on the website www.bmponline.org. Furthermore, a single-window clearance system has been introduced.

Procedure 4. Obtain commencement certificate (with inspection) from the Bengaluru Mahanagara Palike (Municipal)

Time: 2 days

Cost: INR 52,024 (INR 40 per square meter of built-up area)

Comments: The authority inspects the site within 15 days of receipt of the notice about commencement of construction to verify that the positioning of the building is according to approved plans. If the site passes the inspection, the Commissioner will issue a commencement certificate in the form prescribed in Schedule VII. The fee for the commencement certificate is INR 40 per square meter.

Procedure 5. Apply for permanent electricity connection with the Bengaluru Electricity Supply Board (BESCOM) (State)

Time: 1 day

Cost: INR 250 (registration fee)

Comments: BESCOM was created in 2002 as a limited-liability company wholly owned by the Government of Karnataka. The application is available in the BESCOM office or online, together with the tariff schedule, at www.bescom.org. The building company must submit the application along with the following documents:

1. Copy of the sanctioned plan of the building;
2. Memorandum and Articles of Association and Certificate of Incorporation;
3. Indemnity bond;
4. Permanent Account Number (PAN) number.

The building company shall indicate in the application the name and address of the licensed electrical contractor who will provide the interior wiring and transformer work. For all buildings over 500 square feet, the registration fee is INR 250.

Procedure 6. Receive inspection from electricity utility provider BESCOM (State)

Time: 1 day

Cost: No cost

Comments: An inspection is carried out by a BESCOM engineer. After the inspection, the building company receives an inspection letter stating the estimated cost and describing all work to be carried out.

Procedure 7. File a completion certificate and apply for an occupancy permit at the Bengaluru Mahanagara Palike (Municipal)

Time: 1 day

Cost: INR 2,500 (flat fee)

Comments: The building company must notify the Commissioner, Bengaluru Mahanagara Palike, about completion of the construction within a month. It must attach to the notice a certified application prepared by a registered architect/engineer/supervisor in Schedule VIII to apply for permission to occupy the building.

Procedure 8. Receive final inspection of the construction by the Bengaluru Mahanagara Palike (Municipal)

Time: 1 day

Cost: No cost

Comments: The authority decides after a physical inspection whether to approve the building. During the inspection, the authority checks whether the owner had obtained the commencement certificate and submitted all required documents.

Procedure 9. Obtain the occupancy permit from the Bengaluru Mahanagara Palike (Municipal)

Time: 30 days

Cost: No cost

Comments: The authority should inform the applicant whether the application for occupancy certificate is accepted or rejected within 30 days of receipt of the completion notice. In case the application is accepted, the occupancy certificate is issued in the Form Schedule IX.

Procedure 10. Apply for permanent water and sewerage connection with Bengaluru Water and Sewerage Board (BWSSB) (Municipal)

Time: 1 day

Cost: INR 30 (flat application fee)

Comments: To get a new water supply and sanitary connection, the building company applies to BWSSB through a licensed plumber. Application forms are available for INR 30 at all BWSSB service stations and offices. New simplified joint applications are available for water and sewerage connections. The prorata and other charges to be levied are available on the BWSSB website www.bwssb.org. The website also features details on procedures and processing times.

Procedure 11.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)

Time: 1 day

Cost: INR 500 (flat registration fee)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 12.* Receive inspection from the Bengaluru Water and Sewerage Board (Municipal)

Time: 1 day

Cost: INR 5,000 (flat inspection charge)

Comments: Inspection assesses the cost of connection and work. The inspector issues a demand notice. The following inspection-charge schedule applies:

- a. Areas up to 1,000 square feet: INR 500;
- b. Areas up to 2,000 square feet: INR 2,000;
- c. Areas up to 4,000 square feet: INR 4,000;
- d. Areas above 4,000 square feet: INR 5,000.

Procedure 13.* Obtain permanent electricity connection (with inspection) from BESCOM (Private sector)**Time:** 30 days**Cost:** INR 122,400 (provision for load break)

Comments: To obtain the connection, the building company has to install an own transformer. BESCOM only supervises the work. Payment and connection would take place 1 day after the work is finished. The building company has to pay provision for load break (INR 122,400) and a refundable security deposit (INR 1,100 per kW for residential buildings and INR 1,350 per kW for commercial buildings).

Procedure 14.* Obtain permanent water and sewerage connection upon final payment from BWSB (Municipal)**Time:** 18 days

Cost: INR 209,296 (water charge INR 80 per square meter of built-up area + sanitary charge INR 80 per square meter + 10 sanitary-point charge of INR 120)

Comments: The following pro-rata rates apply for commercial building connections:

- INR 80 per square meter of built area for water supply connection;
- INR 80 per square meter of built area for sanitary connection;
- Sanitary-point charges at INR 120 per point (minimum 5 points per floor).

The pro-rata charges for residential building are INR 70 per square meter.

Procedure 15.* Obtain phone connection (with inspection) from the BSNL (National)**Time:** 5 days**Cost:** No cost

*This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Bhubaneswar, Orissa

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain land-use permission from the Geo-Information System (G.I.S.) counter at the Bhubaneswar Development Authority (Municipal)**Time:** 1 day**Cost:** INR 100 (challan)

Comments: According to the Comprehensive Development Plan (1994) the building company must apply for and obtain a land-use permission from the Bhubaneswar Development Authority (BDA) to ensure that the building adheres to the allocated zone use. The Comprehensive Development Plan for Bhubaneswar as well as all the site maps are available on the BDA website www.bdabbsr.in. Permission is accorded outright for principal use earmarked in the different zones at the G.I.S. counter of the BDA after a payment of INR 100. The building company has to bring along the plot number and a map.

Procedure 2. Apply for drawing plan/building-plan approval from the Bhubaneswar Development Authority and pay scrutiny fees (Municipal)**Time:** 1 day

Cost: INR 13,275 (application fee INR 400 + scrutiny fee INR 375 for first 50 square meters of built-up area and additional INR 500 for each of the next 50 square meters)

Comments: The Bhubaneswar Development Authority (Planning and Building Standards) Regulations (2008) refer to the warehouse being built as a storage building. The building company must submit application Form I to the Bhubaneswar Development Authority along with the following documents:

- Four copies of plans duly signed by the applicant showing key plan, layout plan with roads, plan of all floors, four side elevations, sections, area statement, and plan for sewerage and drainage disposal. All the plans shall be prepared and duly signed by a registered technical person and builder;
- Evidence such as the record of rights (ROR) or a civil-court decree as regards title and possession of the land;
- Evidence in support of deposit of cost of public utility services if applicable;

- Evidence in support of deposit of additional charges proportionate to the floor area and to be notified and decided by the authority in advance;
- Refundable fee for the likely cost of public nuisance payable to the urban local bodies;
- Structural stability certificate in the prescribed Form VII signed jointly by the engineer/structural engineer and the owner;

g. Supervision certificate in Form I prepared by a registered architect/engineer.

For storage and other special buildings with an area larger than 500 square meters, the building plans need to provide fire-safety specifications.

The application fee is INR 400 and the following scrutiny fees apply for every application for a building permission:

- Fees for residential buildings: up to 100 square meters INR 150; 100-150 square meters INR 225; 150-300 square meters INR 300; for every additional 50 square meters or part thereof INR 300;
- Fees for commercial building (including warehouses): up to 20 square meters, INR 250; 20-50 square meters, INR 375; for every additional 50 square meters or part thereof, INR 500.

Procedure 3. Receive a field visit from the Bhubaneswar Development Authority (Municipal)**Time:** 1 day**Cost:** No cost

Comments: The BDA will approve plans after a detailed scrutiny of submitted documents and an inspection that takes place within 3 days of the application.

Procedure 4. Obtain building permit from the Bhubaneswar Development Authority and pay final fees (Municipal)**Time:** 75 days

Cost: INR 42,000 (sanction fee INR 3 per square foot for commercial buildings)

Comments: The BDA shall communicate either approval of the building plans in Form II or refusal in Form IX within 60 days of receipt of the application. The building plan that is approved by BDA remains valid for 3 years. In the case of approval, the building company must deposit a sanction fee of INR 3 per square foot for commercial buildings (the rate for residential buildings is INR 1.5 per square foot). In addition, for commercial buildings larger than 300 square meters (including warehouses), the building company must pay a refundable security deposit of INR 100 per square meter of floor area. The security deposit shall be refunded within 60 days of the completion certificate. If the construction is not as per the approved plan, the deposit is forfeited and a separate action is initiated against the builder.

Procedure 5. Obtain commencement certificate (with inspection) from the Bhubaneswar Development Authority (Municipal)**Time:** 7 days**Cost:** No cost

Comments: According to the BDA Regulations (2008), the building company must notify the BDA about the intention to start work in Form V. The notification must be accompanied by the approved plan. Inspection shall happen within 7 days of receipt of notification. At the first inspection, the authority shall determine to the best of its ability that the construction is according to the approved site plans.

Procedure 6. Receive an inspection of the construction site from the BDA (Municipal)**Time:** 1 day**Cost:** No cost

Comments: The building company must notify the BDA about completion of each floor in Form VIII. According to the regulations, the Secretary of BDA may decide to conduct an inspection of the construction site at any stage. For a low-rise storage building, one inspection would typically suffice.

Procedure 7. Apply for permanent electricity connection with the Central Electricity Supply Utility of Orissa (CESU) (Private sector)**Time:** 1 day

Cost: INR 500 (flat processing fee)

Comments: The building company can apply for the electricity at a subdivisional office of the Central Electricity Supply Utility of Orissa (CESU). The application form is available at the office free of charge. It has to be submitted along with ownership documents, building plans approved by BDA, and a processing fee of INR 500.

Procedure 8.* Apply for permanent water and sewerage connection at the Public Health and Engineering Department (PHED) (Municipal)**Time:** 1 day**Cost:** No cost

Comments: To apply for water and sewerage, the building company submits two separate applications at the same window at the Public Health and Engineering Department along with the approved building plan, receipt of property tax, and pipeline layout drawings. Printed application forms are available in the PHED subdivision office for free.

Procedure 9.* Apply for permanent phone connection to Bharat Sanchar Nigam Limited (BSNL) (National)**Time:** 1 day**Cost:** INR 500 (flat installation charges)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 10.* Receive on-site inspection from the Central Electricity Supply Utility of Orissa (CESU) (Private sector)**Time:** 1 day**Cost:** No cost

Comments: The building company receives an inspection from CESU and later receives a "permission letter" that grants the connection, and enumerates the fixed charges and fees to be paid and works to be undertaken by the building company or a private contractor.

Procedure 11.* Receive an inspection by an assistant field engineer from the Public Health and Engineering Department (PHED) (Municipal)**Time:** 1 day**Cost:** No cost

Comments: An assistant engineer of PHED visits the construction site to carry out a feasibility study. Later, an executive engineer of PHED processes the feasibility study and sends an intimation letter to the building company, specifying all fees and work to be carried out.

Procedure 12.* Receive inspection by the Chief Electrical Inspector of Orissa State (State)**Time:** 1 day**Cost:** INR 5,000 (flat inspection charge)

Comments: The building company carries out installation of a transformer and other wiring on its own following the specifications in the CESU "permission letter." CESU only provides supervision. Once the work is finalized, the building company must receive a final inspection by the Chief Electrical Inspector of the state, who issues an "inspection report." The inspection report has to be submitted together with a "notification about completion of installation work" to CESU to obtain connection.

Procedure 13.* Obtain electricity connection from Central Electricity Supply Utility of Orissa and pay final fees (CESU) (Private sector)**Time:** 40 days**Cost:** INR 51,744 (load factor charge 30,249 + supervision charges by CESU equal to 6% of total costs = $200 \times 140 \text{ kW} + 300,000 + 30,249$)

Comments: The building company submits the completion certificate of the electrical installations and the "inspection letter" to CESU and pays the following fees:

1. Security deposit INR 200 per kW (refundable);
2. Load factor charge = 216 units per month* 140 kW + INR 4.5*2 months = INR 30,249;
3. Supervision charges by CESU, 6% of the total cost of utility connections (the total also includes the transformer installation cost of INR 300,000);

Upon payment, an agreement is signed and electricity is released. The total time includes waiting time for the inspections and the "inspection letter."

Procedure 14.* Obtain permanent water and sewerage connections (with inspection) from PHED (Municipal)**Time:** 30 days**Cost:** INR 9,000 (connection fees INR 6,000 for water + INR 3,000 for sewerage)

Comments: Upon receipt of the intimation letter, the building company must go back to the PHED office to pay connection fees. The security deposit is INR 60. The building company notifies the Public Health and Engineering Department once all work is finished and the final inspection takes place for an engineer to provide connection.

Procedure 15.* Obtain phone connection (with inspection) from the BSNL (National)**Time:** 7 days**Cost:** No cost**Procedure 16. Request final inspection from the Bhubaneswar Development Authority (Municipal)****Time:** 1 day**Cost:** No cost

Comments: The building company's architect/structural engineer should send a notice of completion certificate in Form VI to the BDA that the building has been completed in all respects as per the approved plan.

Procedure 17. Receive final inspection by an engineer from the BDA (Municipal)**Time:** 1 day**Cost:** No cost

Comments: A team of building officials shall visit the site to issue the occupancy certificate within 21 days.

Procedure 18. Obtain occupancy certificate (with inspection) from the Bhubaneswar Development Authority (Municipal)**Time:** 15 days**Cost:** INR 1,000 (flat fee)

Comments: The occupancy certificate is issued in Form X only after all utility services for the entire building have been physically provided. The certificate states the use/type of occupancy of the building.

DEALING WITH CONSTRUCTION PERMITS

Chennai, Tamil Nadu

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain planning permission for laying out of land from the Chennai Metropolitan Development Authority (Municipal)**Time:** 30 days**Cost:** INR 1,394 (scrutiny charges of INR 1.5 per square meter of the land area)

Comments: According to the Development Control Rules (DCR) for Chennai Metropolitan Area (2004), the Chennai Metropolitan Development Authority (CMDA) carries out necessary studies and prepares a master plan of the area. To obtain a planning permission, the applicant submits an application in Form A accompanied by plans and specifications showing the laying out of land for building purposes, and an application in Form B accompanied by detailed site plan and other specifications to know whether the particular type of development is permissible or not. Application will be scrutinized with reference to the land use for which the site has been designated under the master plan. If the application satisfies the Development Control Rules, planning permission will be issued, and if not, planning permission will be refused by CMDA within 30 days. A single window ("green channel") was introduced for building proposals.

Procedure 2.* Notarize the affidavit/undertaking (Private sector)**Time:** 1 day**Cost:** INR 100 (flat charge)

Comments: The building company must submit an affidavit/undertaking on nonjudicial stamp paper attested by the Oath Commissioner.

Procedure 3. Obtain building permission from the Chennai Municipal Corporation (Municipal)

Time: 45 days

Cost: INR 150,459 (building permit fee of INR 1,150 per 10 square meters + INR 600 registration fee + INR 280 scrutiny fee + building plan application INR 10)

Comments: The building company must submit a planning permission and building-plan application with the signatures of the landowner and licensed surveyor to the respective zonal office along with the following documents:

- a. Detailed site plan;
- b. Plans, elevations, and sectional details of the structure proposed. The construction plan has to be prepared by the licensed surveyor with his registration document (725 such surveyors received their license from the Corporation of Chennai);
- c. Key map showing the location of the site;
- d. Affidavit and indemnity bond;
- e. Clearance from the competent authority if necessary;
- f. Registered sale deed and land-ownership documents.

The following fees apply:

1. Building-permit fee:
 - a. Build-up area of 0-40 square meters: INR 105 per 10 square meters;
 - b. Build-up area of 41-100 square meters: INR 185 per 10 square meters;
 - c. Build-up area of 101-400 square meters: INR 460 per 10 square meters;
 - d. Build-up area greater than 400 square meters: INR 1,150 per 10 square meters.
2. Registration fee INR 600;
3. Scrutiny fee INR 280.

A single window for simple categories of buildings has been introduced. Furthermore, the sanctioning process has been decentralized to the zonal offices. Finally, the whole process has been computerized. The computerized acknowledgment of application is issued immediately and applications can be tracked online. The advice to pay the fees is also available online so that the building company can make the payment and receive the permit at once. Copies of the sanctioned plans are stored to be re-issued later and statistics are available online.

Procedure 4. Receive an on-site inspection by an engineer from the Chennai Municipal Corporation (Municipal)

Time: 1 day

Cost: No cost

Comments: Once the building plan is approved, the building company can proceed with the construction. One inspection on average would take place for a similar type of construction. The inspections usually happen when there is a deviation and this is brought to the notice of the authorities by a third party.

Procedure 5.* Apply for permanent electricity connection at Tamil Nadu State Electricity Board (State)

Time: 1 day

Cost: INR 500 (flat registration fee)

Comments: The building company must submit an application to the engineer's office stating the load requirements. The process is explained on the website www.tneb.in but no forms are available online. Along with the paper application, the building company pays a registration fee of INR 500.

Procedure 6.* Apply for permanent water and sewerage connections to the Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) (Municipal)

Time: 1 day

Cost: INR 150,000 (water and sewerage connection fees of INR 7,500 per unit of 100 square meters of plot area)

Comments: The building company can download the application form from the CMWSSB website www.chennaietrowater.tn.nic.in, which also explains the application process. The application has to be submitted at the registration counter in the CMWSSB office along with sanctioned plans and proof of paid connection charges (challan). For nonresidential buildings of category "A" including the warehouse, the fee is INR 7,500 for water and INR 7,500 for sewerage per a unit of 100 square meters. After submitting the challan confirming the payment and the form, the building company receives an acknowledgment with a registration number.

Procedure 7.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (BSNL) (National)

Time: 1 day

Cost: INR 500 (flat installation charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 8.* Receive inspection and a sanction of water and sewerage connections from the CMWSSB (Municipal)

Time: 1 day

Cost: No cost

Comments: The area engineer inspects the site and issues a sanction order to the building company within 7 days.

Procedure 9.* Obtain permanent electricity connection (with inspection) from the Tamil Nadu State Electricity Board (State)

Time: 45 days

Cost: INR 42,000 (connection fee INR 300 per kW)

Comments: After receiving the estimate of necessary work and final fees, the building company has 15 days to comply with the estimate and make the necessary payment. The connection fees are approximately INR 300 per kW.

Procedure 10.* Obtain permanent water connection from Chennai Metropolitan Water division (Municipal)

Time: 30 days

Cost: No cost

Comments: Water and sewerage connections are guaranteed within 30 days of the registration of application.

Procedure 11.* Obtain phone connection (with inspection) from the BSNL (National)

Time: 7 days

Cost: No cost

Procedure 12. Submit notice of completion to receive final inspection by the Chennai Metropolitan Development Authority (Municipal)

Time: 1 day

Cost: INR 2,500 (flat fee)

Comments: The applicant shall not put the buildings to use without obtaining the completion certificate from the Chennai Metropolitan Development Authority. The structural engineer must file a completion report to obtain occupancy permit along with a flat fee of INR 2,500.

Procedure 13.* Receive "no-objection certificate" NOC (with inspection) from the Tamil Nadu Fire and Rescue Service Department (State)

Time: 1 day

Cost: No cost

Comments: Large warehouse may be inspected by the Fire Department after the applicant applies for the final inspection.

Procedure 14. Receive inspection of the completed construction by the Chennai Metropolitan Development Authority (Municipal)

Time: 1 day

Cost: No cost

Comments: Inspection takes place to ensure the building is technically sound and has been constructed in accordance with the laws and provisions.

Procedure 15. Obtain the completion certificate from the Chennai Metropolitan Development Authority (Municipal)

Time: 15 days

Cost: No cost

Comments: The authority shall issue the completion report within 21 days after receiving the completion notification from the owner and after the final inspection.

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Gurgaon, Haryana

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Submit intent to construct to obtain physical possession certificate at the Haryana Urban Development Authority (Municipal)

Time: 1 day

Cost: No cost

Comments: The building company expresses its intention to construct a building by filing the Form Brs 0. The authority issues a map detailing the zoning of the plot indicating buildable and nonbuildable zones, north direction, external plot dimensions, gate location, etc. The authority also provides the building company with a checklist of documents to be submitted at each stage of the construction, along with the fee structure and a copy of building bylaws. The building company applies simultaneously for the building-plan approval at a single window.

Procedure 2. Obtain drawing plan approval/ building permit from the Haryana Urban Development Authority (Municipal)

Time: 30 days

Cost: INR 14,006 (scrutiny fee of INR 10 per square meter of floor area + malba (construction waste)/security fee of INR 2,000 with a 50% refund after the construction)

Comments: According to the Haryana Urban Development Authority (HUDA, Erection of Buildings) Second Amendment Regulations (2006) the building company must apply for the building permit to the Estate Officer at HUDA. It must submit application in Form Brs-I, along with the following documents duly signed by a registered architect/engineer/structural engineer and a proof consultant:

- Site plan;
- Building plans;
- Details of specifications of the work to be executed in the prescribed form;
- Certificate of conformity to regulations and structural safety in the prescribed form;
- Certificate in the form of an affidavit stating that the owner and the architect have understood the provisions of the zoning sheet fully and shall not deviate from the prescribed norms;
- Heating, ventilation, air conditioning, (HVAC) service plan, wherever required.

Building plans have to be prepared by architects nominated by HUDA/Municipal Authority. The approval of the application is valid for 2 years.

The applicant pays a scrutiny fee of INR 10 per square of the floor area, and a malba/security fee of INR 1,000 if the plot surface is under one kanal (505 square meters) and INR 2,000 if it exceeds it. Fifty percent of the security fee amount shall be deposited as nonrefundable security.

HUDA has introduced a single-window system, which allows applicants to submit all applications at the same counter.

Procedure 3.* Receive the demarcation of a plot by the Junior Engineer of HUDA (Municipal)

Time: 10 days

Cost: No cost

Comments: After the building plans have been approved, the building company requests a demarcation of the plot from HUDA Authorities at the single window, either in writing or in person. This procedure is known as "plot-handing-over." A junior engineer comes to the plot to demarcate the plot physically, then hands over a document certifying that "physical possession has been granted."

Procedure 4. Apply for permanent water connection to the Water Department of Haryana Urban Development Authority (Municipal)

Time: 1 day

Cost: INR 1,000 (flat connection fee of INR 1,000 + refundable security deposit)

Comments: The building company applies for water connection after receiving approval of the building plan. The application form is available at the HUDA office or can be downloaded online at <http://huda.nic.in/policy.html>. The building company submits the application at a single window along with the following documents:

- Attested copy of the certificate of the Estate Officer HUDA about handing over possession of plot;
- Attested copy of letter of Estate HUDA Officer which grants permission to erect the building;

- Attested copy of the building plan sanctioned by the Estate HUDA Officer showing position of internal water supply lines/arrangement;
- Signatures of the licensed plumber in charge of the plumbing work.

Procedure 5. Receive an on-site inspection by the Water Department (HUDA) (Municipal)

Time: 1 day

Cost: No cost

Comments: The zonal engineer of the Water Department carries out an inspection within 3 days after application.

Procedure 6. Request and receive an inspection from HUDA (Municipal)

Time: 14 days

Cost: No cost

Comments: The owner and the architect are required to jointly submit progress certificates in the prescribed Form Brs-VIII at the following stages: a. damp proof course level; b. roof level. While the damp proof course progress certificate is being processed, construction must be put on hold for a period of two weeks in order to allow the officers to conduct the inspection. No inspection happens at the roof level.

Procedure 7. Apply for approval of completed construction from the Fire Department (State)

Time: 1 day

Cost: No cost

Comments: An NOC from the Fire Department is required to apply for the occupancy certificate.

Procedure 8. Receive no-objection certificate (with inspection) from the Fire Department (State)

Time: 10 days

Cost: No cost

Comments: The building company has to notarize an affidavit stating that no provision of the Haryana Urban Development Authority bylaws has been violated.

