

## SINGLE WINDOW CLEARANCE FOR OPERATING A BUSINESS

This can be sub-divided into 3 sequential stages:

- (i) Registering the business
- (ii) Tax compliance matters
- (iii) Labor related matters (EPFO, ESIC)

(i) Consolidation of the registration process for a business

Current Process	Proposed Process
<p>1. Obtaining a <i>Memorandum of Registration</i> (mandatory only for medium scale manufacturing enterprises and issued by District Industries Centre, DIC).</p> <p>2. Obtaining a <i>Director Identification Number</i> (DIN) online from the MCA21 (Ministry of Corporate Affairs) portal by filling eForm DIN-1. DIN is to be intimated (within 30 days from the date of approval) to the companies by filling eForm DIN-2. Companies are to intimate the DIN to the ROC by filling eForm DIN3 (within 7 days).</p> <p>3. Obtaining a <i>Digital Signature Certificate</i> (DSC) from a private agency (for example - NIC, E-Mudhra, MTNL Trust line) authorized by MCA. Once the DSC is obtained, the authorized personnel (directors/manager/secretary) are required to register the same with MCA for statutory e-filing after the</p>	<p>All of the steps in the current process can be compressed via an online portal – a single e-window (henceforth <i>Saral-Biz</i>) where an entrepreneur can register a business.</p> <p>1. Upon registering on <i>Saral-Biz</i>, a series of sequential queries will be generated that will ascertain: Whether registration of the business is required, and if so the nature and number of documents the entrepreneur is required to submit and the relevant departments/agencies that will be issuing them. Based on the above, <i>Saral-Biz</i> will generate a comprehensive list of all the documents/forms that the entrepreneur is required to submit/fill – ID proof, articles and memorandum of association, DSC, eForm DIN-1, eForm INC-1, eForm INC-7, eForm INC-22, eForm DIR-12, eForm INC-21. This list will then be manually vetted online by a nodal agency within 1 business day to ensure it is accurate and complete and then emailed to the entrepreneur.</p> <p>2. The entrepreneur will fill out all the forms</p>

<p>DIN has been obtained.</p> <p>4. Reserving the <i>company name</i> with the Registrar of Companies (ROC) online. Check availability of the proposed name on MCA 21 portal. Propose a name after checking its availability on MCA 21 portal by filling eForm INC-1.</p> <p>5. Obtaining the <i>Certificate of Incorporation</i> from ROC. Paying stamp duties online on Articles and Memorandum of Association (to be dated after the date of stamping) through MCA portal. Electronically filing eForm INC-7 (Application for Incorporation of Company <i>other than OPC</i>) along with other forms - eForm INC-22 (Notice of Situation or Change of Situation of Registered Office), eForm DIR-12(Particulars of Appointment of Directors and the Key Managerial Personnel and the Changes among Them) on the MCA portal.</p> <p>6. Obtaining a <i>Certificate to Commence Operation</i> from ROC (<i>only for public limited company</i>) by filling eForm INC – 21(Declaration Prior to the Commencement of Business or Exercising Borrowing Powers).</p> <p>7. Making a <i>seal (optional)</i>. Companies require a seal to issue share certificates and other documents. It</p>	<p>and will upload them on <i>Saral-Biz</i>. <i>Saral-Biz</i> will automatically forward the documents online to respective agencies – DIC, MCA, ROC, and private authorized vendors. Alternatively, <i>Saral-Biz</i> could simply generate an e-alert to the respective agency which can then access the entrepreneur’s application and documents. The agency will have to first vet the documents that pertain to it within one business day and point out deficiencies if any. It then will have to issue the approval in a time bound manner. To save time, the entrepreneur’s application will be parallel processed by different agencies where possible. In cases, however, where Agency B’s approval is contingent on Agency A’s, <i>Saral-Biz</i> will route it to B as soon as A’s approval has come through. The entrepreneur will be able to track the status of his application(s) on <i>Saral-Biz</i>.</p> <p><i>For example</i> - Once a DIN(s) is/are generated <i>Saral-Biz</i> will automatically communicate it to the company and also forward it to the relevant ROC. ROC would have <i>suo moto</i> reserved a company name based on eForm INC-1 routed to it earlier. ROC will then assign the name of the company. <i>Saral-Biz</i> will then automatically generate a demand for stamp duties on article and memorandum of association (AoA/MoA) which can be paid online by the entrepreneur. There can be readymade template for AoA/MoA. <i>Saral-Biz</i> will forward the stamped AoA/MoA to the ROC (remainder of the forms would have been</p>
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can be bought from an authorized private vendor.	forwarded earlier) which in turn would issue the Certificate of Incorporation.
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(ii) Consolidation of tax compliance