Procedure 9. Apply for occupancy permit at the Haryana Urban Development Authority (Municipal)

Time: 1 day

Cost: No cost

Comments: Upon completion of the construction, the building company and the architect must submit final completion drawings, along with Form Brs III A/B and the following documents:

- Self-assessment of building violations, jointly signed by the owner and architect;
- Affidavit that no provision of the Haryana Urban Development Authority bylaws has been violated;
- Photographs of front, side, rear setbacks, front and rear elevation of the building along with photographs of essential areas, such as cut-outs and shafts from the roof top. A CD containing all photographs must also be submitted.

Procedure 10. Receive final inspection of the construction by the Haryana Urban Development Authority (Municipal)

Time: 1 day

Cost: No cost

Comments: The chief engineer inspects the construction site and imposes fines in case of violations.

Procedure 11. Obtain the occupancy permit from the Haryana Urban Development Authority (Municipal)

Time: 20 days

Cost: No cost

Comments: The authority shall issue the occupancy certificate in Form Brs VI.

Procedure 12. Apply for permanent electricity connection to Dakshin Haryana Bijli Vitran Nigam (DHBVN) (State)

Time: 1 day

Cost: INR 3,500 (processing charge of INR 25 per kW-maximum INR 10,000)

Comments: The building company applies for industrial supply. The application form is available free of cost at the local office of the Nigam or online at www.dhbvn.com. Along with the application, the building company submits the ownership documents, articles of association, and a copy of the layout plan. The submitted application is scrutinized by a consumer clerk and omissions are immediately rectified with the applicant. The completed file is then passed to the concerned joint engineer to assess the technical feasibility and cost of the connection. The file is returned to the consumer clerk, who, if the file is accepted, asks the consumer to pay the following fees:

- Advance consumption deposit INR 1000 per kW (refundable);
- Processing charge of INR 25 per kW (and maximum of INR 10,000).

Procedure 13.* Apply for permanent sewerage connection to the water department of Haryana Urban Development Authority (Municipal)

Time: 1 day

Cost: INR 500 (flat connection fee)

Comments: The building company submits the following documents to apply for the sewerage connection at the HUDA Water Department:

- Attested copy of permission of HUDA to cut the road;
- Attested copy of occupation certificate for the building issued from Estate Officer, HUDA;
- Copy of the building plan clearly showing the positions of the main sewer line and internal sewer manholes/sewer lines;
- Completion certificate, drafted by a licensed plumber, of the sanitary installations.

In addition to the INR 500 connection fee, there is a refundable deposit of INR 2,000. The application with information on rates is available online at www.huda.nic.in/policy.html.

Procedure 14.* Apply for telephone connection from Bharat Sanchar Nigam Limited (BSNL) (National)

Time: 1 day

Cost: INR 500 (flat installation fee)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 15.* Receive electricity sanction letter and make the final payment to DHBVN (State)

Time: 1 day

Cost: INR 105,000 (line charge INR 750 per kW)

Comments: DHBVN sends a demand notice to the building company by email or mail to pay final line charges of INR 750 per kW. DHBVN inspects and releases the connection.

Procedure 16.* Receive an on-site inspection for the sewerage connection by HUDA (Municipal)

Time: 1 day

Cost: No cost

Procedure 17.* Obtain permanent electricity connection (with inspection) from Dakshin Haryana Bijli Vitran Nigam (DHBVN) (State)

Time: 25 days

Cost: No cost

Procedure 18.* Obtain permanent water and sewerage connections from HUDA (Municipal)

Time: 15 days

Cost: No cost

Procedure 19.* Obtain phone connection (with inspection) from the BSNL (National)

Time: 5 days

Cost: No cost

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Guwahati, Assam

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain land-use permit from the Guwahati Metropolitan Development Authority (Municipal)

Time: 30 days

Cost: INR 500 (flat fee)

Comments: According to the building bylaws for Guwahati Metropolitan Area (2006), the building company has to obtain a land-use certificate from the Guwahati Metropolitan Development Authority (GMDA). All layout plans must be signed by the owner before being submitted to the GMDA. To obtain a land-use certificate, the following fees apply:

- Residential: INR 250;
- Nonresidential: INR 500;
- Filling station/medium industry: INR 1,000;
- Cinema/theater: INR 1,500.

The building company must pick up all documents regarding land-sale permission and other documents, such as building permission, at the reception counter of the GMDA.

Procedure 2. Apply for building permit approval from Guwahati Metropolitan Development Authority (Municipal)

Time: 1 day

Cost: No cost

Comments: The newly revised building bylaws for the Guwahati Metropolitan Area (2006) refer to the warehouse being built as "godown/industrial building." According to Article 5, if the building company intends to erect, re-erect or make material alterations in a building located within the jurisdiction of the Guwahati Metropolitan Development Authority, it is required to notify, in writing, the Chairman of the GMDA and apply for a building permit by submitting the following documents:

- Application form;
- Plans of the site and the building and service plan in triplicate in blue or white prints;
- Supervision certificate of the licensed architect/structural engineer;
- Ownership documents.

All forms are available online on the GMDA website www.gmda.co.in.

Procedure 3. Receive inspection from the Guwahati Metropolitan Development Authority (Municipal)

Time: 1 day

Cost: No cost

Comments: According to the bylaws, the inspection shall be made within 10 days. GMDA determines whether the submitted plans comply with the requirements of the building bylaws.

Procedure 4. Obtain building permission from GMDA and pay final fees (Municipal)

Time: 60 days

Cost: INR 26,012 (application fee of INR 20 per square meter of built-up area)

Comments: The GMDA issues the building permission once the building company pays fees as per the following schedule:

- Assam-type, pitched-roof framed structure with Ekra or split bamboo walls with plaster: INR 1 per square meter;
- Pitched-roof brick with cement plaster wall: INR 2 per square meter;
- Residential building: INR 5 per square meter of plinth area for ground floor and subsequent floors;
- General commercial building: 3 times the rate of new residential buildings;
- Industrial and godowns: 4 times the rate of new residential buildings.

According to the bylaws, the GMDA shall issue the building permission within 60 days.

Procedure 5. Request and receive inspection from GMDA (Municipal)

Time: 14 days

Cost: No cost

Comments: According to Article 16 of the bylaws, the building company must notify the GMDA upon commencement of the work. The GMDA has 14 days to verify the building is being constructed in accordance with the sanctioned plans and the construction must be held up. If the authority fails to make the inspection within the specified period, then it shall be presumed that the authority has no objection. The construction engineer also informs the GMDA about the completion of work up to plinth level, 1st floor, and upper floor. After being notified, the GMDA may inspect, but in practice, it rarely does.

Procedure 6. File a completion certificate and apply for an occupancy permit by the Guwahati Metropolitan Development Authority (Municipal)

Time: 1 day

Cost: No cost

Comments: The building company must notify the GMDA about completion through the licensed architect, engineer, or structural engineer. The building company must submit the completion certificate, four sets of completion plans, and the relevant NOCs, if required (no fire NOC is required in Guwahati for buildings lower than 15.8 m).

Procedure 7. Receive final inspection of the construction by the Guwahati Metropolitan Development Authority (Municipal)

Time: 1 day

Cost: No cost

Procedure 8. Obtain occupancy permit from the Guwahati Metropolitan Development Authority (Municipal)

Time: 21 days

Cost: No cost

Comments: After receiving the completion certificate, the GMDA has 21 days to sanction or refuse to issue the occupancy certificate. After 21 days, the building is assumed to have been approved by GMDA for occupancy if the warehouse has been constructed as per the sanctioned plans.

Procedure 9. Apply for electricity connection at Low Assam Electricity Distribution Company Limited (LAEDCL) (State)

Time: 1 day

Cost: INR 10,000 (flat application fee)

Comments: The building company applies for electricity connection using the form available online at www.laedcl.gov.in. The building company has to pay an application fee of INR 10 and submit the application along with the following documents at the LAEDCL's subdivision office:

- Proof of ownership of the premises;
- Map with the proposed location of the plant/office, etc.;
- Memorandum and Articles of Association and Certificate of Incorporation;
- Proof of permanent residential address of the consumer;
- Test report from an electrical contractor.

A transformer is mandatory for all connections above 25 kW. For a 3-phase connection with 140 kW, a 250 kW transformer is required, keeping in mind future load enhancements. The approximate cost for installing the transformer is INR 250,000. Doing Business assumes that the installation costs do not count toward the administrative costs.

Procedure 10.* Apply for water and sewerage connections at Guwahati Municipal Corporation (Municipal)

Time: 1 day

Cost: INR 10,000 (standard application fee for commercial buildings)

Comments: In those parts of Guwahati where a GMC water supply network exists, the building company may apply for a water connection using the form available online at www.guwahatimunicipalcorporation.com. The form can also be collected from the Commissioner's office of the Guwahati Water Supply Department free of cost.

Following standard fees are paid at the time of application:

- INR 5,000 for residential buildings;
- INR 7,000 for industrial buildings;
- INR 10,000 for commercial buildings.

Procedure 11.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)

Time: 1 day

Cost: INR 1,000 (installation fee INR 500 + registration fee INR 500)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 12.* Receive inspection from the electricity provider (LAEDCL) (State)

Time: 1 day

Cost: No cost

Comments: LAEDCL conducts an inspection, after which the electricity provider will send the applicant a demand note detailing the estimated charges for the connection.

Procedure 13.* Receive inspection from the Water Works Department at the GMC (Municipal)

Time: 1 day

Cost: No cost

Procedure 14.* Obtain permanent electricity connection from LAEDCL (State)

Time: 45 days

Cost: INR 100,000 (nonrefundable meter security deposit of INR 100,000 + refundable security deposit)

Comments: The building company has up to 7 days to pay all charges specified in the demand note. The payment is done at the LAEDCL's SDO office. The other charges for a 140 kW connection are as follows:

- Load security deposit to be returned once the service is discontinued. The sum to be paid amounts to two-months' charges (energy charge of INR 4.5 per kWh (140 x 120 = 16,800 x 4.50 = 139,440);
- Meter security deposit (nonrefundable) INR 100,000.

Procedure 15.* Obtain permanent water and sewerage connections from the GMC (Municipal)

Time: 35 days

Cost: No cost

Procedure 16.* Obtain phone connection (with inspection) from the BSNL (National)

Time: 7 days

Cost: No cost

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Hyderabad, Andhra Pradesh

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain a sanctioned land-use permission (layout) of the plot from Greater Hyderabad Municipal Corporation (GHMC) (Municipal)

Time: 2 days

Cost: INR 600 (flat fee up to 2 acres)

Comments: According to the Layout Rules, the building company must obtain sanctioned layout plans from the GHMC. To apply, the building company submits Form A, along with ownership details and drawing plans to the Planning Department. The fees for this procedure are as per the schedule of town-planning charges and fees effective 01-07-08:

- Up to 2 acres, INR 600 per copy;
- For every additional acre of land, INR 150 per copy.

Procedure 2. Apply for building permit and pay initial fee at the Greater Hyderabad Municipal Corporation (GHMC) (Municipal)

Time: 1 day

Cost: INR 3,121 (2% of the building-permit fee of INR 120 per square meter)

Comments: When applying for the building permit, the building company must submit the following documents to the Greater Hyderabad Municipal Corporation:

- Building application duly signed by the owner, builder, architect, and engineer;
- Declaration forms duly signed by the owner and attested by the Gazette Officer;
- Copy of architect or engineer's license;
- Town survey record from MRO or approved layout;
- Previous sanctioned plan (if applicable);
- Urban Land Ceiling (ULC) clearance for above 1,000 square meters land plot (does not apply in our case);
- ULC affidavit (below 1000 square meters);
- Ownership documents (two sets attested by the Gazette Officer);
- Up-to-date property tax receipt;
- Nonjudicial stamp paper;
- Building plans (1+5 copies) duly signed by owner, architect, structural engineer.

Fire NOC is required for buildings higher than 15 meters.

Building permit fees for commercial, institutional, industrial, and other buildings are as per the following schedule:

- up to 200 square meters of plot area: INR 50 per square meter of built-up area;
- 201-500 square meters of plot area: INR 90 per square meter of built-up area;
- 501-750 square meters of plot area: INR 100 per square meter of built-up area;
- above 750 square meters: INR 120 per square meter of built-up area;
- High-rise buildings: INR 150 per square meter or built-up area.

2% of the building-permit fees shall be paid along with the building application, subject to a maximum of INR 10,000 as initial fees. The balance of the building-permit fee together with other fees shall be levied and collected before the issuance of permission/sanction.

The GHMC website www.ghmc.gov.in provides all relevant information online: building-permission-process details, building-fee schedule, status of the application, approved plans, application forms, list of licensed architects, as well as all relevant laws. The authority has also posted a model building plan that provides guidelines for other applicants.

Procedure 3. Obtain approval of plans (building permit) and pay final fees at the Greater Hyderabad Municipal Corporation (GHMC) (Municipal)

Time: 28 days

Cost: INR 390,960 (98% of the building-permit fees of INR 120 per square meter + betterment charges of INR 175 per square meter + water-harvesting fee INR 8 per square meter of built-up area)

Comments: After the application has been approved, the GHMC informs the building company of the remaining charges to be paid, which include the remaining balance of the building-permit fee (98%) and the following other charges:

- Betterment charges for internal and external amenities for commercial, institutional, industrial, and other buildings of INR 175 per square meter of plot area;
- Rainwater harvesting charges of INR 8 per square meter of built-up area for all categories of buildings.

Payment occurs when the permit is issued.

Procedure 4. Receive inspection from the Greater Hyderabad Municipal Corporation (GHMC) (Municipal)

Time: 1 day

Cost: No cost

Comments: The building company must notify the Greater Hyderabad Municipal Corporation about commencement of foundation, basement, and roof work. After being notified, engineers from the GHMC inspect the site on several occasions. In the case of a low-rise construction of buildings below 15 m in height, one inspection will usually take place during the construction.

Procedure 5. Apply for permanent electricity connection with A.P. Central Power Distribution Company (State)

Time: 1 day

Cost: INR 25 (flat application fee)

Comments: To apply for the electricity connection, the building company submits an application form to the executive engineer of A.P. Central Power Distribution Company along with the following documents:

- Site plan;
- Certificate of incorporation;
- MOA and AOA.

The application form is available for INR 25 either online at www.aptransco.gov.in or at the designated customer-service center for the warehouse's location.

The building company has to pay a refundable security deposit of INR 1,000 per kW. Fifty percent of these charges are payable when applying.

Procedure 6.* Apply for water and sewerage connections from Hyderabad Metropolitan Water Supply and Sewerage Board (HMWSSB) (Municipal)

Time: 1 day

Cost: INR 500 (flat application fee)

Comments: The building company can apply for the water and sewerage connections at the "Single-Window Cell" at the Hyderabad Metropolitan Water and Sewerage Board. It submits the application form along with a fee of INR 500, ownership documents, land details, copy of property tax, and the building-plan approval.

Procedure 7.* Apply for telephone connection from Bharat Sanchar Nigam Limited (BSNL) (National)

Time: 1 day

Cost: INR 500 (flat installation charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 8.* Receive inspection from the electricity provider A.P. Central Power Distribution Company (State)

Time: 1 day

Cost: No cost

Comments: During the inspection, the A.P. Central Power Distribution Company conducts a feasibility study and assesses all the charges.

Procedure 9.* Receive inspection from Hyderabad Metropolitan Water Supply and Sewerage Board (Municipal)

Time: 1 day

Cost: No cost

Comments: Within 1 week, HMWSB prepares a feasibility report based on an inspection of the site and sends a demand notice to the applicant enumerating the charges to be paid.

Procedure 10.* Receive inspection and permission from the state Electrical Inspector (State)

Time: 1 day

Cost: No cost

Comments: The building company must obtain permission from the Electrical Inspector of the Government of Andhra Pradesh in Hyderabad, which takes about 14 days. The building company then submits a copy of this permission along with the structural and service line charges to obtain the final connection.

Procedure 11.* Obtain permanent electricity connection with inspection from A.P. Central Power Distribution Company (State)

Time: 20 days

Cost: INR 150,000 (service and connection charges)

Comments: The building company pays the remaining 50% of the refundable security deposit and service and connection charges as established during the inspection: approximately INR 150,000.

Procedure 12.* Obtain permanent water and sewerage connections from Hyderabad Metropolitan Water Supply and Sewerage Board (Municipal)**Time:** 15 days**Cost:** INR 3,300 (flat charge)**Comments:** After receiving an estimate of the costs, the building company goes to the office and pays connection charges of between INR 2,500-4,000 and a refundable security deposit of INR 250. Once the payment is completed, it takes another week for the utility provider to finalize the water connection.**Procedure 13.* Obtain phone connection (with inspection) from the BSNL (National)****Time:** 5 days**Cost:** No cost**Procedure 14. Apply for occupancy permit at the Greater Hyderabad Municipal Commissioner's offices (Municipal)****Time:** 1 day**Cost:** No cost**Comments:** The building company must submit a notice of completion through the registered architect and licensed builder/developer along with prescribed documents and plans to the sanctioning authority to apply for the occupancy certificate that is mandatory for all buildings.**Procedure 15. Receive final inspection of the construction by the GHMC (Municipal)****Time:** 1 day**Cost:** No cost**Comments:** The authority inspects whether the building is as per the approved plan, e.g., with regard to the number of floors, external setbacks, parking space provision, and abutting road width.**Procedure 16. Obtain occupancy permit from the GHMC (Municipal)****Time:** 20 days**Cost:** No cost**Comments:** The authority shall communicate the approval or refusal of the occupancy certificate within 15 days.

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Indore, Madhya Pradesh*Procedures to build a warehouse**Warehouse value: USD 118,331 = INR 5,203,000**Data as of: February 2009***Procedure 1. Obtain land-use permission from the Indore Development Authority (Municipal)****Time:** 30 days**Cost:** INR 50 (INR 50 per hectare)**Procedure 2. Apply for the building permission and pay initial fee at the Indore Municipal Corporation (Municipal)****Time:** 1 day**Cost:** INR 65,030 (building-permit fee INR 50 per square meter)**Comments:** According to Rule 17 of the Madhya Pradesh Bhumi Vikas Rules (1984), the building company must submit a "Form for first application to develop, erect, re-erect or to make alteration in any place in a building" to the Indore Municipal Corporation, along with the following plans and specifications:

1. Set of plans (key plans, site plans, layout plans, building plans, and service plan) in quadruplicate, duly signed by the architect/structural engineer/supervisor/town planner;
2. Proof of ownership;

3. Proposal information about the building and its use, along with the endorsement of the architect and the fee.

The fees are set by the Madhya Pradesh Bhumi Vikas Rules (1984) and vary depending on the type of building.

Procedure 3. Receive an inspection from the Indore Municipal Corporation (Municipal)**Time:** 1 day**Cost:** No cost**Comments:** Once the Municipal Corporation receives the application, it inspects the site and scrutinizes the maps before sanctioning the building plan.**Procedure 4. Obtain building permit from the Indore Municipal Corporation after paying final fees (Municipal)****Time:** 40 days**Cost:** No cost**Comments:** The Indore Municipal Corporation shall sanction the plan within 30 days of receiving the building-permit application.**Procedure 5. Receive an on-site inspection by an engineer from the Indore Municipal Corporation (Municipal)****Time:** 1 day**Cost:** No cost**Comments:** The registered engineer or architect or any other officer designated by the Indore Municipal Corporation may at any time during the construction of the building inspect the site to ensure that the building adheres to the building bylaws and regulations. The inspections are random. Usually one inspection takes place during the construction of a low-rise building (below 15 m in height).**Procedure 6. Request final inspection and apply for service certificate at the Indore Municipal Corporation (Municipal)****Time:** 1 day**Cost:** No cost**Comments:** The building company must notify the Indore Municipal Corporation of the completion of the civil work in the building and apply for the service certificate necessary to obtain service connections, especially water, sewerage, and electricity.**Procedure 7. Receive inspection of the completed civil work in the building from the Indore Municipal Corporation (Municipal)****Time:** 1 day**Cost:** No cost**Procedure 8. Obtain service certificate from the Indore Municipal Corporation to apply for utility connections (Municipal)****Time:** 15 days**Cost:** No cost**Comments:** If the authority does not reply within 15 days of the notification date, the service certificate is deemed granted.**Procedure 9. Obtain "no-objection certificate" from the Pollution Board of the District Industries Centre in Indore (Municipal)****Time:** 4 days**Cost:** INR 200**Comments:** Before applying for an electricity connection, the building company must obtain a "no-objection certificate" from the Pollution Board of the District Industries Centre in Indore, for a nominal fee of INR 200. The warehouse falls in the category of industrial buildings according to the bylaws in Madhya Pradesh.**Procedure 10. Apply for a permanent power connection to the Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited (State)****Time:** 1 day**Cost:** INR 2,500 (flat application fee)**Comments:** The application form for electricity connection is available at the Divisional Office or Circle office. There is an application fee of INR 2,500. The applicant submits the form with ownership documents and a "Certificate from the Pollution Board," issued by the District Industries Centre in Indore.

Procedure 11.* Apply for permanent water and sewerage connections to the Water Department (Municipal)**Time:** 1 day**Cost:** INR 10

Comments: The building company must apply for water and sewerage connections at the zonal office under whose jurisdiction the warehouse is located. The building company must submit the application form, available in the office for INR 10, along with proof of ownership and address.

Procedure 12.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)**Time:** 1 day**Cost:** INR 1,000 (INR 500 installation charge + INR 500 registration charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 13.* Receive an on-site inspection by the Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited (State)**Time:** 1 day**Cost:** No cost

Comments: An electrical engineer visits the site and prepares an estimate of the connection costs for the applicant.

Procedure 14.* Receive an on-site inspection from the Water Department (Municipal)**Time:** 1 day**Cost:** No cost

Comments: The Water Department conducts an on-site inspection within 3 days of receipt of the application. The building company receives an inspection report in which the connection costs are detailed.

Procedure 15.* Obtain permission (with inspection) from the Electrical Inspector of Madhya Pradesh (State)**Time:** 7 days**Cost:** INR 200 (flat inspection fee)

Comments: In addition to the feasibility inspection, the building company must obtain a clearance from the state electrical inspector of Madhya Pradesh. The permission is prepared in about a week for a nominal fee of INR 200.

Procedure 16.* Obtain permanent electricity connection from MP Paschim Kshetra Vidyut Vitran Company Limited upon payment of final fees (State)**Time:** 30 days**Cost:** INR 14,000 (service connection charge INR 100 per kW)

Comments: The building company signs an agreement and makes the following payments at the office:

- a. Service connection charge of INR 100 per kW;
- b. Refundable security deposit equal to 45 days of consumption, or approximately INR 300,000.

The building company is also requested to install a distribution transformer sub-station at its own cost of approximately INR 200,000.

Procedure 17.* Obtain permanent water and sewerage connections from the Water Department upon payment of final fees (Municipal)**Time:** 30 days**Cost:** INR 2,750 (flat connection charge)

Comments: The building company must pay connection charges of INR 2,750 and make an advanced payment equal to 12 months of water consumption, or INR 180 per month at the zonal office. After payment is made, the building company and the municipality sign an agreement and within 7 days connection is completed by a licensed plumber sent by the Municipality.

Procedure 18.* Obtain phone connection (with inspection) from the BSNL (National)**Time:** 3 days**Cost:** No cost**Procedure 19. Apply for an completion certificate and occupancy permit at the Indore Municipal Corporation (Municipal)****Time:** 1 day**Cost:** No cost

Comments: Before the building can be legally occupied, the building company must apply for a completion certificate to certify that the building conforms to the sanctioned plan.

Procedure 20. Receive final inspection of the construction by the Indore Municipal Corporation (Municipal)**Time:** 1 day**Cost:** No cost

Comments: Any engineer/architect/supervisor from the Indore Municipal Corporation may inspect the construction site for the final inspection without prior notice.

Procedure 21. Obtain an occupancy permit (Municipal)**Time:** 30 days**Cost:** No cost

Comments: The occupancy permit shall be issued within 30 days.

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Jaipur, Rajasthan

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain land-use permission from Jaipur Development Authority (Municipal)**Time:** 25 days

Cost: INR 3,010 (application charge INR 10 + flat fee INR 3,000 when no conversion is necessary)

Comments: Before starting a new construction, the building company must obtain a land-use permit. The building company has to fill out the application available for INR 10 in one of the Citizen Care Centers and submit it along with ownership documents and a map of the area. The conversion charges (if applicable) are immediately paid. The final land-use permit can be picked up in the Center as well. The approval is faster when the commercial approval already exists, i.e., the building company is constructing in a zone where warehouses are permitted and no conversion is necessary.

Procedure 2.* Notarize affidavits (Private sector)**Time:** 1 day**Cost:** INR 100 (flat fee)

Comments: The building company has to submit a notarized affidavit on a stamp paper when applying for the building permit.

Procedure 3. Apply for building-plan approval at the Jaipur Development Authority (Municipal)**Time:** 1 day**Cost:** INR 300 (flat application fee)

Comments: According to the Jaipur Development Authority Building Rules (2000), the building company must submit an application form to the Jaipur Development Authority along with the following documents:

- a. Ownership documents;
- b. Ownership certificate;
- c. Original site map and a map in case of subdivision and reconstitution;
- d. Building plan required to be approved (ammonia print in 3 copies);
- e. 2 copies of affidavit on nonjudicial stamp paper duly notarized;
- f. NOC of neighbor and indemnity bond in case of basement;
- g. Affidavit of the architect;
- h. House tax receipt;

i. Lease receipt (if applicable).

A flat application fee of INR 300 applies for commercial buildings and INR 100 for residential buildings. A no-objection certificate from the Fire Department is required for buildings with a plot area larger than 1,000 square meters and height above 15 meters, but Doing Business assumes a smaller warehouse and plot.

Procedure 4. Receive inspection by the Jaipur Development Authority (JDA) (Municipal)

Time: 1 day

Cost: No cost

Comments: Application and site are scrutinized. If the application is fit to be approved, the Municipality sends a demand letter to the building company stating the applicable building-permit fees and development charges. The rate depends on the proposed uses and the floor area.

Procedure 5. Obtain building plan approval from the Jaipur Development Authority and pay final fees (Municipal)

Time: 60 days

Cost: INR 26,200 (building-plan approval fee INR 2,000 for 100 square meters + INR 1,000 for every additional 50 square meters)

Comments: The building company pays the building-permit fees for commercial buildings according to the following formula:

- a. Up to 100 square meters of built up area: INR 2,000;
- b. INR 1,000 for every additional 50 square meters.

Furthermore, the building company deposits a refundable malba (construction waste) fee according to the following schedule:

- a. Up to 500 square meters: INR 1,000;
- b. 500-1000 square meters: INR 5,000;
- c. Above 1,000 square meters: INR 10,000.

Procedure 6. Receive on-site inspection by the Jaipur Development Authority (Municipal)

Time: 1 day

Cost: No cost

Comments: The building company can begin construction without further notification. During construction, there is approximately one ad-hoc inspection by the JDA.

Procedure 7. File completion certificate and apply for occupancy permit at the JDA (Municipal)

Time: 1 day

Cost: No cost

Comments: The building company must notify the authorities about the completion of construction. The final inspection happens within a week.

Procedure 8. Receive final inspection of the construction by the JDA (Municipal)

Time: 1 day

Cost: No cost

Procedure 9. Obtain occupancy permit from the JDA (Municipal)

Time: 20 days

Cost: No cost

Comments: After obtaining the occupancy certificate, the building company can reclaim the malba (construction waste) security fee deposited at the time of the building-plan approval.

Procedure 10. Apply for sanction of power connection at Jaipur Vidhyut Vitran Nigam Limited (JVNL) (Municipal)

Time: 1 day

Cost: INR 105,000 (registration fee INR 5,000 + INR 100,000 for connection/inspection)

Comments: The building company applies to the JVNL along with an affidavit and the load request form. When applying, the building company pays registration charges of INR 5,000 and the cost of inspection and connection of INR 100,000. The building company will also have to install a transformer of their own. The installation of the transformer will cost up to INR 500,000 and the related cabling INR 100,000. The application should soon be available online.

Procedure 11.* Apply for sewerage connection to the Jaipur Municipal Corporation (Municipal)

Time: 1 day

Cost: INR 37,332 (sewerage connection charge INR 24 per square yard)

Comments: The building company applies for sewerage connection to the Jaipur Municipal Corporation and pays the following fees:

- a. Residential buildings: INR 12.5 per square yard;
- b. Commercial buildings: INR 24 per square yard.

Procedure 12.* Apply for water connection from Public Health Engineering Department (State)

Time: 1 day

Cost: INR 750 (water connection INR 100 + water meter INR 650)

Comments: The building company applies for the water connection to the PHED by submitting an application along with a copy of the site plan, sale deed, and a photograph of the applicant along with his authorization. Information on the application process is available online at www.rajwater.gov.in.

Procedure 13.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)

Time: 1 day

Cost: INR 500 (INR 500 installation charges)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 14.* Receive inspection from electricity provider and receive sanction (JVNL) (Municipal)

Time: 1 day

Cost: No cost

Comments: The inspection happens within a couple of days of receipt of the application.

Procedure 15.* Receive inspection from the Public Health Engineering Department (Municipal)

Time: 1 day

Cost: No cost

Procedure 16.* Obtain permanent electricity connection from Jaipur Vidhyut Vitran Nigam Limited (JVNL) (Municipal)

Time: 35 days

Cost: No cost

Procedure 17.* Obtain permanent sewerage connection from the Jaipur Municipal Corporation (Municipal)

Time: 30 days

Cost: No cost

Procedure 18.* Obtain permanent water connection from PHED (Municipal)

Time: 10 days

Cost: No cost

Procedure 19.* Obtain phone connection (with inspection) from the BSNL (National)

Time: 5 days

Cost: No cost

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Kochi, Kerala

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Apply for layout approval and location approval certificate to the Municipal Corporation of Kochi (Municipal)

Time: 1 day

Cost: INR 1,100 (application fee of INR 400 + INR 100 for every 50 m2 over 1000 m2)

Comments: The building company must obtain layout approval according to Section 387.a. of the Kerala Municipality Act (1994). For the usage of any plot exceeding 0.5 hectares and a layout of buildings exceeding 500 square meters, approval of the site has to be obtained from the Chief Town Planner. The form is available online at http://www.kerala.gov.in/dept_municipal/municipal.htm.

Procedure 2.* Apply for a "no-objection certificate" (NOC) from the Thiruvanthapuram Fire and Rescue Services (State)

Time: 1 day

Cost: INR 9,290 (INR 10 per square meter for both Fire NOCs, INR 10,000 paid at time of applying for the first NOC)

Comments: According to Rule 58, Chapter VII of the Special Provision for Certain Occupancy Buildings of the Kerala Municipal Building Rules (1999), all storage or warehousing occupancy buildings, irrespective of the number of floors, require a certificate of approval from the Director of Fire Force or an officer authorized by him for issuing building and occupancy permit-. The building company has to apply, submit provisional fire safety drawings, and make a payment at the Directorate of Fire in Kochi. The fee is INR 10 per square meter for initial and final inspections.

Procedure 3. Receive inspection by the Chief Town Planner of the Municipal Corporation of Kochi (Municipal)

Time: 1 day

Cost: No cost

Comments: Upon submission, an inspection on site is undertaken within the two following weeks. The verified documents are sent to the Chief Town Planner's office in Trivandrum and the Chief Town Planner approves the layout.

Procedure 4. Receive inspection from the Fire and Rescue Services (State)

Time: 1 day

Cost: No cost

Comments: The fire inspection usually takes place two weeks after the submission.

Procedure 5. Obtain layout approval and location approval certificate from the Municipal Corporation of Kochi (Municipal)

Time: 60 days

Cost: No cost

Comments: The Secretary of the Corporation of Kochi shall-after inspection of the site and verification that the site plan, all documents, and specifications are in conformity-approve the site. A copy of the layout approval is sent to the building company by post. The approval is also sent to the Secretary of the Corporation of Kochi for them to issue the building-permit approval.

Procedure 6.* Receive a "no-objection certificate" (NOC) from the Fire and Rescue Services (State)

Time: 60 days

Cost: No cost

Procedure 7. Obtain building permit from the Municipal Corporation of Kochi (Municipal)

Time: 45 days

Cost: INR 11,055 (permit fee INR 7 per square meter of ground floor + INR 10 per square meter of the first floor)

Comments: Under Section 387b of the Kerala Municipality Act (1994) the building company has to submit the drawing plans for approval to the Kochi Municipal Corporation that issues the building permit upon clearance and receipt of the layout approval and fire NOC. The permit is valid for 3 years. The permit fee is according to the Schedule 2 of the Kerala Building Rules:

1. Single-storied concrete buildings up to 100 square meters: INR 2 per square meter;

2. Building of the built area of 100-150 square meters:

- a. Cellar or basement floor and ground floor: INR 2.5 per square meter;
- b. First floor: INR 2.5 per square meter;
- c. Second floor and above: INR 4 per square meter.

3. Building of the built area exceeding 150 square meters:

- a. Cellar or basement and ground floor: INR 7 per square meter;
- b. First floor: INR 10 per square meter;
- c. Second floor: INR 15 per square meter.

Procedure 8. Receive an on-site inspection by the Chief Engineer of the Municipal Corporation (Municipal)

Time: 1 day

Cost: No cost

Comments: The building company can start construction without further notice. Usually one inspection takes place during the construction.

Procedure 9. Apply for final NOC from the Kerala Fire and Rescue Service (State)

Time: 1 day

Cost: INR 3,006

Comments: Upon application for the final NOC from Fire and Rescue Services as required for all storage and warehouse buildings, the building company pays the rest of the fee.

Procedure 10.* Submit a completion report to the Municipal Corporation of Kochi (Municipal)

Time: 1 day

Cost: No cost

Comments: The building company shall, upon completion of the work for which the building permit was issued, submit a completion report in the Form Appendix E to the Secretary of the Kochi Municipal Corporation to apply for the occupancy permit. The completion report should be prepared by the approved engineer working on the project stating that all the work has been done in accordance to the plans.

Procedure 11. Receive final "no-objection certificate" (NOC) with inspection from the Kerala Fire and Rescue Services (State)

Time: 45 days

Cost: No cost

Procedure 12.* Receive final inspection of the construction by the Municipal Corporation of Kochi (Municipal)

Time: 1 day

Cost: No cost

Procedure 13. Obtain the occupancy permit from the Municipal Corporation of Kochi (Municipal)

Time: 15 days

Cost: No cost

Comments: The Secretary of the Municipal Corporation of Kochi shall issue the occupancy permit in the Form in Appendix H no later than fifteen days from the date of receipt of the completion certificate, after verifying that the construction has been carried out in conformity with the given permit. Provided that no such occupancy certificate is issued within the fifteen days, the owner may proceed as if such occupancy certificate has been issued.

Procedure 14. Hire an independent plumber to prepare and approve plumbing plans (Municipal)

Time: 1 day

Cost: INR 1,000 (flat fee)

Comments: The building company has to hire an independent licensed plumber from the Municipality to handle the application for water and sewerage connection. His approval is obtained the same day and his services cost around INR 1,000. A list of the registered plumbers is available at the municipal office.

Procedure 15.* Apply for permanent electricity connection to Kerala State Electricity Board (State)

Time: 1 day

Cost: INR 5,500 (application fee INR 500 + processing fee INR 5,000)

Comments: The building company submits an application to request power allocation and pays an application fee of INR 500 and processing fee of INR 5,000. The process is explained online at www.kseboard.com.

Procedure 16.* Apply for permanent water and sewerage connections to the Kerala Water Authority (KWA) (State)

Time: 1 day

Cost: INR 15 (flat application fee)

Comments: The licensed plumber applies on the building company's behalf for the permanent connection with the Kerala Water Authority. Documents to be submitted include:

1. Application;
2. Ownership certificate from the local body;
3. A copy of the building permit;
4. Three copies of the plumber-vetted plumbing plans;
5. Necessary stamps attached to the acknowledgement card.

The information on the process and tariffs is available online at www.keralawater.org.

Procedure 17.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)

Time: 1 day

Cost: INR 1,000 (INR 500 registration charge + INR 500 installation charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 18.* Receive an on-site inspection by the Kerala State Electricity Board (State)

Time: 1 day

Cost: No cost

Comments: Following the application, KSEB takes approximately a month to inspect the site and prepare a feasibility study. An assistant engineer from the section office conducts a field study, and then the executive engineer reviews the files in the Circle Office and sends them to the Deputy Chief Engineer of KSEB for the final approval.

Procedure 19.* Receive an on-site inspection by the Kerala Water Authority (State)

Time: 1 day

Cost: No cost

Comments: A site inspection happens one week after the application to the Kerala Water Authority. After visiting the site, the assistant engineer submits the application to the assistant executive engineer with the feasibility report and any observations. If all connections are in place and if no additional clearances are necessary (e.g., with regard to road cutting), a temporary sanction is given to the building company within a week as well as an assessment of all charges.

Procedure 20.* Obtain permanent electricity connection after the payment of final fees from KSEB (State)

Time: 45 days

Cost: INR 63,000 (service-connection charge INR 450 per kW + security deposit toward consumption)

Comments: The building company receives an intimation letter to make a payment of connection fee of INR 450 per kW at the KSEB office to obtain the final connection. The building company also has to make an initial cash deposit of 10% of the probable monthly charges toward consumption. Upon payment, the connection is given.

Procedure 21.* Obtain permanent water and sewerage connections upon payment of final fees from the KWA (State)

Time: 30 days

Cost: INR 2,700 (two stamp papers INR 50 + INR 50 + meter fee INR 600 + commercial connection fees INR 1,000 for water and INR 1,000 for sewerage)

Comments: After receiving the provisional approval, the building company is asked to sign two separate agreements with the KWA for sewerage and water connections on INR 50 stamp papers and pay the connection charges of INR 1,000 as well as the cost for a sound water meter for water connection. Upon receipt of the final payment, the authority provides connection.

Procedure 22.* Obtain phone connection (with inspection) from the BSNL (National)

Time: 7 days

Cost: No cost

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Kolkata, West Bengal

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain land-use permission from Kolkata Metropolitan Development Authority (KMDA) (Municipal)

Time: 55 days

Cost: INR 1,000

Comments: According to the Kolkata Gazette, extraordinary, February 14, 2007, before submission of the building plan, the building company must obtain an approval of the building site. Every application submitted in Form A shall state the proposed use of the land. The application should be accompanied by a site-plan in triplicate and a fee may be determined by the Municipality subject to the following:

- a. For site plan up to 200 square meters of area: INR 200;
- b. For every additional 100 square meters of area or part thereof beyond the first 200 square meters: INR 100.

Procedure 2.* Obtain a "no-objection certificate" (NOC) from the Observation of Survey and Valuation Department (Municipal)

Time: 21 days

Cost: INR 12,000 (flat fee)

Comments: The NOC is required in order to check the alignment with road width and to fix the floor-area ratio (FAR) and the height.

Procedure 3.* Obtain a "no-objection certificate" (NOC) from the Kolkata Improvement Trust (Municipal)

Time: 15 days

Cost: INR 5,000 (flat fee)

Comments: The NOC is required in order to check compliance with the Kolkata Improvement Trust.

Procedure 4.* Obtain a provisional "no-objection certificate" (NOC) from the West Bengal Fire Service (State)

Time: 7 days

Cost: INR 8,400 (INR 0.60 per square feet)

Comments: According to the Kolkata Municipal Corporation Building Rules (1990), all storage buildings require fire NOC.

Procedure 5.* Obtain tax-clearance certificate from the House Tax Department (Municipal)

Time: 2 days

Cost: INR 100

Comments: The NOC is required to check that all taxes have been paid. The certificate must be up to date.

Procedure 6. Apply for the building permit to the Kolkata Municipal Corporation (KMC) (Municipal)

Time: 1 day

Cost: No cost

Comments: According to the Kolkata Municipal Corporation Building Rules (1990), the building company must submit two copies of form notice under subrule 1 along with copies of the following documents to the Building Department:

- a. Approved layout of the site;
- b. 3 sets of plans;

- c. Application notice;
- d. Current paid tax receipt/tax-clearance certificate;
- e. Observation from Kolkata Improvement Trust;
- f. Observation from Chief Valuer and Surveyor's Department (KMC);
- g. Clearance certificate from ULC department if applicable;
- h. Observation of West Bengal Fire Service Department;
- i. Indemnity bond;
- j. Copy of deed;
- k. Registered boundary declaration;
- l. Registered power of attorney;
- m. FAR calculation sheet;
- n. Soil-investigation report;
- o. Structural-design calculation, etc.

The building company also has to submit two declarations: in one of them it promises to plant trees as per the Municipal Corporation's guidelines in the front and other open spaces of the premises. All forms and fees schedules are available and the process is explained online on the Kolkata Municipality website <http://www.kolkatamycity.com>.

Procedure 7. Obtain inspection and observation of the Municipal Building Committee (Municipal)

Time: 1 day

Cost: No cost

Comments: Sanction from the Municipal Building Committee is required in the following cases:

- a. Land area exceeding 500 square meters;
- b. Building exceeding a height of 14.5 meters;
- c. Corner plot whose means of access is more than 10 meters wide;
- d. Buildings other than for residential use;
- e. Plot situated within 500 meters from flyover or bridge.

Procedure 8. Obtain building permit from Kolkata Municipal Corporation (KMC)

Time: 90 days

Cost: INR 708,000: sanction fee of INR 22,000 (for first 500 square meters) + INR 96,000 (800 square meters at INR 12,000 per each 100 square meters) * 6 (multiplying factor)

Comments: Following the verification of the report by the Municipal Building Committee, the Building Department issues a demand for payment, and a building permit (sanctioning the building plan) once payment is received. Two tables of basic scale of sanction fees in INR apply in Kolkata, using the total covered area in all floors in square meters in table I and width of mean of access with the total covered area in all floors in table II. The total sanction fee would be calculated as follows (assuming a width of access of up to 3 m):

- a. Under table I: up to 500 square meters: INR 22,000 + above 500 square meters for every 100 square meters INR 12,000 to be added;
- b. Under table II: storage buildings have a multiplying factor on scale of fees as per table 1: 6 times (residential buildings have multiplying factor 1: 2 times, etc.).

The construction has to be started within 2 years and completed within 5 years of sanctioning of the building plan.

Procedure 9. Receive on-site inspection by the KMC during construction (Municipal)

Time: 1 day

Cost: No cost

Comments: During the construction, the building company has to send forms of notice of commencement and of completion of work up to plinth level to the Municipal Commissioner. The KMC will undertake inspections of the site phase-wise as per the application submitted by the structural engineer appointed by the owner or developer. Typically, one inspection would take place during the construction of a two-story building.

Procedure 10. Hire an authorized independent plumber at the Kolkata Municipal Corporation to apply for water and sewerage connections (Municipal)

Time: 1 day

Cost: INR 1,000 (flat fee)

Comments: To obtain the water supply and drainage connection, the building company must apply through a licensed plumber of KMC at the borough office. The list of plumbers is available in the office.

Procedure 11.* Apply for sanction of power connection to the Calcutta Electric Supply Corporation (Municipal)

Time: 1 day

Cost: No cost

Comments: The building company must fill out an application form and submit it at one of the CESCO offices.

Procedure 12.* Apply for sewerage connection and deposit inspection fees at the Sewerage and Drainage Department (Municipal)

Time: 1 day

Cost: INR 17,607 (multiplication factor 2 * [inspection fee INR 4,400 per first 500 square meters + INR 550 per every additional 100 square meter])

Comments: To apply for sewerage connection, the building company must submit an application along with the sanctioned building plan, plumber, "Niyog Patra" or letter of engagement, certificate of the independent plumber, and layout of the proposed internal house drainage at the borough office. The building company must also deposit the inspection fees, which vary according to the size of the building. For one- and two-story buildings the inspection fees are as follows:

- a. Total covered area of up to 50 square meters: INR 605;
- b. Total covered area 51-100 square meters: INR 825;
- c. Total covered area 101-200 square meters: INR 1,100;
- d. Total covered area 201-300 square meters: INR 1,650;
- e. Total covered area 301-400 square meters: INR 4,400;
- f. Total covered area 401-500 square meters: INR 4,400;
- g. Above 500 for every 100 square meters to be added INR 550.

In case of storage buildings, there is a multiplication factor 2 times.

The municipal website www.kolkatamycity.com provides information on the process, tariffs, and all forms.

Procedure 13.* Apply for water connection at the Water Supply Department (Municipal)

Time: 1 day

Cost: No cost

Comments: To obtain a water connection, the building company must apply through a licensed plumber of KMC at the local ward office of the Water Supply Department. The application is available at the KMC website and the building company must submit it along with a copy of sanctioned building plans, proof of ownership, and a property-tax clearance certificate. The municipal website www.kolkatamycity.com provides information on the application process, tariffs, and all forms.

Procedure 14.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)

Time: 1 day

Cost: INR 500 (flat installation charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 15.* Receive inspection from electricity provider CESCO (Municipal)

Time: 1 day

Cost: No cost

Comments: An inspection is made by CESCO engineers to establish a cost and work estimate.

Procedure 16.* Receive inspection from the Sewerage and Drainage Department (Municipal)

Time: 1 day

Cost: No cost

Comments: After receiving the application, an assistant engineer or executive engineer inspects the premises and asks the building company to submit the internal drainage plan. At the end of the inspection, a "demand note" is handed over to the plumber for the building company to pay drainage charges. The Sewerage Department also officially approves the internal drainage plan.

Procedure 17.* Receive on-site inspection from the Water Supply Department (Municipal)

Time: 1 day

Cost: No cost

Comments: The Water Supply Department prepares a feasibility study with details on charges after a site inspection.

Procedure 18.* Receive second inspection and "house-drainage completion certificate" from the Sewerage and Drainage Department (Municipal)

Time: 1 day

Cost: No cost

Comments: Once the work is finished, the Sewerage and Drainage Department inspects the site for the second time.

Procedure 19.* Obtain permanent electricity connection from the CESCO and pay final fees (Municipal)

Time: 45 days

Cost: INR 250,000 (1/3 of the average cost to get the electricity connection, 2/3 to cover the labor and material cost)

Comments: The building company receives a cost and service estimate and must go to the CESCO office to accept the "offer." It must submit a "test" report prepared by a licensed electrical contractor along with the Memorandum of Association and ownership documents. Once the building company accepts the offer and submits all documents, a final bill is generated and the building company must make the final payment. The connection costs about INR 700,000 out of which 2/3 covers labor costs and materials.

Procedure 20.* Obtain permanent water connection from the Water Supply Department (Municipal)

Time: 30 days

Cost: INR 4,000 (flat water-connection charge INR 4,000)

Procedure 21.* Obtain phone connection (with inspection) from the BSNL (National)

Time: 7 days

Cost: No cost

Procedure 22. Apply for a final "no-objection certificate" (NOC) from the West Bengal Fire Service (State)

Time: 1 day

Cost: No cost

Procedure 23. Obtain a "no-objection certificate" (NOC) with inspection from the West Bengal Fire Service (State)

Time: 20 days

Cost: No cost

Comments: Fire Department of Kolkata Municipal Corporation undertakes inspection of the construction site to ensure the safety of the building as well as of adjoining buildings.

Procedure 24. File a completion certificate and apply for occupancy permit at the Kolkata Municipal Corporation (Municipal)

Time: 1 day

Cost: No cost

Comments: The building company must send a notice of completion to the Kolkata Municipal Corporation as per Annex B of the Building Rules within a month after the completion and attach the following documents:

- Structural-stability certificate, duly certified by a structural engineer;
- Photo copy of plans;
- NOC from the West Bengal Fire Service;
- Internal sewerage sanction plan (sanctioned by the Drainage Department).