Current Process	Proposed Process
<p>1. Obtaining a <i>Permanent Account Number</i> (PAN) from an authorized franchise or agent appointed by National Securities Depository Services Limited (NSDL) or Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax (I-T) Department by filling Form 49A, with certified copy of the certificate of registration, as issued by ROC, along with the proof of company address and personal identity. The application for PAN can be made online but the documents still need to be dropped off for verification with the authorized agent.</p> <p>2. Register for Value-Added Tax (VAT). VAT Registration is mandatory for manufactures and traders having an annual turnover of more than Rs.5 lakhs in most states (Rs.10 lakhs in some states). Fill form DVAT 04 with the Department of Trade and Taxes, Government of NCT of Delhi (state) for VAT registration in Delhi state. Some of the mandatory supporting documents are - a copy of PAN Card, proof of</p>	<p>All of the steps in the current process can be compressed via an online portal – a single e-window (henceforth <i>Saral-Biz 2</i>) where an entrepreneur can carry out all tax related compliances.</p> <p>Upon registering on <i>Saral-Biz 2</i>, a series of sequential queries will be generated that will ascertain:</p> <p>1. Whether registration for VAT and TAN is required, and if so the nature and number of documents the entrepreneur is required to submit and the relevant departments/agencies that will be issuing them. Based on the above, <i>Saral-Biz 2</i> will generate a comprehensive list of all the documents/forms that the entrepreneur is required to submit/fill – Form 49A, Form DVAT 04, Form DVAT-12, Form 49B, PAN card, proof of address of business, constitution of the business [Partnership deed, Incorporation Certificate, Memorandum and Articles of Association, etc.], proof of identity of the promoters, etc. This list will then be manually vetted online by a nodal agency within 1 business day to ensure it is accurate and complete and then emailed to the</p>

address of business, constitution of the business [Partnership deed, Incorporation Certificate, Memorandum and Articles of Association, etc.], proof of identity of the promoters, proof of security along with duly filled Form DVAT-12, etc. VAT registration is obtained in the form of an 11 digit unique number which serves as the VAT/TIN/CST identity for the business.

3. Obtaining a Tax Account Number (TAN) for income taxes deducted at source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the I-T Department by filling Form 49B on the NSDL website. All the employers who deduct tax at source or collect tax at source on behalf of IT department are required to obtain TAN. Verified application is sent to the IT department which then issues the TAN to the applicant. The hard copy of the application must be physically filed with NSDL after payment of application fee by credit card.

entrepreneur.

2. The entrepreneur will fill out all the forms and will upload them on *Saral-Biz 2*. *Saral-Biz 2* will automatically forward the documents online to respective agencies – NSDL, UTI, IT department, the Department of Trade and Taxes, Government of NCT of Delhi (state). To save time, the entrepreneur's application will be parallel processed by different agencies where possible. In cases, however, where Agency B's approval is contingent on Agency A's, *Saral-Biz 2* will route it to B as soon as A's approval has come through. The entrepreneur will be able to track the status of his application(s) on *Saral-Biz 2*.

*For example* - Once PAN is generated by NSDL/UTI, *Saral Biz 2* will automatically communicate it to the Department of Trade and Taxes, Government of NCT of Delhi (state). All other supporting documents/forms would have been submitted with the Department in the first step itself. The department will then generate an 11 digit unique VAT/TIN/CST number which will be notified to the applicant. NSDL/UTI will parallel-process the application for TAN and upon its generation, *Saral Biz 2* will automatically route it to the IT department for verification.

(iii) Consolidation of labor related requirements

Current Process	Proposed Process
<p>1. Registering with Employees' Provident Fund Organisation (EPFO). It is mandatory for a company with more than 20 employees to register with the EPFO. Upon registration with EPFO, Provident Fund accounts in the name of each employee are to be opened. A code number is allotted to the company on registration with EPFO.</p> <p>2. Register for medical insurance at the regional office of Employees' State Insurance Corporation (ESIC) by filling Form 01: Employees' Registration Form with the ESI regional office. Upon receipt of registration form, the office allots the applicant an employer's code number through an "intimation letter" by post. Company's registration is followed by individual insurance of all the employees by filling declaration forms for all coverable employees and submitting Form 3 with the ESIC. Temporary ESI cards are issued on the spot. Permanent ESI cards are issued in about 4-5 weeks.</p>	<p>Labor related compliances can be consolidated and subsumed under a single e-window <i>Saral Biz 3</i> –</p> <ol style="list-style-type: none"> <li>1. Upon registering on <i>Saral-Biz 3</i> will generate a comprehensive list of all the documents/forms that the entrepreneur is required to submit/fill – declaration forms for all employees, Form 01, Form 3, etc. This list will then be manually vetted online by a nodal agency within 1 business day to ensure it is accurate and complete and then emailed to the entrepreneur.</li> <li>2. The entrepreneur will fill out all the forms and will upload them on <i>Saral-Biz 3</i>. <i>Saral-Biz 3</i> will automatically forward the documents online to respective agencies EPFO, ESIC. Agencies then will have to parallel process the documents and issue approvals in a time bound manner. The entrepreneur will be able to track the status of his application(s) on <i>Saral-Biz 3</i>.</li> </ol> <p>For example – <i>Saral Biz 3</i> will route <i>all</i> the relevant forms to respective agencies – EPFO, ESIC. Respective code numbers generated will be communicated to the applicant through <i>Saral Biz 3</i>. <i>Saral Biz 3</i> will automatically generate a demand for issuance of ESI cards with the ESIC.</p>

<sup>1</sup> The fee for this (Rs. 500) can be subsumed into an overall service charge for Saral-Biz