Procedure 25. Receive final inspection of the construction by the Kolkata Municipal Corporation (Municipal)

Time: 1 day

Cost: No cost

Comments: Engineers and subengineers of the Municipal Corporation inspect the site and prepare inspection reports.

Procedure 26. Obtain occupancy permit from the Kolkata Municipal Corporation (Municipal)

Time: 30 days

Cost: INR 50,000 (flat fee)

Comments: The Chief Engineer, Department of Building, Kolkata Municipal Corporation issues the occupancy permit based on inspection reports. The fees for issuing completion certificate/occupancy permit for commercial buildings is as follows:

- Up to 500 square meters: INR 25,000;
- Above 500 square meters: INR 50,000.

Procedure 27. Obtain permanent sewerage connection from the Sewerage and Drainage Department (Municipal)

Time: 3 days

Cost: INR 7,500

Comments: The house drainage connection is given 3 days after the occupancy permit.

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Ludhiana, Punjab

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain land-use certificate from the Chief Town Planner's Office in Ludhiana (Municipal)

Time: 15 days

Cost: INR 20,165 (fees for the certificate of INR 1,815 per 100 square yards)

Comments: The building company fills in the application form available at the Chief Town Planner's office in Ludhiana. The building company submits the form, along with the proof of ownership of the land, and pays the following fees:

- Buildings with height up to 38' 6": INR 1,500 per 100 square yards;
- Buildings higher than 38' 6": INR 3,000 per 100 square yards.

The rates were established by the Government in 2006 with the condition that a 10% increase in the above mentioned rates shall be made every year. The rate applicable in 2008/9 is INR 1,815 per 100 square yards of the plot.

Procedure 2. Obtain building-plan approval from Ludhiana Municipal Corporation (Municipal)

Time: 40 days

Cost: INR 70,000 (INR 5 per square foot)

Comments: According to the Ludhiana Municipal Corporation's Building Bylaws (1997), the building company must apply for building-plan approval by submitting an application in Form A along with the ownership documents and four sets of ferro prints. The building company shall at the same time submit:

- Location plan and site plan of the land on which it intends to build;
- Plans of all the floors;
- Details of specifications of the work to be executed in Form B.

The building company must appoint an architect or a supervisor to draw up the plans and supervise the construction. The application, plans, and specifications must be signed by the applicant and the licensed architect.

Scrutiny and approval of building plans is carried out by the Town Planning Department. The application shall be either approved or rejected within a period of 60 days.

Procedure 3. Receive inspection by the Ludhiana Municipal Corporation during construction of foundation (Municipal)

Time: 1 day

Cost: No cost

Comments: The Ludhiana Municipal Corporation reserves the right to visit and inspect the construction site at any time during the construction and even after the construction is complete, without giving any prior notice. To ensure enforcement of execution of works as per sanctioned building plans, the building company must notify the authority at the stage of excavation, construction of foundation, plinth, first story, and each subsequent story. Typically, two inspections would be made.

Procedure 4. Receive inspection by the Ludhiana Municipal Corporation during the construction of plinth (Municipal)

Time: 1 day
Cost: No cost

Procedure 5. Apply for a "no-objection certificate" (NOC) from the Fire Department (Municipal)

Time: 1 day
Cost: No cost

Procedure 6. Receive a "no-objection certificate" (NOC) from the Fire department (with inspection) (Municipal)

Time: 3 days
Cost: No cost

Procedure 7. File a completion certificate and apply for an occupancy permit at Ludhiana Municipal Corporation (Municipal)

Time: 1 day
Cost: No cost

Comments: The building company must notify the authority about completion in Form F and apply for the occupancy permit in Form D. The building company also has to submit a structural certificate in Form E, duly signed by a licensed architect or supervisor.

Procedure 8. Receive Inspection from the Ludhiana Municipal Corporation (Municipal)

Time: 1 day
Cost: No cost

Procedure 9. Obtain occupancy permit from the Ludhiana Municipal Corporation (Municipal)

Time: 30 days
Cost: No cost

Procedure 10. Apply for permanent electricity connection at Punjab State Electricity Board (PSEB) (State)

Time: 1 day
Cost: INR 50 (application form INR 50)

Comments: The building company must collect a form known as the A & E Form from the designated subdivisional office for INR 50. This form is submitted on an INR 3 stamp paper, so that it becomes a legal document, along with proof of ownership of the property. The PSEB website www.psebindia.org provides information on the application process and tariff.

Procedure 11.* Apply for permanent water and sewerage connections at the Punjab Water Supply and Sewerage Board (PWSSB) (State)

Time: 1 day
Cost: INR 1,000 (connection fee of INR 500 for water + INR 500 for sewerage)
Comments: The building company can apply for sewerage and water connections online.

Procedure 12.* Apply for phone connection at Bharat Sanchar Nigam Limited (BSNL) (National)

Time: 1 day
Cost: INR 500 (flat installation charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid:

INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 13.* Obtain a test report by an electricity contractor listed with PSEB (State)

Time: 1 day
Cost: No cost

Comments: The building company has to obtain a test report by an independent electricity contractor listed with PSEB.

Procedure 14.* Receive an on-site inspection by water and sewerage provider (PWSSB) (State)

Time: 1 day
Cost: No cost

Comments: The building company receives an inspection and "test report" by an approved electrical contractor.

Procedure 15.* Obtain permanent electricity connection from PSEB (State)

Time: 45 days
Cost: INR 168,500 (connection fee of INR 1,000 per kW + metering equipment INR 28,500)

Comments: After the inspection, the building company receives a demand notice from the Punjab State Electricity Board to deposit all charges and to submit the "test report" by an approved electrical contractor. The service charges are INR 1,000 per kW. There are other fees, such as INR 65,800 deposit for advance consumption, INR 28,500 toward metering equipment, and INR 5,250 as refundable meter-security deposit. For the purposes of the study, only the connection fee and nonrefundable charges are counted.

Procedure 16.* Obtain permanent water and sewerage connections from PWSSB (State)

Time: 30 days
Cost: No cost

Procedure 17.* Obtain phone connection (with inspection) from the BSNL (National)

Time: 5 days
Cost: No cost

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Mumbai, Maharashtra

Procedures to build a warehouse
Warehouse value: USD 118,331 = INR 5,203,000
Data as of: February 2009

Procedure 1. Submit application and design plans at the Building Proposal Office of BMC and pay scrutiny fee (Municipal)

Time: 1 day
Cost: INR 36,417 (application fee INR 28 per square meter of plot/built-up area, whichever is larger)

Comments: The building company submits an application form with plans and all required documents, as prescribed by Section 373 of the BMC Act, at the Anhuri Building Proposal Office of the BMC. If all documents are in order and the file is complete, the building company can proceed to payment of the scrutiny fees. Fees are paid in the same building by cash or bank draft. Once the fees have been paid, the application file is forwarded to the concerned officer in the Building Proposal Department. Then the file is forwarded to the Survey Office, which will make its remarks on the application file and check the remarks from the Development Plan office (obtained during the design stage of the project). If the Survey Office is satisfied with its review, it will send the application file back to the Building Proposal Department within one week.

The cost for this procedure is INR 28 per square meter of the built-up area/plot area, whichever is larger.

Procedure 2. Receive site inspection from the Building Proposal Office of the BMC (Municipal)**Time:** 1 day**Cost:** No cost

Comments: A subengineer from the Building Proposal Office will conduct a site inspection within 3 to 4 days of receiving the file from the survey office. The date and time of the site inspection are arranged by the company's architect. The building company must be on-site when the inspection takes place.

Procedure 3. Obtain "intimation of disapproval" (building permit) from the Building Proposal Office and pay fees (Municipal)**Time:** 60 days

Cost: INR 1,301 (intimation of disapproval fee 1 INR per square meter + 2 INR per square meter [or a maximum of INR 45,000] as a refundable deposit for debris clearance)

Comments: After the site inspection, the application file returns to the Building Proposal Office to receive an intimation of disapproval (authorization). The concerned subengineer scrutinizes the proposal and forwards the report to the assistant engineer and executive engineers. The proposal is approved at the executive engineer's level if no concessions are involved. There are 3 executive engineers in the main BMC office and 2 in the Andhuri office (the latter is the office considered for the purposes of this study).

Complete applications that do not require concessions (i.e., claiming of areas free of FSI as per provision in DCR 1991, deficiency in open spaces, etc.) can be approved within a week. However, a majority of applications require some concessions and further scrutiny so must be forwarded to the competent authorities. This latter process may take 30-90 days to complete.

The intimation of disapproval is issued with a list of "no-objection certificates" (NOCs), which the applicant must obtain separately from various departments and government authorities. Final clearance to build will only be given once the company obtains all NOCs. The NOCs assigned to the intimation of disapproval are case specific. For the purpose of this study, Doing Business has determined 7 basic NOCs that are required for almost all projects:

1. Tree Authority;
2. Storm Water and Drain Department;
3. Sewerage Department;
4. Hydraulic Department;
5. Environmental Department (concerned with debris management);
6. Traffic and Coordination Department;
7. CFO (fire clearance).

The company's architect must take the Intimation of Disapproval and the design plans to each clearance office separately. NOCs can be applied for simultaneously, but NOC offices are spread out, so the submission for these 7 NOCs is likely to take some time.

The cost for this procedure is INR 1 per square meter for Intimation of Disapproval + INR 2 per square meter (or a maximum of INR 45,000) as a deposit for debris clearance. The latter is returned after the completion of construction if the BMC has deemed all debris cleared.

Procedure 4. Submit structural plans approved by a structural engineer to the BMC (Municipal)**Time:** 1 day**Cost:** No cost

Comments: The Intimation of Disapproval (IOD) is only an approval of the civil plans. Review of the structural plans is done in parallel with the NOC process. No approval to this plan is required from the Municipal Corporation but copies are required to be submitted. Time required for submitting these structural plans is one day.

Procedure 5.* Apply for a "no-objection certificate" (NOC) from the Tree Authority (Municipal)**Time:** 1 day**Cost:** No cost

Comments: Due to stringent environmental regulations, the building company must receive clearance from the Tree Authority set up under the Maharashtra (urban areas) Preservation of Trees Act (1975). The Tree Authority Commission only meets once a month. The Tree Authority must ascertain what trees (if any) will be cut down as a result of construction. If trees are to be cut down, the building company will have to plant trees to replace them.

Procedure 6.* Receive inspection from the Tree Authority (Municipal)**Time:** 1 day**Cost:** No cost

Comments: Inspectors from the Tree Authority visit the site to check if there are any trees located on the premises.

Procedure 7.* Obtain a "no-objection certificate" (NOC) from the Tree Authority (Municipal)**Time:** 30 days**Cost:** 4,500 (flat fee)**Procedure 8.* Request and obtain a "no-objection certificate" (NOC) from the Storm Water and Drain Department (Municipal)****Time:** 7 days**Cost:** No cost**Procedure 9.* Request and obtain a "no-objection certificate" (NOC) from the Sewerage Department (Municipal)****Time:** 7 days

Cost: 77,306 (pro-rata charges are recovered at the rate 25% of INR 23,250 per running meter + 33% contingencies, supervision, sewerage charges, etc., if the plot is abutting D. P. Road)

Procedure 10.* Request and obtain a "no-objection certificate" (NOC) from the Brihanmumbai Electric Supply and Transport (BEST) Undertaking (Municipal)**Time:** 7 days**Cost:** No cost

Comments: The building company has to inform BEST of the project's power requirements along with a copy of application submitted for building-plan approval. BEST will assess whether an electrical substation up-grade is required at this stage.

Procedure 11.* Request and obtain a "no-objection certificate" (NOC) from the Environmental Department (Municipal)**Time:** 7 days**Cost:** No cost**Procedure 12.* Request and obtain a "no-objection certificate" (NOC) from the Traffic and Coordination Department (Municipal)****Time:** 7 days**Cost:** No cost**Procedure 13.* Request and obtain a "no-objection certificate" (NOC) from the CFO (Municipal)****Time:** 7 days**Cost:** 13,006 (INR 10 per square meter)

Comments: All commercial structures require fire-safety clearance.

Procedure 14. Obtain commencement certificate from the Building Proposal Office and pay development charges (Municipal)**Time:** 10 days

Cost: 836,100 (200 INR per square meter [land component] + 500 INR per square meter [building component])

Comments: On submission of all required NOCs mentioned in the IOD and on compliance of the IOD conditions, the applicant may submit request for the commencement certificate (CC). The documents and NOCs submitted by the applicants are verified by the staff and the necessary commencement certificate is approved. After payment of development charges and other applicable premium the commencement certificate is issued within 7 to 15 days.

The cost for the CC is INR 200 per square meter of land + INR 500 per square meter of building area.

Procedure 15. Request and receive inspection of plinth (Municipal)**Time:** 1 day**Cost:** No cost

Procedure 16. Submit completion notice to obtain occupancy certificate and certificate of completion (Municipal)**Time:** 1 day**Cost:** No cost**Comments:** The company's architect must submit a formal letter stating that construction has been completed according to the standards set forth in the IOD and CC.**Procedure 17.* Request and obtain completion a "no-objection certificate" (NOC) from the Tree Authority (Municipal)****Time:** 3 days**Cost:** No cost**Procedure 18.* Request and obtain completion of a "no-objection certificate" (NOC) from the Storm Water and Drain Department (Municipal)****Time:** 3 days**Cost:** No cost**Procedure 19.* Request and obtain completion of a "no-objection certificate" (NOC) from the Sewerage Department (Municipal)****Time:** 3 days**Cost:** No cost**Procedure 20.* Request and obtain completion of a "no-objection certificate" (NOC) from the Electric Department (Municipal)****Time:** 3 days**Cost:** No cost**Procedure 21.* Request and obtain completion of a "no-objection certificate" (NOC) from the Environmental Department (Municipal)****Time:** 3 days**Cost:** No cost**Procedure 22.* Request and obtain completion of a "no-objection certificate" (NOC) from the Traffic and Coordination Department (Municipal)****Time:** 3 days**Cost:** No cost**Procedure 23.* Request and obtain completion of a "no-objection certificate" (NOC) from the CFO (Municipal)****Time:** 3 days**Cost:** 70,000 (INR 5 per square foot)**Comments:** All commercial structures require a fire-safety clearance according to fire and safety rules and regulations stipulated in the Development Control Rule (1991) and the National Building Code. The fee for low-rise commercial buildings is INR 5 per square foot.**Procedure 24. Receive completion inspection from the BMC (Municipal)****Time:** 1 day**Cost:** No cost**Procedure 25. Obtain occupancy certificate from the BMC (Municipal)****Time:** 1 day**Cost:** No cost**Comments:** The occupancy certificate allows the building company to occupy the building but is not considered a final document because the building company still requires the certificate of completion.**Procedure 26. Obtain completion certificate from the BMC (Municipal)****Time:** 30 days**Cost:** No cost**Comments:** The completion certificate is considered to be the ultimate document that the building company requires to fully occupy the building and connect it to utilities.**Procedure 27. Apply for permanent water connection at the Water Supply Department of the BMC (Municipal)****Time:** 1 day**Cost:** No cost**Comments:** The building company must apply for the permanent water connection at the nearest Citizen Facilitation Center (CFC) established by the Municipal Corporation of Greater Mumbai and submit Form A along with the following documents:

- Copy of valid IOD;
- Set of approved plan (certified copy);
- Appointment letter of the licensed plumber;
- Estimated cost of construction;
- Paid bills of all existing CCMS;
- Completion certificate;
- Tanker water challans.

Procedure 28. Apply for permanent sewerage connection at the Sewerage Department of BMC (Municipal)**Time:** 1 day**Cost:** No cost**Comments:** An application is made to the Municipal Corporation for approval of permanent sewerage connection.**Procedure 29. Apply for permanent power connection and pay fees at Brihanmumbai Electric Supply and Transport (Municipal)****Time:** 1 day**Cost:** No cost**Comments:** The building company can download the application or collect it from one of the 9 zonal offices. The building company submits the form along with a registration fee of INR 50. On submission, a receipt of the same is given along with a requisition number. Within one week (statutory time limit), an inspection takes place to verify if the structure is permanent and to account for the number of connections required, etc. Within a week, a requirement letter from BEST authorities is mailed to the applicant. This letter lists the documents and payment to obtain a power connection

- Proof of ownership;
- Availability of meter space,
- Test report" by licensed electrical engineer;
- Payment of necessary fees.

Procedure 30. Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)**Time:** 1 day**Cost:** INR 500**Comments:** The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.**Procedure 31. Receive on-site inspection for connection to water by the Water Supply Department (Municipal)****Time:** 1 day**Cost:** No cost**Comments:** The assistant engineer of the Municipal Corporation makes the inspection. There are two inspections: one before the water connection is completed, and another after completion. The inspection should not take more than a day. An officer of the Water Department of the Municipal Corporation inspects the premises and prepares a report on the connection.**Procedure 32. Receive on-site inspection for connection to sewage by the Sewerage Department (Municipal)****Time:** 1 day**Cost:** No cost

Procedure 33. Receive on-site inspection from BEST (Municipal)**Time:** 1 day**Cost:** No cost

Comments: A licensed electrical engineer employed by the building company must assess the internal wiring. On gathering these documents, the building company must return to the zonal office and submit them along with payment. After this, connection is given within a month's time in a majority of cases. Approximately 5% of cases receive connection in less than 24 hours, and another 5% of applicants report connection times of up to 3 months. These long delays are due to cable laying. If cable laying is done through private land, then the owner must get permission from them and give it to BEST. But if the underground cabling is done through government land, BEST must get permission from the Bombay Municipal Corporation (BMC), and said permission takes some time to be granted. Also BMC only gives permission for underground cabling, during the dry season (April to October).

Procedure 34. Obtain permanent water connection (with inspection) (Municipal)**Time:** 45 days**Cost:** INR 1,200 (connection fee)

Comments: An application is made to the Municipal Corporation for approval of the permanent water and sewerage connection.

Procedure 35. Obtain permanent sewerage connection at BMC (Municipal)**Time:** 30 days**Cost:** INR 50,000**Procedure 36. Obtain permanent electricity connection from BEST (Municipal)****Time:** 10 days**Cost:** INR 45,000**Procedure 37. Receive on-site inspection and connection to telephone by the utility provider (National)****Time:** 2 days**Cost:** No cost

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

New Delhi, Delhi

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain no-due-tax certificate from the House Tax Department (Municipal)**Time:** 2 days**Cost:** INR 1,500

Comments: The building company must submit an up-to-date certificate of no due tax and a "no-objection certificate" from the House Tax Department when applying for the building permit.

Procedure 2. Obtain a "no-objection certificate" (NOC) regarding land use as per Master Plan/Zonal Plan (Municipal)**Time:** 15 days**Cost:** INR 10,000 (submission fee for the approval of layout)**Procedure 3.* Notarize the affidavit/undertaking (Private sector)****Time:** 1 day**Cost:** INR 100

Comments: The building company must submit an affidavit/undertaking on non-judicial paper of INR 10, duly attested by the Oath Commissioner when applying for the building permit. In the affidavit, the building company acknowledges that during the course of construction, no building material will be stacked on public land.

Procedure 4. Apply for building permit at the Municipal Corporation of Delhi (Municipal)**Time:** 1 day**Cost:** INR 54,130 (building permit fee of INR 600 for the ground floor + INR 1,500 for the second floor + 1% cess (tax) on the total cost of construction [INR 5,203,000])

Comments: The building company applies for the building permit by giving a notice in writing in the prescribed Form No. I, along with the following documents:

1. Copies of plan and statements: - six copies;
2. Proof of ownership;
3. Specifications of the proposed construction;
4. Supervision certificate signed by the licensed architect/engineer, supervisor, and plumber;
5. Structural- stability certificate from a structural engineer along with a copy of registration certificate;
6. Rain water- harvesting certificate in case of plot size more than 100 square meters (certificate signed by the owner and architect in the form in annexure B);
7. No nuisance/malba certificate (annexure C);
8. Declarations in the form of affidavits (annexure E-I);
9. NOC/No-dues certificate from the House Tax Department.
10. Recommendations of Chief Fire Officer in case of industrial, institutional, and multi-story buildings.

All the plans must be signed by the owner and licensed architect and architects registered with the Council of Architects and shall indicate their names, addresses, and license and enrollment numbers.

The building company must pay the building application (tax on building application) according to the following schedule:

5. No ----Area ---- For the first storey (INR) ----- For the second story or any subsequent story (INR)
 1. For a ground area up to 100 square yards: INR 20 and INR 40;
 2. For a ground area of more than 100 square yards, but not exceeding 250 square yards: INR 60 and INR 120;
 3. For a ground area of more than 250 square yards, but not exceeding 500 square yards: INR 150 and INR 300;
 4. For a ground area of more than 500 square yards, but not exceeding 1,000 square yards: INR 300 and INR 600;
 5. For a ground area of more than 1000 sq. yards: INR 600 and INR 1,500.

In addition, the municipality collects 1% cess (tax) on the total cost of construction (INR 5,203,000).

A single-window concept has been introduced for approval of building-plan applications. Instant approval is available for residential plots up to 500 square meters. The Engineering Department of the Municipal Corporation of Delhi has also issued a detailed guide, "Build your House with a Valid Building Permit."

Procedure 5. Receive inspection of the site by the Municipal Corporation of Delhi (Municipal)**Time:** 1 day**Cost:** No cost

Comments: The inspection takes place within 10 days of the receipt of application.

Procedure 6. Obtain building permit from the Commissioner of the Municipal Corporation of Delhi (Municipal)**Time:** 65 days**Cost:** No cost

Comments: The building permit shall be issued within 60 day from the date of submission and after the inspection. It remains valid for 5 years.

Procedure 7. Hire an independent electricity contractor and obtain load approval (Private)**Time:** 1 day**Cost:** INR 50**Procedure 8.* Apply for permanent electricity connection with the BSES (Private)****Time:** 1 day**Cost:** No cost

Comments: To apply for a new connection, one must visit the divisional/subdivisional office of BSES, where the building company completes the requisition form for a new connection. A copy of the following documents is required:

- a. Ownership sale agreement;
- b. Election ID;
- c. Ration ID;
- d. Latest monthly maintenance receipt of registered society;
- e. Copy of passport;
- f. Passport photographs;
- g. Possession letter.

The BSES website www.bsesdelhi.com contains information on the application process and application form.

Procedure 9.* Receive on-site inspection by BSES (Private)

Time: 1 day

Cost: No cost

Comments: BSES undertakes a technical feasibility study and a commercial feasibility study and in about 7 days generates a demand notice, which the building company can pick up at the BSES office.

Procedure 10. Request and receive inspection by an engineer from the Municipal Corporation of Delhi at the plinth level (Municipal)

Time: 1 day

Cost: INR 15

Comments: The building company has to notify the MCD at each stage of construction through its licensed architect. First, the building company notifies the MCD 7 days before the start of construction. Next, the building company sends a notice of completion of work up to plinth level accompanied by a fee of INR 15 and a copy of a valid certificate of licensed architect- and building plans. MCD inspects the construction and submits objections, if any, to the owner and architect/engineer within 30 days of receipt of such notice in Form B-2. The Municipal Corporation further "reserves the right to inspect the premises before, during and after the construction."

Procedure 11. File completion certificate and apply for occupancy permit at the Municipal Corporation of Delhi (Municipal)

Time: 1 day

Cost: INR 1,321 (application fee of INR 20 + INR 1 per square meter of covered area)

Comments: The building company must submit a notice of completion in the pro forma given in the Building Bylaws (1983) along with a completion application costing INR 20 and an application fee of INR 1 per square meter of built-up area. It has to submit the notice of completion through the licensed architect/engineer/supervisor who has supervised the construction, accompanied by the following documents:

- a. Copy of lease-deed/sale deed;
- b. Three copies of the completion plan;
- c. Three copies of photographs taken from different angles so as to show the overall view of the building;
- d. Original sanctioned building plan (to be returned to the building company along with the completion certificate);
- e. Copy of sewer-connection permission;
- f. Structural stability certificate signed by the licensed architect/engineer;
- g. Form for certificate of licensed architect/engineer/supervisor;
- h. Extension of time from the lessor if required;
- i. Water-harvesting certificate;
- j. Affidavit/undertaking of architect/engineer/supervisor/group (as the case may be);
- k. Affidavit of applicant/owner;
- l. A statement indicating deviations that are carried out and compounding fee payable.

Procedure 12. Receive final inspection of the construction by the Municipal Corporation of Delhi (Municipal)

Time: 1 day

Cost: No cost

Procedure 13. Obtain occupancy permit from the Municipal Corporation of Delhi (Municipal)

Time: 30 days

Cost: No cost

Comments: MCD must grant or refuse the occupancy permit within 30 days of receiving the completion notice along with all mandatory documents.

Procedure 14. Apply for permanent water and sewerage connections to Delhi Jal Board (Municipal)

Time: 1 day

Cost: No cost

Comments: Application for water and sewerage is made to the Delhi Jal Board. E-forms to apply for new connections are available on the website www.delhijalboard.nic.in or can be obtained from the office of Zonal Engineer for INR 10 each. The building company must submit the application along with a copy of registration, proof of ownership, affidavit, and other documents as required by the Zonal Engineer.

Procedure 15.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)

Time: 1 day

Cost: INR 500 (flat installation charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 16.* Receive an initial on-site inspection from Delhi Jal Board (Municipal)

Time: 1 day

Cost: No cost

Comments: A Delhi Jal Board official inspects the site. There are two inspections. First, when the building company applies for the connection and another when the connection is given. The inspections should not take more than a day. An officer of the Delhi Jal Board inspects the premises and prepares a report on the connection.

Procedure 17.* Obtain permanent water and sewerage connections from the Delhi Jal Board (with inspection) (Municipal)

Time: 20 days

Cost: INR 8,335 (INR 5000 for water connection + INR 3335 for sewerage connection)

Comments: The zonal revenue officer prepares a demand note and sends it to the building company, which must pay the connection charges to receive connection.

Procedure 18.* Obtain permanent electricity connection from BSES (Private)

Time: 20 days

Cost: INR 31,000 (flat connection fee)

Comments: The building company pays the following charges mentioned in the demand notice at the BSES office:

- a. Connection fees: INR 31,000;
- b. Refundable security deposit at INR 1,500 per kW (INR 210,000).

Procedure 19.* Obtain phone connection (with inspection) from the BSNL (National)

Time: 2 days

Cost: No cost

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Noida, Uttar Pradesh

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain a "no-objection certificate" (NOC) from the Fire Service of the State of Uttar Pradesh (State)

Time: 3 days

Cost: No cost

Comments: All buildings taller than 15 meters or larger than 400 square meters require a no-objection certificate from the Fire Service of the State of Uttar Pradesh.

Procedure 2.* Obtain drawing plan approval/building permit from the New Okhla Industrial Development Authority (Municipal)**Time:** 45 days**Cost:** INR 39,018 (building-permit fee INR 30 per square meter)

Comments: The New Okhla Industrial Development Area Building Regulations and Directions (2006) refer to a warehouse as a storage building. The building company applies in writing to the Chief Executive Officer and submits a building plan prepared by a licensed architect at the reception counter, along with structural and service plans, ownership documents, and other statements in triplicate. The Chief Executive Officer shall verify the facts given in the permit application. If, within 60 days of receipt of the application for the building permit, the order for refusal or sanction of the building plan is not issued by the Chief Executive Officer, the application with its annexure shall be deemed approved and the permit approved provided such fact is immediately brought to the notice of Chief Executive Officer in writing by the applicant within 21 days after the expiry of the 60-day period. The building permit is issued for a period of 2 years.

The scale of fees for a building permit is the following:

- Residential buildings including group housing: INR 10 per square meter covered area on all floors;
- Industrial buildings: INR 20 per square meter covered area on all floors;
- Mercantile or business buildings: INR 30 per square meter covered area on all floors;
- Institutional buildings: INR 30 per square meter covered area on all floors.

Procedure 3. Request and receive approval of drain/sanitary work (with inspection) by the Chief Executive Officer of the New Okhla Industrial Development Authority (Municipal)**Time:** 5 days**Cost:** No cost

Comments: According to Appendix 5 of the Noida Building Regulations and Directions (2006), the building company must inform the CEO of the New Okhla Industrial Development Authority that the construction work is starting. If no notification is received in the following 15 days, the construction can proceed. The building company must also notify the Authority of completion of drains, sanitation, and water-supply work. At this stage an inspection is compulsory and is carried out by the municipal authorities at their own discretion.

Procedure 4.* Receive inspection by an engineer from the New Okhla Industrial Development Authority (Municipal)**Time:** 1 day**Cost:** No cost

Comments: The subengineer, planning assistant, and other junior engineers may at any time during construction conduct an inspection without prior notice, on behalf of the CEO of the New Okhla Industrial Development Authority. One more inspection would typically be made in the case of a low-rise building.

Procedure 5. Apply for final approval of the completed construction from the Fire Service of the State of Uttar Pradesh (State)**Time:** 1 day**Cost:** No cost

Comments: When the construction is complete, the building company must notify the authorities and undergo inspection by the Fire Department. Only after the final NOC has been issued by the Fire Department—usually the day of the inspection—can the company apply for the occupancy certificate.

Procedure 6. Obtain approval of completed construction (with inspection) from the Fire Service of the State of Uttar Pradesh (State)**Time:** 3 days**Cost:** No cost

Comments: After completion, the new warehouse will be inspected by the Noida's Chief Fire Officer or any person delegated by him. After the inspection, a clearance certificate will be issued to the occupant. Only after the certificate is issued by the Chief Fire Officer will the occupants be permitted to occupy the premises. The inspection must be done within the 60 days mentioned in the application for the occupancy certificate.

Procedure 7. Obtain clearance from the Uttar Pradesh Power Corporation to use a transformer (State)**Time:** 1 day**Cost:** No cost

Comments: A clearance from the Uttar Pradesh Power Corporation to use a transformer is required to apply for the occupancy permit.

Procedure 8. File completion certificate and apply for occupancy permit at the New Okhla Industrial Development Authority (Municipal)**Time:** 1 day**Cost:** INR 7,503 (INR 1,000 for the application fee + INR 7 per square meter of the plot)

Comments: Upon completion of construction, the building company is required to submit a notice to the Chief Executive Officer (CEO) of the Noida Authority along with clearances and permissions from various departments such as the Fire Department. The application is made with the form available in appendix 6 of the Noida building bylaws, along with the required payment and the following documents:

- A copy of the building permit;
- 2 forms available in appendix 16 and 17 of the Noida building bylaws;
- NOC from the fire-safety officer;
- A clearance from the Uttar Pradesh Power corporation to use a transformer;
- A certificate of registration of the architect;
- A CD with all drawings of the building;
- Photos of the building from the front, rear, and side;
- A certificate by the architect on his letterhead noting that the construction is complete.

The building company must pay INR 1,000 flat fee for the inspection and a completion-certificate fee according to the following schedule:

- Residential buildings: INR 3 per square meter of plot size;
- Industrial buildings: INR 6 per square meter of plot size;
- Commercial buildings: INR 7 per square meter of plot size.

Procedure 9. Receive final inspection of the construction by the New Okhla Industrial Development Authority (Municipal)**Time:** 1 day**Cost:** No cost**Comments:****Procedure 10. Obtain occupancy permit from the New Okhla Industrial Development Authority (Municipal)****Time:** 50 days**Cost:** No cost

Comments: The CEO is required to issue the occupancy certificate within 60 days of the date-of-completion notice.

Procedure 11. Apply for a permanent power connection at the Noida Power Company Limited (Municipal)**Time:** 1 day**Cost:** INR 1,000 (flat application fee)

Comments: The building company collects the application form from the Circle Office in Noida and submits it along with the following documents:

- Plot allotment letter;
- Possession letter;
- Completion letter.

The load is sanctioned and an estimate is prepared as part of the internal process. The building company receives a copy of the "terms and conditions letter" in approximately 15 days to make the final payment.

Procedure 12.* Apply for permanent water and sewerage connections at the Noida Water Department (Municipal)**Time:** 1 day**Cost:** No cost

Comments: The building company applies for permanent water and sewerage connections at the local Jal division. The form is available free of cost at the project engineer's office. Along with the form, the building company submits:

- Plot allotment letter;

- b. Ownership documents;
- c. Completion certificate.

A junior engineer of the Waterworks Department carries out inspection within 3 days of application.

Procedure 13.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)

Time: 1 day

Cost: INR 500 (INR 500 installation charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. To obtain a commercial connection, the building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 14.* Receive sanction of electricity connection and pay final fees at a bank (Municipal)

Time: 1 day

Cost: INR 236,000 (service-connection charge INR 96,000 + loading charge INR 1,000 per kW)

Comments: The building company receives the "terms and conditions letter" and deposits the following fees in a bank:

- a. INR 1,000 per kW as refundable security deposit (INR 175,000): not included in the cost;
- b. Systems-loading charge INR 1,000 per kW;
- c. Service-connection charge of INR 96,000. The building company also installed its own transformer for approximately INR 150,000.

Procedure 15.* Receive an on-site inspection by the Noida Water Works Department (Municipal)

Time: 1 day

Cost: No cost

Comments: Noida Water Works Department officers inspect the construction site to assess the locations of future water and sewerage pipes and to establish the cost. In approximately 7 days, the building company can pick up the estimate.

Procedure 16.* Obtain electrical safety certificate from the Uttar Pradesh State Government Electrical Safety Office (State)

Time: 1 day

Cost: INR 560 (INR 4 per kW)

Comments: Before obtaining the final electricity connection, the building company also must obtain an electrical safety certificate from the Uttar Pradesh State Government Electrical Safety Office. The application fee is INR 4 per kW.

Procedure 17.* Obtain power connection from Noida Power Company Limited (Municipal)

Time: 25 days

Cost: No cost

Procedure 18.* Obtain permanent water and sewerage connections (Municipal)

Time: 15 days

Cost: INR 6,200 (flat connection fee)

Comments: The payment consists of:

- a. Connection charge of INR 6,200;
- b. Refundable security deposit of INR 4,500.

Upon the payment, the building company receives a challan to present at the Water Works Department to obtain the connection.

Procedure 19.* Obtain phone connection (with inspection) from the BSNL (National)

Time: 7 days

Cost: No cost

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Patna, Bihar

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain "planning report" (land-use permit) from the Patna Municipal Corporation (Municipal)

Time: 2 days

Cost: No cost

Procedure 2. Apply for drawing-plan approval/building permit from the Patna Municipal Corporation (Municipal)

Time: 1 day

Cost: INR 7,432 (commercial building permit fee of INR 8 per square meter of plot area)

Comments: According to the Bihar Municipal Act (2007), the building company must submit an application along with the following documents to the Chief Municipal Officer, Patna Nagar Nigam, to obtain approval of the building construction plan:

- a. Copies of the building plans approved by a certified architect;
- b. Memorandum and Articles of Association, and Certificate of Incorporation;
- c. Certificate from a structural architect or engineer.

PMC sends a copy of the plans to the Fire Department internally to ensure that they are adhering to the safety norms. A separate fire NOC is only required for hazardous and industrial storage.

Procedure 3. Receive site inspection from the Patna Municipal Corporation (Municipal)

Time: 1 day

Cost: No cost

Comments: The Municipal Corporation scrutinizes the plans and visits the site. The plans are also internally reviewed by the Drainage Department to obtain their approval.

Procedure 4. Obtain building permit from the Patna Municipal Corporation (Municipal)

Time: 105 days

Cost: No cost

Procedure 5. Receive inspection by the executive/assistant engineer by the Patna Municipal Corporation (Municipal)

Time: 1 day

Cost: No cost

Comments: Inspections are made on average twice during construction to ensure that the building is being erected in accordance with the sanctioned plans and there are no deviations.

Procedure 6. Receive inspection during construction of the ground level by the Patna Municipal Corporation (Municipal)

Time: 1 day

Cost: No cost

Procedure 7. Apply for electricity connection to the Bihar State Electricity Board (BSEB) (State)

Time: 1 day

Cost: INR 200 (flat application fee)

Comments: To get a new connection from the BSES, the building company must first get the requisition form from the nearest supply subdivision BSES office. The form must be submitted in duplicate to the assistant electrical engineer along with ownership documents and payment of the application fee of INR 200 as specified in the BSEB Patna tariff effective from 1. September 2008.

Procedure 8.* Apply for permanent water and sewerage connections to the Patna Water Board (Municipal)

Time: 1 day

Cost: No cost

Comments: The building company applies for a water connection by filing the application form available at the Patna Water Board office.

Procedure 9.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)**Time:** 1 day**Cost:** INR 500 (flat installation charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. The building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 10.* Hire a licensed electrical contractor to certify the wiring (Private)**Time:** 1 day**Cost:** No cost

Comments: BSES requires a test report on the wiring at the site along with details of load by an independent licensed electrical contractor.

Procedure 11.* Receive on-site inspection by the BSES (Municipal)**Time:** 1 day**Cost:** No cost

Comments: BSES inspects the site to grant approval for a specific load and to determine the final connection fees.

Procedure 12.* Receive on-site inspection by the Patna Water Board (Municipal)**Time:** 1 day**Cost:** No cost

Comments: Patna Water Board undertakes inspection of the premises to establish a cost estimate.

Procedure 13.* Obtain permanent electricity connection upon payment of final fees (Municipal)**Time:** 45 days**Cost:** INR 75,000

Comments: The building company must pay the final fees to obtain the connection.

Procedure 14.* Obtain permanent water and sewerage connections from the Patna Water Board (Municipal)**Time:** 15 days**Cost:** INR 2,275 (flat connection fee)**Procedure 15.* Obtain phone connection (with inspection) from the BSNL (National)****Time:** 7 days**Cost:** No cost**Procedure 16. File completion certificate and apply for occupancy permit at the Patna Municipal Corporation (Municipal)****Time:** 1 day**Cost:** No cost

Comments: The occupancy permit is required in Patna under the Bihar Municipal Act of 2007. Upon completion of the construction, a completion application is prepared by the architect or the owner stating that the construction has been completed in accordance with the regulations, and an occupancy certificate is issued.

Procedure 17. Obtain a "no objection certificate" NOC (with inspection) from the Fire Service Directorate (State)**Time:** 1 day**Cost:** No cost

Comments: All buildings higher than 15 meters or larger than 500 square meters of built-up area require inspection and NOC by the Fire Service Directorate.

Procedure 18.* Receive final inspection of the construction by the Patna Municipal Corporation (Municipal)**Time:** 1 day**Cost:** No cost**Procedure 19. Obtain approval of completion certificate (occupancy permit) from the Patna Municipal Corporation (Municipal)****Time:** 20 days**Cost:** No cost

Comments: The occupancy permit shall be issued within 30 days.

* This procedure can be completed simultaneously with previous procedures

DEALING WITH CONSTRUCTION PERMITS

Ranchi, Jharkhand

Procedures to build a warehouse

Warehouse value: USD 118,331 = INR 5,203,000

Data as of: February 2009

Procedure 1. Obtain a "no-objection certificate" (NOC) from the Fire Service Directorate (State)**Time:** 7 days**Cost:** No cost

Comments: According to the RRDA Bylaw No. 5.3.2, all applications for building permits for all buildings higher than 16 meters and larger than 500 square meters require the consent of the Director of Fire Services before the building permit is issued.

Procedure 2.* Obtain soil test (Private)**Time:** 3 days**Cost:** INR 5,000 (flat fee)

Comments: According to the RRDA Bylaw No. 5.3.2, all applications for building permits for all buildings higher than 16 meters and larger than 500 square meters require a soil investigation report before the building permit is issued.

Procedure 3. Apply for building and development permit to the Ranchi Regional Development Authority (Municipal)**Time:** 1 day**Cost:** INR 78,036 (building fee INR 60 per square meter)

Comments: According to the Ranchi Regional Development Authority Bylaws No. 4.1 and 4.2, the building company must submit an application for a building permit to the Office of Vice Chairman, Ranchi Regional Development Authority (RRDA) along with the following documents:

- Four copies of plans with specifications;
- Certificate of Incorporation;
- Certificate from architect or engineer;
- Ownership title.

The land use is internally checked and approved as part of the procedure. The junior engineer checks the zoning when he processes the application. It can take up to 3 months to obtain approval of the map by the RRDA but takes 30 days on average.

Procedure 4. Receive inspection from the Ranchi Regional Development Authority (Municipal)**Time:** 1 day**Cost:** No cost**Procedure 5. Obtain drawing-plan approval/building permit from the Ranchi Regional Development Authority (Municipal)****Time:** 75 days**Cost:** No cost

Comments: Development and building permits should be issued within 60 days. If the RRDA does not notify the building company about the decision in the given period, the building company has to notify the authority about this delay and the application is deemed approved if the building company receives no notice/reply within an additional 30 days.

Procedure 6. Receive inspection by an RRDA engineer during construction (Municipal)**Time:** 1 day**Cost:** No cost

Comments: Inspections during the construction process happen on an ad-hoc basis.

Procedure 7. Apply for electricity connection Jharkhand State Electricity Board (State)**Time:** 1 day**Cost:** INR 50

Comments: The application form is available online at www.jseb.in or can be collected for free from the superintendent engineer's office. The building company submits this form along with ownership documents and an application fee of INR 50.

Procedure 8.* Apply for permanent water and sewerage connections to the Ranchi Water Board (Municipal)**Time:** 1 day**Cost:** No cost

Comments: The application for new water and sewerage connections must be submitted to the Ranchi Water Board, under the Ranchi Municipal Corporation. The building company can download the prescribed form online at www.ranchimunicipal.com. The building company must submit the form along with ownership documents, tax number, and a plumbing diagram prepared by a licensed plumber.

Procedure 9.* Apply for permanent phone connection at Bharat Sanchar Nigam Limited (National)**Time:** 1 day**Cost:** INR 500 (flat installation charge)

Comments: The building company must apply for the telephone connection at the local BSNL office. The building company must submit the application along with a proof of ownership of the business and the Permanent Account Number (PAN) card. The same tariff applies across the country, with minor differences due to local demand. The following charges must be paid: INR 500, in case there is a waiting list for registration charges; INR 300 in installation charges (if fewer than 500 lines) or INR 500 (if more than 500 lines); and a refundable security deposit of INR 2,000.

Procedure 10.* Receive inspection and demand note from the Jharkhand State Electricity Board (State)**Time:** 1 day**Cost:** No cost

Comments: The building company will receive the demand note and the load sanction letter in approximately 7 days.

Procedure 11.* Receive inspection from the Ranchi Water Board (Municipal)**Time:** 1 day**Cost:** No cost

Comments: The building company will receive an inspection and technical sanction in about a week. The building company is requested to make the required payment.

Procedure 12.* Obtain permanent electricity connection (State)**Time:** 40 days**Cost:** INR 5,000 (flat service-connection charge)

Comments: The building company must pay a service-connection charge of maximum INR 5,000 as stated in the sanction. It must also have pay a refundable security deposit of INR 825 per kW (INR 144,375) and get a transformer and cabling done at its own expense. The building companies often use an electrical inspector to carry out all the formalities for INR 25,000.

Procedure 13.* Obtain permanent water and sewerage connections upon final payment (Municipal)**Time:** 30 days**Cost:** INR 6,000 (flat connection charge)

Comments: The connection is given once the plumber goes to the office and pays connection charges of INR 6,000.

Procedure 14.* Obtain phone connection (with inspection) from the BSNL (National)**Time:** 7 days**Cost:** No cost**Procedure 15. Apply for a "no-objection certificate" (NOC) from the Fire Department (State)****Time:** 1 day**Cost:** No cost**Procedure 16. Obtain a "no-objection certificate" (NOC) from the Fire Department (with inspection) (State)****Time:** 7 days**Cost:** No cost**Procedure 17. File completion certificate and apply for occupancy permit at the Ranchi Regional Development Authority (Municipal)****Time:** 1 day**Cost:** No cost

Comments: On filing of the completion report with the Ranchi Regional Development Authority, the officer usually takes 30 days to grant or refuse the occupancy permit.

Procedure 18. Receive final inspection of the construction by the Ranchi Regional Development Authority (Municipal)**Time:** 1 day**Cost:** No cost**Procedure 19. Obtain occupancy permit from the Ranchi Regional Development Authority (Municipal)****Time:** 30 days**Cost:** No cost

* This procedure can be completed simultaneously with previous procedures

LIST OF PROCEDURES

Registering property**Ahmedabad, Gujarat**

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurance (State)**Time:** 2 days**Cost:** INR 4,100 (INR 100 in research fee + INR 5 per year of enquiry + lawyer fees)

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- The legal document is in the name of the owner, issued by the Revenue Record Department under the seal of the Tahsildar;
- On the date of purchase the title of the owner for the preceding 30 years (preferably) shows no mortgage or other encumbrance;
- The property is transferable and heritable;
- The transferor is competent and/or authorized to transfer the property;
- The transferee is qualified to be a transferee;
- The object of consideration for the transfer is lawful;
- The transfer has been made and completed in the manner prescribed by law.

Following a 1999 reform of the ULC Act in the state of Gujarat, one must no longer obtain a Clearance Certificate from the Urban Land Ceiling authorities.

Subregistrar Offices have started computerizing records, but not all of the records. As there is often a line, and the same officer is often on duty in a couple of offices, it usually takes 2 days to complete this procedure.

Procedure 2. Check for secondary claims at the Mamlatdar's Revenue Office (State)**Time:** 2 days**Cost:** INR 4,100 (includes official fee [INR 100] and lawyer fees)

Comments: The buyer should also conduct research at the Mamlatdar's Office (Revenue Office) to check whether secondary claims, such as tenant claims or family claims, are attached to the land. For this procedure, the buyer should submit:

- The sale deed (or "agreement to sell" if the sale deed has not been finalized yet);
- The registration index.

All land records at the Revenue Office have been computerized.

Procedure 3. The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 1 day

Cost: INR 12,500 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 4. Stamp, execute, and register the final sale deed at the Subregistrar's Office (State)

Time: 2 days

Cost: INR 123,238 (4.9% of the property value for stamp duty + 1% of the property value for registration fees)

Comments: The documents are submitted to the office of the Subregistrar of Assurances within whose jurisdiction the property is located. The authorized signatories of the seller and buyer are required to be present along with two witnesses and the following documents:

- a. Document required to be registered (in duplicate);
- b. Two passport-sized photographs of the authorized signatories of both parties;
- c. Photo identification of each party and witnesses (i.e. voter's identity card, passport, identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer);
- d. Certified true copy of the resolution of the Board of Directors of both seller and buyer;
- e. Certified true copies of certificate of incorporation of both seller and buyer;
- f. Copy of the Municipal Tax bill to indicate the year in which the building was constructed;
- g. Copy of Permanent Account Number card issued under the Income Tax Act if the value of the property exceeds INR 500,000;
- h. Copies of Nonagricultural Use Permission and of Extract of Land Revenue Record on Village Forms 7 and 12;
- i. Copies of Development Permission and Building-Use Permission.

The documents are submitted to the Reader of the Subregistrar of Assurances for scrutiny. After scrutiny, the Reader indicates the registration fee required on the document itself. The registration fee is to be deposited with the cashier against a receipt. After depositing the fees, the documents are presented to the Subregistrar in accordance with Section 32 of the Registration Act (1908). Normally, the seller hands over the peaceful vacant and physical possession of the property to the buyer at the same time the deed is presented for registration. Upon payment of the required registration fees and computer service charges in cash, the document is returned.

In 2006, the stamp duty in Ahmedabad was reduced from 14% to 4.9% of the property value.

Procedure 5. Apply to the Revenue City Survey Department for mutation of the property title (State)

Time: 35 days

Cost: INR 1,500 (including lawyer fees)

Comments: After receiving the registered title deed, the buyer applies to the Revenue City Survey Department to mutate the title of the property under his name. The authorized signatory must submit the duly signed application along with the affidavit, the indemnity bond, and a certified/notarized copy of the registered title deed. After the assessment of the request for mutation, the municipal authority determines the value of the property tax to be levied, and then issues a letter of mutation in favor of the buyer. The buyer must also fill out and submit the form for e-Dhara (scheme for computerization of revenue records) along with the aforementioned documents. Land records have been completely computerized for all talukas in the Ahmedabad district.

*This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Bengaluru, Kamataka

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of Subregistrar of Assurance (State)

Time: 3 days

Cost: INR 3,250 (INR 30 for the first year of research + INR 10 per additional year + rest in lawyer fees)

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked (ideally 30 years). While investigating the title, it should be verified that:

- a. The property is in the name of the owner, issued by the Revenue Department under the Seal of the Tahsildar;
- b. The property is transferable and heritable;
- c. The transferor is competent and/or authorized to transfer the property;
- d. The transferee is qualified to be a transferee;
- e. The object or consideration for the transfer is lawful;
- f. The transfer has been made and completed in the manner prescribed by law.

All papers with regard to payment of taxes, electricity bills, and water bills may need to be checked, especially in the case of high-consumption properties such as factories. For a warehouse, it might not be necessary.

Due to the bifurcation of the jurisdiction in Bengaluru, the buyer must often search in two separate offices of the Subregistrar of Assurance. As jurisdictions have changed, the relevant land records pertaining to earlier and later years are usually located in two different offices. Land records are currently being computerized in the various Subregistrar Offices.

Procedure 2. Obtain proof of compliance with zoning and building regulations at the Bengaluru Development Authority (Municipal)

Time: 3 days

Cost: No cost

Comments: The buyer must conduct a search at the Bengaluru Development Authority (Planning Authority for the city of Bengaluru) and Karnataka Industrial Areas Development Board to ascertain whether any land acquisition proceedings have been notified/initiated in respect of the concerned property, as well as the authenticity and validity of the layout/building plan sanctioned by the Bengaluru Development Authority/Corporation/Municipal Council where the property is situated.

If the property falls within the Bengaluru Development Authority limits, searches must be conducted at the Town and Country Planning Department, BDA. If the property falls within the Bengaluru Metropolitan Regional Development Authority or Bengaluru International Airport Area Planning Authority, searches must be conducted at the respective offices.

Procedure 3.* The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 3 days

Cost: INR 9,000 (lawyer fees)

Comments: Normally, the sale deed and transfer deed are drafted by a deed writer or a lawyer on a green paper, on which the adhesive stamp for stamp duty is affixed. However, since a 2004 amendment of the Karnataka Stamp Act, stamp paper is no longer used in Karnataka. Accordingly, the stamp duty is payable at the time of the registration of the document.

Procedure 4. Stamp, execute, and register the final sale deed at the Subregistrar's Office (State)

Time: 1 day

Cost: INR 177,546 (8.5% of the property value for stamp duty)

Comments: According to the Karnataka Act No. 7 of 2006, stamp duty rate was reduced from 8% to 7.5%.

Endorsements are made on the document under Sections 52, 58, and 60 of the Registration Act after completion of procedures at the Subregistrar's Office. The document is copied into the register book, copies of the document are pasted onto 2 indexes, one titled "name and property," the other titled "accounts and reports." As the Subregistrar's Office has been computerized, the registered document is returned the same day, or the following one.

Parties obtain a token number in order to come back later to obtain the actual certificate. If one obtains a token by 1:00 pm, one can come back later that same afternoon to be registered. To register the final sale deed, the following documents are required:

- a. Document required to be registered (in duplicate);
- b. Photo identification of each party, such as a voters' identity card, passport, identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer;
- c. Certified true copy of the Resolution of the Board of Directors' of both seller and buyer (already in possession of seller);
- d. Certified true copies of Certificate of Incorporation of both seller and buyer (already in possession of seller);
- e. Sale deed;
- f. Conversion order, if any;

- g. Approved layout plan;
- h. Khata certificated and Khata extract;
- i. Latest tax paid.

The Certificate of Registration can be retrieved the following day.

In Bengaluru, offices of the Subregistrar have been computerized. As such, passport-sized photographs are not required with the application. Instead, digital pictures of the respective parties are taken in situ.

Procedure 5. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 20 days

Cost: INR 3,354 (INR 200 for document charges + 2% of stamp duty for transfer fee)

Comments: After obtaining the registered title deed, the buyer applies to the Circle Revenue Office to mutate the title of the property under his name. The authorized signatory must submit the duly signed application along with the affidavit and a certified/notarized copy of the registered title deed. The fees for the application amount to 2% of the stamp duty on the transfer of the property, paid by demand draft to the Commissioner of the Municipality. No indemnity bond is required.

After assessing the request for mutation, the municipal authority determines the value of the property tax to be levied, and then issues a letter of mutation in favor of the buyer.

In order to apply, one must submit a form and the Certificate of Registration obtained from the previous procedure. The records at the Municipality are then updated and a letter given to the client, certifying who is the new owner and describing the property. One needs the certificate, in practice, to be able to satisfy the next buyer's search of the property to see who the owner is.

*This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Bhubaneshwar, Orissa

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Verify Record of Right of Hal Settlement (Municipal)

Time: 5 days

Cost: INR 20

Comments: The buyer should verify the Record of Right (ROR) of Hal Settlement, the ROR of Sabik Settlement, and the Deed of Conveyance if any transfer of title from Sabik to Hal Settlement occurred during the period over which the search is conducted.

This procedure is unique to the state of Orissa, in which certain tribal areas are protected.

Following Resolution S-88/2005-39463 dated September 28, 2005, the fees for obtaining the Record of Right have been reduced to INR 20.

Records have been computerized from the year 2003 onwards.

Procedure 2.* Check for encumbrances at the office of the Subregistrar of Assurance (State)

Time: 7 days

Cost: INR 2,100 (INR 26 for the first year of search + INR 15 for each additional year + lawyer fees)

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- a. The legal document is in the name of the owner, issued by the Revenue Record Department under the seal of the Tahsildar;
- b. On the date of purchase the title of the owner for the preceding 30 years (preferably) shows no mortgage or other encumbrance as still existing on the date of purchase;
- c. The property is transferable and heritable;
- d. The transferor is competent and/or authorized to transfer the property;
- e. The transferee is qualified to be a transferee;
- f. The object of consideration for the transfer is lawful;
- g. The transfer has been made and completed in the manner prescribed by law;
- h. The property being sold is free of restrictions for sale under the Urban Land (Ceiling and Regulation) Act (1976) and a clearance certificate for the property has been issued by the ULC (Urban Land Ceiling) Authorities.

All papers with regard to payment of taxes, electricity bills, and water bills must be checked. If the seller is a company incorporated under the provisions of the Companies Act (1956) then it is prudent to check at the office of the Registrar of Companies to verify whether there is any charge on the property registered under the provisions of Section 125 of the Companies Act (1956).

Procedure 3. Obtain stamp paper after payment of stamp duty (State)

Time: 1 day

Cost: INR 104,439 (5% of the property value for stamp duty)

Comments: Stamp paper can be obtained from authorized stamp vendors present in the office of the Subregistrar of Assurances.

The state of Bhubaneshwar cut the stamp duty to a flat rate of 5% of property value on August 5th, 2008.

Procedure 4.* The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 3 days

Cost: INR 6,300 (lawyer fee)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 5. Execute and register the final sale deed at the Subregistrar's Office (State)

Time: 24 days

Cost: INR 41,776 (2% of the property value for registration fee)

Comments: The deed for registration is presented to the officer in charge of registration at the Subregistrar's Office within whose jurisdiction the property is located. The officer checks the documents and annexes, and sets a date for both parties to sign the instrument of transfer before the Subregistrar. The Subregistrar also ensures that the stamp duty paid is consistent with the value of the property, and receives payment of the registration and execution fees.

The seller and buyer are required to bring two witnesses, along with the following documents:

- a. ROR of land;
- b. If vendor is of a scheduled caste or scheduled tribe, certificate to that effect;
- c. Four passport-sized photographs of the authorized signatories of both parties;
- d. Photo identification of each party and witnesses such as a voters' identity card, passport, or identity card issued by the government of India, semi-government and autonomous bodies or identification by a Gazette Officer;
- e. Certified true copies of Certificate of Incorporation of both seller and buyer;
- f. True copy of the site plan or map of the locality where the property is situated (not required but may be asked for);
- g. Copy of sale deed (in duplicate).

The documents are submitted to the reader of the Subregistrar for scrutiny. After scrutiny, the reader indicates the registration fee required on the document itself. The registration fee is to be deposited with the cashier against a receipt. After payment of the registration fees, the document is copied into the registry, copies of the document are pasted onto 2 indexes titled "name and property" and "accounts and reports." The document is delivered upon presentation of the receipt previously issued by the cashier.

The value of a given property, determined by the area or zone in which it is located, can be verified from a valuation schedule. If the Subregistrar feels that the property has been undervalued, a strategy used to minimize the amount of stamp duty to be paid, he may decide to inspect the site, which can take from 3 to 5 days. This is not often the case, however.

Procedure 6. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 90 days

Cost: INR 2,500

Comments: The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Revenue Circle Office settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name. Land records have been computerized.

*This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Chennai, Tamil Nadu

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Obtain a tax clearance certificate from local tax authorities (Municipal)

Time: 3 days

Cost: No cost

Comments: The parties or their representative verify with local and municipal tax agencies that all taxes and charges payable have been paid up to date.

Procedure 2.* Check with the Registrar of Companies about any existing charges against the property (State)

Time: 2 days

Cost: INR 3,100 (INR 50 for public search of document + INR 50 for two certified copies + INR 3,000 for lawyer/accountant fee)

Comments: The buyer must conduct a search in the local court registry for any litigation, insolvency proceedings against an Individual, winding-up proceedings against a company, or any charges on the property with the Registrar of Companies. The court services are computerized. However, the server regularly goes down and several charges have not been uploaded yet. The website remains a work in progress.

Procedure 3. Check for encumbrances at the office of Subregistrar of Assurance (State)

Time: 3 days

Cost: INR 7,500 (including lawyer fees)

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- The legal document is in the name of the owner, issued by the Revenue Record Department under the seal of the Tahsildar;
- On the date of purchase the title of the owner for the preceding 30 years (preferably) shows no mortgage or other encumbrance as still existing on the date of the purchase;
- The property is transferable and heritable;
- The transferor is competent and/or authorized to transfer the property;
- The transferee is qualified to be a transferee;
- The object of consideration for the transfer is lawful;
- The transfer has been made and completed in the manner prescribed by law;
- The property being sold is free of restrictions for sale under the Urban Land (Ceiling and Regulation) Act (1976) and a clearance certificate for the property has been issued by the ULC (Urban Land Ceiling) Authorities.

All land records have been computerized from 1987 onward. Prior to 1987, records must be checked manually.

Officials of the Subregistrar conduct the searches and issue the Encumbrance Certificate upon receiving an application from the buyer/lawyer. Although a lawyer is engaged to file the application and follow up with the Subregistrar, official fees for an Encumbrance Certificate are INR 100 per year of search.

The Encumbrance Certificate can also be obtained online, based on the following fee schedule:

- Application fees: INR 1;
- Search for first year: INR 15;
- Search for subsequent years (per year): INR 5;
- Computer search: INR 100;
- Courier charge: INR 25.

Procedure 4. Obtain stamp paper after payment of stamp duty (State)

Time: 7 days

Cost: INR 167,102 (6% of the property value for stamp duty + 2% of the property value for surcharge/transfer fee)

Comments: In Chennai, one can obtain stamp paper from stamp vendors. Stamp duty was reduced from 8% to 6% in 2003. Obtaining stamp paper from the Treasury, dependent on availability, may take longer than through stamp vendors.

Procedure 5.* The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 3 days

Cost: INR 7,500 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 6. Execute and register the final sale deed at the Subregistrar's Office (State)

Time: 17 days

Cost: INR 21,048 (1% of the property value + INR 100 for computer charges + INR 60 for subdivision of survey number)

Comments: The deed for registration is presented to the registration officer at the Subregistrar's Office within whose jurisdiction the property is located. The officer checks the documents and annexes, and sets a date for both parties to sign the instrument of transfer before the Subregistrar. The Subregistrar also makes sure that the stamp duty paid is consistent with the value of the property, and receives payment of the registration and execution fees.

The seller and buyer are required to bring two witnesses, along with the following documents:

- Document required to be registered (in duplicate);
 - Two passport-sized photographs of the authorized signatories of both parties;
 - Photo identification of each party and witnesses, such as a voters' identity card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer;
 - Certified true copy of the resolution of the Board of Directors' of both seller and buyer;
 - Certified true copies of the Certificate of Incorporation of both seller and buyer.
- Items 4 and 5 listed above are mandatory only when the government is a party to the transaction. In all other cases, it is not mandatory;
- PAN card must be submitted for registration of documents pertaining to any transaction involving a property exceeding a value of INR 500,000.

The documents are submitted to the reader of the Subregistrar of Assurance for scrutiny. After scrutiny, the reader indicates the registration fee required, on the document itself. The registration fee is to be deposited with the cashier against a receipt.

The value of a given property, determined by the area or zone in which it is located, can be verified from a valuation schedule. If the Subregistrar feels that the property has been undervalued, a strategy used to minimize the amount of stamp duty to be paid, he may decide to inspect the site, which can take from 3 to 5 days. This is not often the case, however.

After payment of the registration fees, the document is copied into the registry, copies of the document are pasted onto 2 indexes titled "name and property" and "accounts and reports." The document is delivered upon presentation of the receipt previously issued by the cashier.

Procedure 7. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 18 days

Cost: INR 5,500 (including lawyer fees)

Comments: The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Revenue Circle Office settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name. Land records have been computerized.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Gurgaon, Haryana

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurance (State)

Time: 4 days

Cost: INR 5,500 (including lawyer fees)

Comments: The buyer should conduct a search of the property at the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- The legal document is in the name of the owner, issued by the Revenue Record Department under the seal of the Tahsildar;
- On the date of purchase the title of the owner for the preceding 30 years (preferably) shows no mortgage or other encumbrance as still existing on the date of the purchase;
- The property is transferable and heritable;
- The transferor is competent and/or authorized to transfer the property;
- The transferee is qualified to be a transferee;
- The object of consideration for the transfer is lawful;
- The transfer has been made and completed in the manner prescribed by law;
- The property being sold is free of restrictions for sale under the Urban Land (Ceiling and Regulation) Act (1976) and a clearance certificate for the property has been issued by the ULC (Urban Land Ceiling) Authorities.

Gurgaon has completely computerized its Subregistrar's Office. Therefore, the time to conduct the search has been dramatically reduced.

All papers with regard to payment of taxes, electricity bills, and water bills need to be checked. If the seller is a company incorporated under the provisions of the Companies Act (1956) then it is prudent to take search in the office of the Registrar of Companies to verify whether there is any charge on the property registered under the provisions of Section 125 of the Companies Act (1956).

Procedure 2. The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 4 days

Cost: INR 9,000 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 3. Stamp, execute and register the final sale deed at the office of Subregistrar (State)

Time: 3 days

Cost: INR 140,327 (6% of the property value for stamp duty + INR 15,000 registration fee if the property value is above INR 2,000,000)

Comments: The documents are submitted to the reader of the Subregistrar of Assurance for scrutiny. After scrutiny, the reader indicates the registration fee required, which is based on the following fee schedule:

Property value (registration fee)
< INR 100,000 (INR 500)
INR 100,001-500,000 (INR 1,000)
INR 500,001-1,000,000 (INR 5,000)
INR 1,000,001-1,500,000 (INR 10,000)
INR 1,500,001-2,000,000 (INR 12,500)
> INR 2,000,000 (INR 15,000)

After depositing the fees, the documents are presented to the Subregistrar in accordance with Section 32 of the Registration Act (1908). Normally, the seller hands over the physical possession of the property to the buyer when the deed is presented for registration. Upon payment of the required registration fees and computer service charges in cash, as per the receipt, the document is returned within 30 minutes.

The documentation should include:

- Document required to be registered (in duplicate);
- Two passport-sized photographs of the authorized signatories of both parties;
- Photo identification of each party and witnesses (i.e. voter's identify card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer);
- Certified true copy of the resolution of the Board of Directors of both seller and buyer;
- Certified true copies of certificate of incorporation of both seller and buyer.

Procedure 4. Apply to HUDA/HSIIDC for mutation of the property title (State)

Time: 15 days

Cost: INR 5,520

Comments: The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, HUDA/HSIIDC settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name.

Due to Gurgaon's growing popularity as a place to buy property, as well as the extremely large size of the municipality's jurisdiction, the Municipal Office is overworked, and it can take some time to conduct this procedure. However, an online submission procedure has been put in place, which allows applications to be processed more quickly. Nonetheless, the Municipality still takes time (up to 20 days) to scrutinize the information presented.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Guwahati, Assam

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of Subregistrar of Assurance (State)

Time: 6 days

Cost: INR 6,000 (including lawyer fees)

Comments: The buyer should conduct a search of the property at the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- The legal document is in the name of the owner, issued by the Revenue Record Department under the seal of the Tahsildar;
- On the date of purchase the title of the owner for the preceding 30 years (preferably) shows no mortgage or other encumbrance as still existing on the date of the purchase;
- The property is transferable and heritable;
- the transferor is competent and/or authorized to transfer the property;
- the transferee is qualified to be a transferee;
- the object of consideration for the transfer is lawful;
- the transfer has been made and completed in the manner prescribed by law.

In many parts of the city, land records are only partly updated. The city is divided into 8/9 mouzas and some mouzas' records are updated only to 1996, 1998, and 2001. For all of them, a manual check at the office of Subregistrar is required.

All papers with regard to payment of taxes, electricity bills, and water bills must be checked. If the seller is a company incorporated under the provisions of the Companies Act (1956) then it is prudent to search in the office of the Registrar of Companies to verify whether there is any charge on the property registered under the provisions of Section 125 of the Companies Act (1956).

Procedure 2. The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 5 days

Cost: INR 7,000 (including lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 3. Stamp, execute, and register the final sale deed at the Subregistrar's Office (State)

Time: 3 days

Cost: INR 302,872 (6% of the property value for stamp duty + 8.5% of the property value for registration fees)

Comments: The subsequent procedures can be conducted with the certified copy of the sale deed.

The documents are submitted to the office of the Subregistrar of Assurance within whose jurisdiction the property is located. The authorized signatories of the seller and buyer are required to be present along with two witnesses, and the following documents:

- Document required to be registered (in duplicate);
- Two passport-sized photographs of the authorized signatories of both parties;
- Photo identification of each party and witnesses (i.e., a voter's identify card, passport, or identity card issued by the Government of India, semi-government and autonomous bodies, or identification by a Gazette Officer);

- d. Certified true copy of the resolution of the resolution of the Board of Directors of both seller and buyer;
- e. Certified true copies of the Certificate of Incorporation of both seller and buyer;
- f. Copy of the Municipal tax bill to indicate the year in which the building was constructed.

The documents are submitted to the reader of the Subregistrar of Assurances for scrutiny. After scrutiny, the reader indicates the registration fee required on the document itself. The registration fee is to be deposited with the cashier against a receipt. After depositing the fees, the documents are presented to the Subregistrar in accordance with Section 32 of the Registration Act (1908). Normally, the seller hands over physical possession of the property to the buyer when the deed is presented for registration. Upon payment of the required registration fees and computer service charges in cash, the document is returned.

In Assam, there is only one Subregistrar's Office, which is overloaded with work. The office will keep the original sale deed for about 2 years to enter the details in the computer, then return it to the buyer.

Procedure 4. Apply to the Guwahati Revenue Authority for mutation of the property title (State)

Time: 70 days

Cost: INR 5,125 (INR 25 for application + INR 100 for certified copy + INR 5000 for lawyer fees)

Comments: The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Guwahati Revenue Authority settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Hyderabad, Andhra Pradesh

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurances (State)

Time: 3 days

Cost: INR 3,750 (INR 120 for research fee + lawyer fees)

Comments: Due to bifurcations (i.e., shifts in jurisdiction over the years) it is now common for the buyer to go to two offices of the Subregistrar to conduct their research, once for earlier years (up to 1985), once for later year (from 1985 onward). A third procedure may be required, but is not common.

The buyer should search the property in the Registry and the Revenue Office. While investigating the title it should be verified that:

- a. The "Patta"/legal ownership document, in the owner's name, issued by the Revenue Department under the Seal of the Tahsildar;
- b. The Encumbrance Certificate (EC) for the preceding 31 years (preferably) shows no mortgage or other encumbrance as still existing on the date of purchase;
- c. The property is transferable and heritable, at the revenue and ULC dept;
- d. The transferor is competent and/or authorized to transfer the property;
- e. The transferee is qualified to be a transferee;
- f. The object or consideration for the transfer is lawful. Also, all papers with regard to payment of taxes, electricity bills, and water bills must be checked.

Information on electricity and water bill status is not available at the Subregistrar's Office. The buyer must check receipts from the seller and confirm whether up-to-date water and electricity bills have been paid.

All the records in the Subregistrar's Office are computerized and most of the records are public documents. Anyone wishing to search the records must first apply to the registrar, who then issues the non-encumbrance certificate.

Procedure 2. The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 2 days

Cost: INR 7,000 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 3. * Pay the stamp duty and other fees at the bank (State)

Time: 1 day

Cost: INR 198,434 (7% of the property value for stamp duty + 2% of the property value for transfer fee + 0.5% of the property value for registration fee)

Comments: Stamp duty was decreased by the government of Andhra Pradesh vide G.O. Ms. No. 1126 dated June 13, 2005; the transfer fee decreased under G.O. Ms. Nos. 622, 623, and 624 dated June 27, 2005 and G.O. Ms. No. 239 dated June 30, 2005, which took effect July 1, 2005. The present applicable rates are as follows:

All municipal corporations:

9.5% of the property value = 7% for stamp duty + 2% for transfer fee + 0.5% for registration fee;

Special and selection-grade municipalities:

9.5% of the property value = 7% for stamp duty + 2% for transfer fee + 0.5% for registration fee;

Other places:

9.5% of the property value = 6% for stamp duty + 3% for transfer fee + 0.5% for registration fee.

Procedure 4. Execute and register the final sale deed at the Subregistrar's Office (State)

Time: 8 days

Cost: INR 120 (scanning charges)

Comments: The documents are submitted to the office of the Subregistrar of Assurances within whose jurisdiction the property is located. The respective authorized signatories of the seller and buyer are required to be present along with two witnesses and the following documents:

- a. Document required to be registered (in duplicate);
- b. Four passport-sized photographs of the authorized signatories of both parties;
- c. Photo identification of each party and witnesses (i.e., a voters' identity card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer);
- d. Certified true copy of the Resolution of the Board of Directors' of both seller and buyer and the power of attorney in favor of the person executing the sale deed;
- e. Certified true copies of the Certificate of Incorporation of both seller and buyer;
- f. Photograph of the property concerned;
- g. Approach route map to the concerned property from the nearest landmark/main road;
- h. Notarized affidavits from both parties to attest that the transaction respects the terms of the ULC act;
- i. Latest receipt to show payment of municipal tax to Municipal authorities.

The documents are submitted to the reader of the Subregistrar of Assurances for scrutiny. After scrutiny, the reader indicates the stamp duty and registration fee required-9% and 0.5%, respectively, of the transaction value-on the document itself. The stamp duty and registration fee are to be deposited with the concerned bank against a receipt. After depositing the stamp duty and fees, the documents must be presented to the Subregistrar by the parties in accordance with Section 32 of the Registration Act (1908) along with the bank receipt or challan. In practice, the seller hands over physical possession of the property to the buyer when the deed is presented for registration.

Thereafter, endorsements are made on the document under Sections 52, 58, and 60 of the Registration Act after completion of procedures at the Subregistrar's Office.

The document is copied into the registry, copies of the document are pasted onto 2 indexes, one titled "name and property," the other titled "accounts and reports." The document is delivered upon presentation of the receipt issued by the cashier. Since land records have been computerized from 1980 onward, the registered document is returned the same day.

It is general practice to go to the Subregistrar's Office in advance in order to calculate the stamp duty and registration fees payable so that payments can be arranged accordingly and delays/disputes can be avoided on the day of the registration.

Procedure 5. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 24 days

Cost: INR 10,000 (including lawyer fees)

Comments: The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Hyderabad Revenue Department settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name. Records at the Revenue Department have been computerized.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Indore, Madhya Pradesh

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurances (State)

Time: 5 days

Cost: INR 7,500 (including lawyer fees)

Comments: The buyer should conduct a search of the property at the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- The legal document is in the owner's name, issued by the Revenue Record Department under the seal of the Tahsildar;
- On the date of purchase the title of the owner for the preceding 30 years (preferably) shows no mortgage or other encumbrance as still existing on the date of the purchase;
- The property is transferable and heritable;
- The transferor is competent and/or authorized to transfer the property;
- The transferee is qualified to be a transferee;
- The object of consideration for the transfer is lawful;
- The transfer has been made and completed in the manner prescribed by law;
- The property being sold is free of restrictions for sale under the Urban Land (Ceiling and Regulation) Act (1976) and a clearance certificate for the property has been issued by the ULC (Urban Land Ceiling) Authorities.

All papers with regard to payment of taxes, electricity bills, and water bills must be checked. If the seller is a company incorporated under the provisions of the Companies Act (1956) then it is prudent to search in the office of the Registrar of Companies to verify whether there is any charge on the property registered under the provisions of Section 125 of the Companies Act (1956).

Procedure 2. Purchase stamp paper from stamp vendors (Private)

Time: 1 day

Cost: INR 20,888 (1% of the property value)

Procedure 3. The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 1 day

Cost: INR 7,500 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 4. Execute and register the final sale deed at the office of Subregistrar (State)

Time: 2 days

Cost: INR 183,812 (8% of the property value for stamp duty + 0.8% of the property value for registration fees)

Comments: The documents are submitted to the office of the Subregistrar of Assurances within whose jurisdiction the property is located. The authorized signatories of the seller and buyer are required to be present along with two witnesses and the following documents:

- Document required to be registered (in duplicate);
- Two passport-sized photographs of the authorized signatories of both parties;
- Photo identification of each party and witnesses (i.e., a voter's identify card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer);
- Certified true copy of the resolution of the resolution of the Board of Directors of both seller and buyer;
- Certified true copies of certificate of incorporation of both seller and buyer;

- Copy of the latest property registration card (to be obtained from the City Survey Department) to indicate that the property does not belong to the government;
- Copy of the Municipal tax bill to indicate the year when the building was constructed;
- No-Objection Certificate from the Urban Land Ceiling Department;
- PAN card.

The documents are presented to the Subregistrar's Office in accordance with Section 32 of the Registration Act (1908). Normally, the seller hands over physical possession of the property to the buyer when the deed is presented for registration. Upon payment of the required registration fees and computer service charges in cash, the document is returned.

Procedure 5. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 30 days

Cost: INR 3,500 (including lawyer fees)

Comments: The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Circle Revenue Office settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Jaipur, Rajasthan

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of Subregistrar of Assurances (State)

Time: 3 days

Cost: INR 3,375 (INR 25 per year for 15 years of research + INR 3,000 in lawyer fees)

Comments: The buyer should search the property in the Registry and the Revenue Office. While investigating the title it should be verified that:

- The "Patta"/legal ownership document, in the owner's name, issued by the Revenue Department under the Seal of the Tahsildar;
- The Encumbrance Certificate (EC) for the preceding 31 years (preferably) shows no mortgage or other encumbrance as still existing on the date of purchase;
- The property is transferable and heritable;
- The transferor is competent and/or authorized to transfer the property;
- The transferee is qualified to be a transferee;
- The object or consideration for the transfer is lawful;
- The transfer has been made and completed in the manner prescribed by law.

Also, all papers with regard to payment of taxes, electricity bills, and water bills must be checked. Usually the seller will provide receipts to the buyer, as well as tax receipts for property taxes. It is common practice that the lawyer issues the non-encumbrance certificate after conducting the search on behalf of the parties. In Jaipur, there is a lower volume of records than in other cities and therefore this step takes less time. In addition, land records are in the process of being computerized.

Procedure 2. Pay the stamp duty at the State Treasury and obtain stamp paper (State)

Time: 2 days

Cost: INR 167,102 (8% of the property value for stamp duty)

Comments: Stamp paper is to be purchased from the treasury authorized vendors by cash, bank draft, or check.

Procedure 3.* The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 3 days

Cost: INR 7,500 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 4. Execute and register the final sale deed at the Subregistrar's Office (State)

Time: 2 days

Cost: INR 22,888 (1% of the property value for registration fee + INR 2,000 for lawyer fees)

Comments: The authorized signatories for the seller and buyer are required to be present along with two witnesses at the time of registration, as well as the following documents:

- a. Sale agreement to be registered (in duplicate);
- b. Two passport-sized photographs of the authorized signatories of both parties;
- c. Photo identification of each party and witnesses (i.e., a voters' identity card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer;
- d. Certified true copy of the Resolution of the Board of Directors' of both seller and buyer;
- e. Certified true copies of the Certificate of Incorporation of both seller and buyer.

The deed for registration is presented to the registration officer at the Subregistrar's Office within whose jurisdiction the property is located. The officer checks the documents and annexes, and sets a date for both parties to sign the instrument of transfer before the Subregistrar. The Subregistrar also ensures that the stamp duty paid is consistent with the value of the property, and receives payment of the registration and execution fees. The registration fee is to be deposited with the cashier against a receipt.

The value of a given property, determined by the area or zone in which it is located, can be verified from a valuation schedule. If the Subregistrar feels that the property has been undervalued, a strategy used to minimize the amount of stamp duty to be paid, he may decide to inspect the site, which can take from 3 to 5 days. This is not often the case, however.

After payment of the registration fees, the document is copied into the registry, copies of the document are pasted onto 2 indexes titled "name and property" and "accounts and reports." The document is delivered upon presentation of the receipt previously issued by the cashier.

Prior to 2005, registration of the final sale deed could only be made at the Subregistrar's Office under whose jurisdiction the property fell. Since 2005, however, it is possible to register the property in any office of the Subregistrar, regardless of its jurisdiction. After registration, the Subregistrar's Office sends the necessary documents to the zonal office in charge of the area where the property is located.

Procedure 5. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 15 days

Cost: INR 5,000 (INR 2,000 for mutation charges + INR 3,000 for lawyer fees)

Comments: The authorized signatory for the buyer must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Circle Revenue Office settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Kochi, Kerala

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurances (State)

Time: 3 days

Cost: INR 6,800 (INR 800 in research fees + INR 6,000 for lawyer fees)

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- a. The legal document is in the owner's name, issued by the Revenue Record Department under the seal of the Tahsildar;
- b. On the date of purchase the title of the owner for the preceding 30 years (preferably) shows no mortgage or other encumbrance as still existing;
- c. The property is transferable and heritable;
- d. The transferor is competent and/or authorized to transfer the property;

- e. The transferee is qualified to be a transferee;
- f. The object of consideration for the transfer is lawful;
- g. The transfer has been made and completed in the manner prescribed by law;
- h. The property being sold is free of restrictions for sale under the Kerala Land Reform Act.

All papers with regard to payment of taxes, electricity bills, and water bills must be checked. If the seller is a company incorporated under the provisions of the Companies Act (1956) then it is prudent to search in the office of the Registrar of Companies to verify whether there is any charge on the property registered under the provisions of Section 125 of the Companies Act (1956).

Records are in the process of being computerized.

Procedure 2. The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 3 days

Cost: INR 6,500 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 3. Stamp, execute, and register the final sale deed at the Subregistrar's Office (State)

Time: 1 day

Cost: INR 302,872 (12.5% of the property value for stamp duty + 2% of the property value for registration fees)

Comments: The documents are submitted to the office of the Subregistrar of Assurances within whose jurisdiction the property is located. The authorized signatories of the seller and buyer are required to be present along with two witnesses, and to present the following documents:

- a. Document required to be registered (in duplicate);
- b. Two passport-sized photographs of the authorized signatories of both parties;
- c. Photo identification of each party and witnesses (i.e., a voter's identify card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer);
- d. Certified true copy of the resolution of the Board of Directors of both seller and buyer;
- e. Certified true copies of the Certificate of Incorporation of both seller and buyer.

The documents are submitted to the reader of the Subregistrar of Assurances for scrutiny. After scrutiny, the reader indicates the registration fee required on the document itself. The registration fee is to be deposited with the cashier against a receipt. After depositing the fees, the documents are presented to the Subregistrar's Office in accordance with Section 32 of the Registration Act (1908). Normally, the seller hands over physical possession of the property to the buyer when the deed is presented for registration.

Procedure 4. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 20 days

Cost: INR 8,000 (INR 6,000 for lawyer fees + INR 2,000 for administrative fees)

Comments: After receipt of the registered title deed, the buyer applies to the Village Office of the locality under which the property falls, and produces the following documents:

- a. Title deed;
- b. Location and sketch of the plot;
- c. Encumbrance certificate;
- d. Tax receipt in the buyer's name.

To effect the mutation the buyer must pay the tax in his name after the sale is registered.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Kolkata, West Bengal

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurances (State)

Time: 18 days

Cost: INR 7,500 (including lawyer fees)

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- The property is in the owner's name, issued by the Revenue Department under the seal of the Tahsildar;
- The property is transferable and heritable;
- The transferor is competent and/or authorized to transfer the property;
- The transferee is qualified to be a transferee;
- The object or consideration for the transfer is lawful;
- The transfer has been made and completed in the manner prescribed by law. Also, all papers with regard to payment of taxes, electricity bills, and water bills may need to be checked, especially in the case of high-consumption properties such as factories; for a warehouse, it may not be necessary, or the vendor will simply present recent receipts to the buyer.

Land records from 2003 onward have been computerized.

If the seller is a company incorporated under the provisions of the Companies Act (1956) then it is advisable to search in the office of the Registrar of Companies to verify whether there is any charge on the property registered under the provisions of Section 125 of the Companies Act (1956).

Procedure 2. Pay the stamp duty at the State Treasury and obtain stamp paper (State)

Time: 1 day

Cost: INR 148,303 (6% of the property value for stamp duty + 1.1% of the property value for registration fees)

Comments: A stamp paper, on which final sale agreement must be drafted, is obtained after payment of stamp duty to the State Treasury.

Procedure 3.* The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 3 days

Cost: INR 5,000 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 4. Stamp, execute, and register the final sale deed at the Subregistrar's Office (State)

Time: 7 days

Cost: No cost

Comments: The final sale deed, written on stamp paper, is submitted to the office of the Subregistrar of Assurances within whose jurisdiction the property is located. The respective authorized signatories of the seller and buyer are required to be present along with two witnesses in order to execute the sale agreement, and to submit the following documents:

- Document required to be registered (in duplicate);
- Two passport-sized photographs of the authorized signatories of both parties;
- Photo identification of each party and witnesses (i.e., a voters' identity card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer;
- Certified true copy of the Resolution of the Board of Directors' of both seller and buyer (already in possession of seller), and power of attorney where applicable.

In practice, the seller hands over physical possession of the property to the buyer when the deed is presented for registration.

Thereafter endorsements are made under Sections 52, 58, and 60 of the Registration Act on the document after completion of procedures at the Subregistrar's Office.

The document is copied into the registry, copies of the document are pasted onto 2 indexes, one titled "name and property," the other titled "accounts and reports." The document is delivered upon presentation of the receipt issued by the cashier in respect of the document at the time of presentation.

When a document is presented for registration under Section 19 and is not in a language known to the registering officer, the translation together with the true copy of the document is filed in the appropriate book (as per West Bengal Act 17 of 1978). Stamp duty is 6%, if the property value is below INR 2,500,000 and 7%, if above.

Procedure 5. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 78 days

Cost: INR 5,000 (including lawyer fees)

Comments: The authorized signatory for the buyer must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Circle Revenue Office settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Ludhiana, Punjab

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurances (State)

Time: 5 days

Cost: INR 7,000 (including lawyer fees)

Comments: The buyer should conduct a search of the property at the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- The legal document is in the owner's name, issued by the Revenue Record Department under the seal of the Tahsildar;
- On the date of purchase the title of the owner for the preceding 30 years (preferably) shows no mortgage or other encumbrance as still existing on the date of the purchase;
- The property is transferable and heritable;
- The transferor is competent and/or authorized to transfer the property;
- The transferee is qualified to be a transferee;
- The object of consideration for the transfer is lawful;
- The transfer has been made and completed in the manner prescribed by law.
- The property being sold is free of restrictions for sale under the Urban Land (Ceiling and Regulation) Act (1976) and a clearance certificate for the property has been issued by the ULC (Urban Land Ceiling) Authorities.

All papers with regard to payment of taxes, electricity bills, and water bills must be checked. If the seller is a company incorporated under the provisions of the Companies Act (1956) then it is prudent to search in the office of the Registrar of Companies to verify whether there is any charge on the property registered under the provisions of Section 125 of the Companies Act (1956).

Procedure 2. The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 1 day

Cost: INR 10,500 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 3. Stamp, execute, and register the final sale deed at the Subregistrar's Office (State)

Time: 1 day

Cost: INR 197,990 (INR 10,000 for registration fees + 9% of the property value for stamp duty, which includes 3% of the property value for development charges)

Comments: The final sale deed, written on stamp paper, is submitted with the office of the Subregistrar of Assurances within whose jurisdiction the property is located. The respective authorized signatories of the seller and buyer are required to be present along with two witnesses and the following documents:

- Document required to be registered (in duplicate);
- Two passport-sized photographs of the authorized signatories of both parties;
- Photo identification of each party and witnesses (i.e., a voter's identify card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer);
- Certified true copy of the resolution of the resolution of the Board of Directors of both seller and buyer;
- Certified true copies of the Certificate of Incorporation of both seller and buyer;
- Copy of the latest property registration card (to be obtained from the City Survey Department) to indicate that the property does not belong to the government;
- Copy of the Municipal tax bill to indicate the year when the building was constructed;

h. No-Objection Certificate from the Urban Land Ceiling Department.

The documents are submitted to the reader of the Subregistrar of Assurances for scrutiny. After scrutiny, the reader indicates the registration fee required on the document itself. The registration fee is to be deposited with the cashier against a receipt. After depositing the fees, the documents are presented to the Subregistrar's Office in accordance with Section 32 of the Registration Act (1908). In practice, the seller hands over physical possession of the property to the buyer when the deed is presented for registration. Upon payment of the required registration fees and computer service charges in cash, as per the receipt, the document is returned.

Procedure 4. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 60 days

Cost: INR 6,500 (including lawyer fees)

Comments: The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Circle Revenue Office settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Mumbai, Maharashtra

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurances (State)

Time: 5 days

Cost: INR 10,000 (INR 750 for official fees, the remainder for lawyer and clerk fees)

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- The legal document is in the owner's name, issued by the Revenue Record Department under the seal of the Tahsildar;
- On the date of purchase the title of the owner for the preceding 30 years (preferably) shows no mortgage or other encumbrance as still existing on the date of the purchase;
- The property is transferable and heritable;
- The transferor is competent and/or authorized to transfer the property;
- The transferee is qualified to be a transferee;
- The object of consideration for the transfer is lawful;
- The transfer has been made and completed in the manner prescribed by law.
- The property being sold is free of restrictions for sale under the Urban Land (Ceiling and Regulation) Act (1976) and a clearance certificate for the property has been issued by the ULC (Urban Land Ceiling) Authorities.

All papers with regard to payment of taxes, electricity bills, and water bills must be checked. If the seller is a company incorporated under the provisions of the Companies Act (1956) then it is prudent to search in the office of the Registrar of Companies to verify whether there is any charge on the property registered under the provisions of Section 125 of the Companies Act (1956).

Procedure 2. The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 7 days

Cost: INR 19,500

Comments: The buyer's lawyer prepares the final sale deed and then engrosses the document on green paper, leaving the date and place blank. This document is then submitted to be stamped.

It is standard practice for law firms to charge a flat fee when dealing with real estate transactions.

Procedure 3. Pay the stamp duty on the final sale deed through franking at the designated bank (Private)

Time: 1 day

Cost: INR 104,439 (5% of the property value for stamp duty)

Procedure 4. Execute and register the final sale deed at the Subregistrar's Office (State)

Time: 1 day

Cost: INR 20,908 (1% of the property value for registration fee + INR 20 for scanning charges)

Comments: The execution of the sale deed in front of 2 witnesses is done at the same time and place when the buyer submits documents to the Subregistrar's Office for registration.

The documents are submitted to the office of the Subregistrar of Assurances within whose jurisdiction the property is located. The authorized signatories of the seller and buyer are required to be present along with two witnesses. Once the document is registered, a distinct document number is assigned to that document. The record of registration is kept in the office of the Subregistrar of Assurances.

The documents are submitted to the reader of the Subregistrar of Assurances for scrutiny. After scrutiny, the reader indicates the registration fee required, which is 1% of the transaction value or INR 30,000, whichever is less on the document itself. The registration fee is to be deposited with the cashier against a receipt. After depositing the fees, the documents are presented to the Subregistrar in accordance with Section 32 of the Registration Act (1908). Normally, the seller hands over physical possession of the property to the buyer when the deed is presented for registration. Upon payment of the required registration fees and computer service charges in cash, as per the receipt, the document is returned within 30 minutes.

The documentation shall include:

- Document required to be registered (in duplicate);
- Two passport-sized photographs of the authorized signatories of both parties;
- Photo identification of each party and witnesses (i.e., a voters' identity card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer;
- Certified true copies of the Certificate of Incorporation of both seller and buyer;
- Copy of the latest property registration card (to be obtained from the City Survey Department) to indicate that the property does not belong to the government;
- Copy of the Municipal tax bill to indicate the year in which the building was constructed.

Procedure 5. Apply to the Survey and Land Records Office for mutation of the title of the property (State)

Time: 30 days

Cost: INR 300

Comments: After receipt of the registered title deed, the buyer applies to the Survey and Land Records Office seeking mutation of the title of the property in its favor. The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed.

After the assessment of the request for mutation, the Land and Survey Office decides the value for levying tax on property and then issues a letter of mutation in favor of the buyer. Costs include: an application fee of INR 100, indemnity bond on INR 100 stamp paper, affidavit at INR 50, and notarized sale deed for INR 50.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

New Delhi, Delhi

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurances (State)

Time: 3 days

Cost: INR 9,000 (including lawyer fees)

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- The legal document is in the owner's name, issued by the Revenue Record Department under the seal of the Tahsildar;
- On the date of purchase the title of the owner for the preceding 30 years (preferably) shows no mortgage or other encumbrance as still existing on the date of the purchase;
- The property is transferable and heritable;
- The transferor is competent and/or authorized to transfer the property;
- The transferee is qualified to be a transferee;

- f. The object of consideration for the transfer is lawful;
 g. The transfer has been made and completed in the manner prescribed by law.
 It is common practice for parties to hire a lawyer for this procedure. Official search fees amount to INR 50. Land records have been partially computerized.

Procedure 2. Pay the stamp duty at the State Treasury and obtain stamp paper (State)

Time: 2 days

Cost: INR 125,327 (3% of the property value for stamp duty + 3% of the property value for municipal tax)

Comments: The buyer must deposit the amount of stamp duty and registration fees with the Treasury in cash or by bank draft. Once the deposit has been made and a draft of the sale agreement has been agreed upon by both parties, the agreement will be written and stamped on stamp paper, usually by a lawyer. Stamp duty for men in New Delhi amounts to 3% of the property value (2% for women). Stamp duty has been reduced from 5% to 3% by the India Stamp (Delhi Amendment) Act (2007) vide Notification No. F.14(20)/LA-2007/LJ/07/7042, published in the official gazette dated November 13, 2007.

Procedure 3.* The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 3 days

Cost: INR 5,500 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 4. Execute and register the final sale deed at the office of Subregistrar (State)

Time: 8 days

Cost: INR 6,000 (including lawyer fees)

Comments: Parties/lawyers submit the following documents at the Subregistrar's Office under whose jurisdiction the property is located:

- Two copies of the sale purchase agreement, on stamp paper. One copy will remain with the Subregistrar for the records;
- Two passport-sized photographs of the authorized signatories of both parties;
- Photo identification of each party and witnesses (i.e., a voter identity card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer;
- Certified true copy of the Resolution of the Board of Directors' of both seller and buyer and the Power of Attorney authorizing a representative to sign the sale deed;
- Certified true copies of the Certificate of Incorporation of both seller and buyer.

The documents are submitted to the reader of the Subregistrar of Assurances for scrutiny. After scrutiny, the reader indicates the registration fee required on the document itself. The registration fee is to be deposited with the cashier against a receipt. After depositing the fees, the documents are presented to the Subregistrar's Office in accordance with Section 32 of the Registration Act (1908). In practice, the seller hands over physical possession of the property to the buyer when the deed is presented for registration. Upon payment of the required registration fees and computer service charges in cash, as per the receipt, the document is returned.

The value of a given property, determined by the area or zone in which it is located, can be verified from a valuation schedule. If the Subregistrar feels that the property has been undervalued, a strategy used to minimize the amount of stamp duty to be paid, he may decide to inspect the site, which can take from 3 to 5 days. This is not often the case, however.

Procedure 5. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 40 days

Cost: INR 10,000 (including lawyer fees)

Comments: The buyer applies to the Municipal Authority to mutate the title of the property in his favor. The authorized signatory must submit the duly signed application along with an affidavit, an indemnity bond, and a certified/notarized copy of the registered title deed. The Circle Revenue Office assesses the claim, settles the value of the property tax (which can be paid online), and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name. Official fees for this procedure would amount to INR 50-100, depending on the size and location of the property.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Noida, Uttar Pradesh

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurances (State)

Time: 12 days

Cost: INR 9,000 (INR 750 per year of research, over 14 years, as lawyer fees)

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- The legal document is in the owner's name, issued by the Revenue Record Department under the seal of the Tahsildar;
- On the date of purchase the owner's title for the preceding 12 years (as commonly practiced in Noida) shows no mortgage or other encumbrance as still existing on the date of the purchase;
- The property is transferable and heritable;
- The transferor is competent and/or authorized to transfer the property;
- The transferee is qualified to be a transferee;
- The object of consideration for the transfer is lawful;
- The transfer has been made and completed in the manner prescribed by law;
- The property being sold is free of restrictions for sale under the Urban Land (Ceiling and Regulation) Act (1976) and a clearance certificate for the property has been issued by the ULC (Urban Land Ceiling) Authorities;
- The property has been made freehold by the Noida authorities.

The buyer should submit an inspection form along with Form 29 to the Subregistrar's Office, to provide information on the location of the property and the date of original registration of the property.

All papers with regard to payment of taxes, electricity bills, and water bills must be checked. If the seller is a company incorporated under the provisions of the Companies Act (1956) then it is prudent to search in the office of the Registrar of Companies to verify whether there is any charge on the property registered under the provisions of Section 125 of the Companies Act (1956).

Procedure 2. Obtain a transfer memorandum from the Development Authority (Municipal)

Time: 11 days

Cost: INR 405,115 (INR 725 per square meter of land + INR 1,000 for processing fees)

Comments: In Noida, as a huge majority of properties are leasehold, the buyer must submit an application to the development authority for a transfer memorandum along with the transfer memorandum of the seller. The development authority will check if the property can be transferred for the mentioned usage and, upon completion of the verification, will issue a transfer memorandum. This memorandum is necessary for the buyer to register the sale deed.

Procedure 3. The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 3 days

Cost: INR 7,000 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 4. Stamp, execute and register the final sale deed at the Subregistrar's Office (State)

Time: 2 days

Cost: INR 109,539 (5% of the property value for stamp duty + INR 5,100 for registration fees)

Comments: The final sale deed, written on stamp paper, is submitted to the office of the Subregistrar of Assurances within whose jurisdiction the property is located. The respective authorized signatories of the seller and buyer are required to be present, along with two witnesses and the following documents, in order to execute the sale agreement:

- Document required to be registered (in duplicate);
- Two passport-sized photographs of the authorized signatories of both parties;
- Photo identification of each party and witnesses (i.e., a voter's identity card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer);

- d. Certified true copy of the resolution of the resolution of the Board of Directors of both seller and buyer;
- e. Certified true copies of the Certificate of Incorporation of both seller and buyer;
- f. Copy of the latest property register card (to be obtained from the City Survey Department) to indicate that the property does not belong to the government;
- g. Copy of the Municipal tax bill to indicate the year when the building was constructed;
- h. Photograph of the property from all directions;
- i. Permanent Account Number card.

The documents are submitted to the reader of the Subregistrar of Assurances for scrutiny. After scrutiny, the reader indicates the registration fee required on the document itself. The registration fee is to be deposited with the cashier against a receipt. After depositing the fees, the documents are presented to the Subregistrar's Office in accordance with Section 32 of the Registration Act (1908). In practice, the seller hands over physical possession of the property to the buyer when the deed is presented for registration. Upon payment of the required registration fees and computer service charges in cash, as per the receipt, the document is returned.

The stamp duty has been reduced from 10% to 5% for men and 4% for women, following Schedule 1A of the Indian Stamp Act, which enacted the reduction June 25, 2008.

Procedure 5. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 9 days

Cost: No cost

Comments: The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Circle Revenue Office settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name.

REGISTERING PROPERTY

Patna, Bihar

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurances (State)

Time: 7 days

Cost: INR 500

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- a. The "Patta"/legal ownership document, is in the owner's name, issued by the Revenue Department under the seal of the Tahsildar;
- b. The Encumbrance Certificate (EC) for the preceding 31 years (preferably) shows no mortgage or other encumbrance as still existing on the date of purchase;
- c. The property is transferable and heritable;
- d. The transferor is competent and/or authorized to transfer the property;
- e. The transferee is qualified to be a transferee;
- f. The object or consideration for the transfer is lawful;
- g. The transfer has been made and completed in the manner prescribed by law. Also, all papers with regard to payment of taxes, electricity bills, and water bills must be checked, usually by the seller furnishing receipts from bills and taxes.

It is common practice to hire a lawyer to conduct the transfer process, and the legal fees are therefore included in the cost above.

Land records have been computerized.

Procedure 2. Pay the stamp duty at the State Treasury and obtain stamp paper (State)

Time: 3 days

Cost: INR 167,102 (8% of the property value for stamp duty)

Comments: The buyer must deposit the amount of stamp duty and registration fees with the Treasury, in cash or by bank draft. Once the deposit has been made and a draft of the sale agreement has been agreed upon by both parties, the agreement will be written and stamped on the stamp paper, usually by a lawyer. In Patna, since 2005, it is also possible to pay the stamp duty at a bank.

Procedure 3.* The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 3 days

Cost: INR 5,500 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 4. Execute and register the final sale deed at the Subregistrar's Office (State)

Time: 61 days

Cost: INR 84,551 (2% of the property value for court fees + 2% of the property value for municipal fees + INR 1,000 for statutory fees)

Comments: The final sale deed, written on stamp paper, is submitted to the office of the Subregistrar of Assurances within whose jurisdiction the property is located. The respective authorized signatories of the seller and buyer are required to be present along with two witnesses in order to execute the sale agreement, and to submit the following documents:

- a. One copy of the sale purchase agreement, on stamp paper;
- b. Certified true copy of the Resolution of the Board of Directors' of both seller and buyer;
- c. Certified true copies of the Certificate of Incorporation of both seller and buyer (not always required).

The documents are submitted to the reader of the Subregistrar of Assurances for scrutiny. After scrutiny, the reader indicates the registration fee required, on the document itself. The due registration fee is to be deposited with the cashier against a receipt. After depositing the fees, the buyer and the seller present the documents to the Subregistrar's Office, in accordance with Section 32 of the Registration Act (1908). In practice, the seller hands over physical possession of the property to the buyer when the deed is presented for registration. The document is copied into the registry, copies of the document are pasted onto 2 indexes, one titled "name and property," the other titled "accounts and reports." The document is delivered upon presentation of the receipt issued by the cashier.

The value of a given property, determined by the area or zone in which it is located, can be verified from a valuation schedule. If the Subregistrar feels that the property has been undervalued, a strategy used to minimize the amount of stamp duty to be paid, he may decide to inspect the site, which can take from 3 to 5 days. This is not often the case, however.

Procedure 5. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 15 days

Cost: INR 2,020 (INR 20 for official fees + INR 2,000 for lawyer fees)

Comments: The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Circle Revenue Office settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name.

* This procedure can be completed simultaneously with previous procedures

REGISTERING PROPERTY

Ranchi, Jharkhand

Property value: USD 47,505 = INR 2,088,776

Data as of: February 2009

Procedure 1. Check for encumbrances at the office of the Subregistrar of Assurances (State)

Time: 7 days

Cost: INR 3,000

Comments: The buyer should conduct a search of the property in the Subregistrar's Office, noting the location details of the property and the time period to be checked. While investigating the title, it should be verified that:

- a. The "Patta"/legal ownership document, is in the owner's name, issued by the Revenue Department under the seal of the Tahsildar;
- b. The Encumbrance Certificate (EC) for the preceding 31 years (preferably) shows no mortgage or other encumbrance as still existing on the date of purchase;
- c. The property is transferable and heritable;
- d. The transferor is competent and/or authorized to transfer the property;

- e. The transferee is qualified to be a transferee;
 - f. The object or consideration for the transfer is lawful;
 - g. The transfer has been made and completed in the manner prescribed by law..
Also, all papers with regard to payment of taxes, electricity bills, and water bills must be checked, usually by the seller furnishing receipts from bills and taxes.
- Officially, it costs INR 20 to conduct a search for the first year, then INR 10 for each additional year. Companies would commonly hire a lawyer to conduct this procedure.

Procedure 2. Pay the stamp duty at the State Treasury and obtain stamp paper (State)

Time: 9 days

Cost: INR 83,551 (4% of the property value for stamp duty)

Comments: The buyer must deposit the amount of stamp duty and registration fees with the Treasury, in cash or by bank draft. Once the deposit has been made and a draft of the sale agreement has been agreed upon by both parties, the agreement will be written and stamped on the stamp paper, usually by a lawyer.

Procedure 3.* The final sale deed is prepared by the buyer or his lawyer (Private)

Time: 2 days

Cost: INR 3,500 (lawyer fees)

Comments: Though not mandatory, it is common practice for a lawyer to draft the final sale deed.

Procedure 4. Execute and register the final sale deed at the office of the Subregistrar (State)

Time: 1 day

Cost: INR 20,888 (1% of the property value for registration fees)

Comments: The final sale deed, written on stamp paper, is submitted to the office of the Subregistrar of Assurances within whose jurisdiction the property is located. The respective authorized signatories of the seller and buyer are required to be present along with two witnesses in order to execute the sale agreement, and to submit the following documents:

- a. One copy of the sale purchase agreement, on stamp paper, and an exact copy on plain bond paper;
- b. Two passport-sized photographs of the authorized signatories of both parties;
- c. Photo identification of each party and witnesses (i.e., a voter identity card, passport, or identity card issued by the government of India, semi-government and autonomous bodies, or identification by a Gazette Officer;
- d. Certified true copy of the Resolution of the Board of Directors of both seller and buyer (not always required to be submitted);
- e. Certified true copies of the Certificate of Incorporation of both seller and buyer (not always required to be submitted).

The documents are submitted to the reader of the Subregistrar of Assurances for scrutiny. After scrutiny, the reader indicates the registration fee required, on the document itself. The registration fee is to be deposited with the cashier against a receipt. After depositing the fees, the buyer and the seller present the documents to the Subregistrar's Office, in accordance with Section 32 of the Registration Act (1908). In practice, the seller hands over physical possession of the property to the buyer when the deed is presented for registration. The document is copied into the registry. Copies of the document are pasted onto 2 indexes, one titled "name and property," the other titled "accounts and reports." The document is returned three days after submission.

The value of a given property, determined by the area or zone in which it is located, can be verified from a valuation schedule. If the Subregistrar feels that the property has been undervalued, a strategy used to minimize the amount of stamp duty to be paid, he may decide to inspect the site, which can take from 3 to 5 days. This is not often the case, however.

Land Records are in the process of being computerized.

Procedure 5. Apply to the Circle Revenue Office for mutation of the property title (State)

Time: 39 days

Cost: INR 2,710 (INR 2,500 for lawyer fees + INR 200 for stationary fees + INR 10 for official application fee)

Comments: The authorized signatory must submit the duly signed application along with an affidavit, indemnity bond, and a certified/notarized copy of the registered title deed. After assessment of the request for mutation, the Circle Revenue Office settles the value of the property tax to be levied and issues a letter of mutation in favor of the buyer certifying that the property has been mutated under the buyer's name.

Below are the internal procedures to be undertaken at the Revenue Authorities:

- a. Submission of application for mutation along with a copy of the sale deed;
- b. A number is assigned to the application and a date is fixed for submitting the record to the Circle Officer;
- c. The record is submitted to the Circle Officer;
- d. The Circle Officer approves the application on being satisfied that it is in order and that the required documents have been furnished, and thereafter orders the appointment of a "Karmchari" to report on the local inspection regarding possession of land by the applicant and the amount of tax to be imposed;
- e. The Karmchari submits his report on the local inspection;
- f. The record is submitted to the Circle Officer and, in the case of a favorable report, he approves the application for mutation;
- g. A mutation correction slip is issued in the favor of the applicant, which is considered conclusive proof of mutation.

* This procedure can be completed simultaneously with previous procedures

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PUBLIC OFFICIALS

**AHMEDABAD,
GUJARAT**

Pradeep P. Bhatt
REGISTRAR GENERAL
HIGH COURT OF GUJARAT

S.A. Dula
CHIEF GENERAL MANAGER,
INDEXTB- INDUSTRIAL
EXTENSION BUREAU
GOVERNMENT OF GUJARAT

I.P. Gautam
MUNICIPAL COMMISSIONER
AHMEDABAD MUNICIPAL
CORPORATION

Prem Kumar Gera
RESIDENT COMMISSIONER
GOVERNMENT OF GUJARAT

Sujit Gulati
INDUSTRIES COMMISSIONER
GOVERNMENT OF GUJARAT

Vijay Kumar Janjua
DIRECTOR & SECRETARY,
GOVERNMENT OF GUJARAT

Bhagyesh Jha
COMMISSIONER OF
INFORMATION & MANAGING
DIRECTOR, INDEXTB
GOVERNMENT OF GUJARAT

Gauri Kumar
PRINCIPAL SECRETARY
(INDUSTRIES AND MINES)
GOVERNMENT OF GUJARAT

Dilipkumar J. Mahajan
DEPUTY MUNICIPAL
COMMISSIONER
AHMEDABAD MUNICIPAL
CORPORATION

N.M. Munshi
SENIOR TOWN PLANNER
AHMEDABAD URBAN
DEVELOPMENT AUTHORITY

S.K. Nanda
PRINCIPAL SECRETARY, FOREST
AND ENVIRONMENT DEPT.
GOVERNMENT OF GUJARAT

M.K. Neenama
DEPUTY CITY ENGINEER
AHMEDABAD MUNICIPAL
CORPORATION

Sunil Ojha
MANAGER
TORRENT POWER

Lalit P. Padalia
ADDITIONAL COMMISSIONER
(COMMERCIAL TAX)
GOVERNMENT OF GUJARAT

Nilesh Patel
AHMEDABAD MUNICIPAL
CORPORATION

K.H. Poojarah
ADDITIONAL CITY ENGINEER
AHMEDABAD MUNICIPAL
CORPORATION

P.K. Pujari
COMMISSIONER OF
COMMERCIAL TAX
GOVERNMENT OF GUJARAT

M. Sahu
VICE CHAIRMAN & MANAGING
DIRECTOR GIDC
GOVERNMENT OF GUJARAT

Mohit S. Shah
JUSTICE
HIGH COURT OF GUJARAT

M.M. Srivastava
PRINCIPAL SECRETARY, ENERGY
AND PETROCHEMICALS DEPT.
GOVERNMENT OF GUJARAT

Manjula Subramaniam
CHIEF SECRETARY
GOVERNMENT OF GUJARAT

D. Thara
DIRECTOR
AHMEDABAD MUNICIPAL
CORPORATION

D. Thardisham
CHIEF EXECUTIVE
AHMEDABAD URBAN
DEVELOPMENT AUTHORITY

Rajeev Topno
MANAGING DIRECTOR,
INDEXTB
GOVERNMENT OF GUJARAT

K.D. Vyas
GENERAL MANAGER, INDEXTB
GOVERNMENT OF GUJARAT

**BENGALURU,
KARNATAKA**

V.P. Baligar
PRINCIPAL SECRETARY TO
GOVERNMENT, COMMERCE &
INDUSTRIES DEPARTMENT
GOVERNMENT OF KARNATAKA

N. Chandrasekhar
JOINT DIRECTOR, COMMERCE
AND INDUSTRY DEPARTMENT
GOVERNMENT OF KARNATAKA

Sandeep Dash
SPECIAL COMMISSIONER,
RESOURCES & FINANCE
BRUHAT BANGALORE
MAHANAGAR PALIKE (BMP)
- GREATER BANGALORE CITY
CORPORATION

S.B. Kolhar
DIRECTOR, TECHNICAL CELL,
COMMERCE & INDUSTRIES
DPT.
GOVERNMENT OF KARNATAKA

D.N. Nayak
CHIEF EXECUTIVE OFFICER
KARNATAKA INDUSTRIAL
AREAS DEVELOPMENT BOARD

Sudhakar Rao
CHIEF SECRETARY
GOVERNMENT OF KARNATAKA

U.A. Vasanth Rao
DEPUTY COMMISSIONER
BRUHAT BANGALORE
MAHANAGAR PALIKE (BMP)
- GREATER BANGALORE CITY
CORPORATION

Sandesh
CHAMBERS OF REGISTRAR
(ADMINISTRATION)
HIGH COURT OF KARNATAKA

Venkatesh Shekhar
ASSISTANT EXECUTIVE
ENGINEER
KARNATAKA UDYONG MITRA

H.L. Shivananda
MANAGING DIRECTOR
GOVERNMENT OF KARNATAKA

S. Subramanya
COMMISSIONER
BRUHAT BANGALORE
MAHANAGAR PALIKE (BMP)
- GREATER BANGALORE CITY
CORPORATION

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MANAGER
BESCOM

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KARNATAKA UDYONG MITRA

D.S. Vishwanath
DIRECTOR
GOVERNMENT OF KARNATAKA

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ORISSA**

Chinmay Basu
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INDUSTRIES DEPARTMENT
GOVERNMENT OF ORISSA

Ashok Dalwai
COMMISSIONER-CUM-
SECRETARY TO GOVT. STEEL &
MINES DEPARTMENT
GOVERNMENT OF ORISSA

Vishal Dev
DIRECTOR IT & MANAGING
DIRECTOR OF ORISSA
COMPUTER APPLICATION
CENTRE & ORISSA
INDUSTRIAL INFRASTRUCTURE
DEVELOPMENT CORPORATION
(IDCO)
GOVERNMENT OF ORISSA

Ashish Kumar
INVESTMENT PROMOTION
OFFICER, ORISSA INVESTMENT
AND EXPORT PROMOTION
OFFICE
GOVERNMENT OF ORISSA

Ashok Meena
MANAGING DIRECTOR,
INDUSTRIAL PROMOTION &
INVESTMENT CORPORATION OF
ORISSA LTD. (IPICOL)
GOVERNMENT OF ORISSA

Nanda
ENGINEER
PUBLIC HEALTH ENGINEERING
ORGANISATION

S.N. Nayak
MANAGER, IPCOL
GOVERNMENT OF ORISSA

B.N. Palai
GROUP HEAD - OUTREACH &
PROMOTION, IPCOL
GOVERNMENT OF ORISSA

U.K. Paty
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ORISSA POWER TRANSMISSION
CORPORATION LIMITED

Venugopala Sarma
COMMISSIONER & SECRETARY,
REVENUE AND DISASTER
MANAGEMENT, URBAN
DEVELOPMENT DEPARTMENT
GOVERNMENT OF ORISSA

K.C. Satpathy
PLANNING MEMBER
BHUBANESHWAR
DEVELOPMENT AUTHORITY

Hemant Sharma
DIRECTOR OF INDUSTRIES
AND DIRECTOR, INSTITUTE
OF ENTREPRENEURSHIP
DEVELOPMENT, ORISSA
GOVERNMENT OF ORISSA

**CHENNAI, TAMIL
NADU**

Alahan
TOWN PLANNER
CHENNAI MUNICIPAL
CORPORATION

Chitra
SENIOR TOWN PLANNER
CHENNAI MUNICIPAL
DEVELOPMENT AUTHORITY

Elongo
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TAMIL NADU METRO WATER
BOARD

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GOVERNMENT
GOVERNMENT OF TAMIL NADU

R.K. Ganesha
SENIOR TOWN PLANNER
CHENNAI MUNICIPAL
DEVELOPMENT AUTHORITY

B. Hari
ADVOCATE
MADRAS HIGH COURT

Dheeraj Kumar
ADDITIONAL SECRETARY TO
GOVERNMENT, INDUSTRIAL
DEPARTMENT
GOVERNMENT OF TAMIL NADU

Rajesh Lakhoni
MUNICIPAL COMMISSIONER
CHENNAI MUNICIPAL
CORPORATION

Selvi R. Mala
REGISTRAR GENERAL
MADRAS HIGH COURT

S. Ramasundaran
CHAIRMAN AND MANAGING
DIRECTOR
TAMIL NADU INDUSTRIAL
DEVELOPMENT CORPORATION

Srinivasan
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TAMIL NADU ELECTRICITY
BOARD

L.J. Tripathy
CHIEF SECRETARY
GOVERNMENT OF TAMIL NADU

M. Velmurugan
DIRECTOR, VIGILANCE BUREAU
GOVERNMENT OF TAMIL NADU

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HARYANA**

Rajeev Arora
MANAGING DIRECTOR
HARYANA STATE INDUSTRIAL
& INFRASTRUCTURE
DEVELOPMENT CORPORATION

S.S. Dhillon
DIRECTOR & SPECIAL
SECRETARY
TOWN & COUNTRY
PLANNING & URBAN ESTATES
DEPARTMENT

P.K. Gupta
FINANCIAL COMMISSIONER &
SECRETARY TO GOVERNMENT
OF HARYANA
GOVERNMENT OF HARYANA

R.C. Gupta
REGISTRAR GENERAL
HARYANA & PUNJAB HIGH
COURT, CHANDIGARH

R.K. Jajoria
EXECUTIVE ENGINEER
HARYANA ELECTRICITY BOARD

Salil Narang
DEPUTY GENERAL MANAGER
HARYANA STATE INDUSTRIAL
& INFRASTRUCTURE
DEVELOPMENT CORPORATION

Rajesh Sharma
DY. GENERAL MANAGER
HARYANA STATE INDUSTRIAL
& INFRASTRUCTURE
DEVELOPMENT CORPORATION

Sharma
EXECUTIVE ENGINEER
HUDA DIVISION NO 1.

Dharam Vir
CHIEF SECRETARY
GOVERNMENT OF HARYANA

GUWAHATI, ASSAM

Deepak Agarwal
GUWAHATI MUNICIPAL
CORPORATION

Deepak Barua
CHIEF TOWN PLANNER
GUWAHATI MUNICIPAL
CORPORATION

Ravi Capoor
COMMISSIONER & SECRETARY
INDUSTRY & COMMERCE
GOVERNMENT OF ASSAM

Ranjan Chakravarty
SUB REGISTRAR
GUWAHATI OFFICE OF THE
SUBREGISTRAR

D.K. Gogoi
TOWN PLANNER
GUWAHATI MUNICIPAL
DEVELOPMENT AUTHORITY

Jay Kumar
ASSISTANT ENGINEER,
GUWAHATI WATER SUPPLY
DEPARTMENT

C.R. Sarma
REGISTRAR GENERAL
GUWAHATI HIGH COURT

H.K. Sharma
SECRETARY, INDUSTRIES &
COMMERCE DEPARTMENT
GOVERNMENT OF ASSAM

M.P. Sharma
JOINT COMMISSIONER
GUWAHATI MUNICIPAL
CORPORATION

P.C. Sharma
CHIEF SECRETARY
GOVERNMENT OF ASSAM

Shamsher Singh
DELHI MUNICIPAL
CORPORATION

PUBLIC OFFICIALS

Arun Kumar Vhuyan
COMMISSIONER
GUWAHATI MUNICIPAL
CORPORATION

HYDERABAD, ANDHRA PRADESH

B. Sam Bob
PRINCIPAL SECRETARY TO
GOVERNMENT
GOVERNMENT OF ANDHRA
PRADESH

Dinesh Kumar
PRINCIPAL SECRETARY,
FINANCE DEPARTMENT
GOVERNMENT OF ANDHRA
PRADESH

T. Murali
DEPUTY DIRECTOR,
COMMISSIONERATE OF
INDUSTRIES
GOVERNMENT OF ANDHRA
PRADESH

Durga Rao Prasad
REGISTRAR
HIGH COURT OF ANDHRA
PRADESH

N.K. Prasad
COMMISSIONER OF INDUSTRY
AND COMMERCE & EXPORT
PROMOTION
INDUSTRIES & COMMERCE
DEPARTMENT, GOVERNMENT
OF INDIA

Rammohan
HEALTH AND SANITATION
GREATER HYDERABAD
MUNICIPAL CORPORATION

I.Y.R. Krishna Rao
PRINCIPAL SECRETARY,
FINANCE DEPARTMENT
GOVERNMENT OF ANDHRA
PRADESH

D. Muralidhar Reddy
EXECUTIVE DIRECTOR,
ANDHRA PRADESH
INFRASTRUCTURE
CORPORATION

K. Purshotta Reddy
CHIEF TOWN PLANNER
HYDERABAD

Konda Reddy
ENGINEER
HYDERABAD METROPOLITAN
WATER & SEWAGE BOARD

Manohar Reddy
GENERAL MANAGER
COMMERCIAL ELECTRICAL
SUPPLY, ANDHRA PRADESH

C.V.S.K. Sarma
COMMISSIONER & SPECIAL
OFFICER & PRINCIPAL
SECRETARY TO GOVT. MA &
UD DEPARTMENT
GREATER HYDERABAD
MUNICIPAL CORPORATION

Sathynarayan
ADDITIONAL DIRECTOR
-TECHNICAL
HYDERABAD METROPOLITAN
WATER & SEWAGE BOARD

M. Sadhu Sundar
OFFICIAL ON SPECIAL DUTY
INDUSTRIES & COMMERCE
DEPARTMENT, GOVERNMENT
OF INDIA

INDORE, MADHYA PRADESH

Vivek Aggarwal
COLLECTOR AND DISTRICT
MAGISTRATE
COLLECTORATE INDORE

B.D. Agrawal
GENERAL MANAGER
DISTRICT TRADE &
INDUSTRIES CENTRE, INDORE

Pramod Agrawal
MANAGING DIRECTOR, MP
FINANCIAL CORPORATION
GOVERNMENT OF MADHYA
PRADESH

Sunil Kumar Bansal
DEVELOPMENT
COMMISSIONER, SEZ
GOVERNMENT OF MADHYA
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