

Doing Business 2008

India

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **India**

A Project Benchmarking the Regulatory Cost of
Doing Business in 178 Economies

Doing Business Project
World Bank Group



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Copies of *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 purchased at www.doingbusiness.org.

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Introduction

Doing Business 2008 is the fifth in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 178 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2008* are current as of June 1, 2007. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The *Doing Business* methodology has limitations. Other areas important to business—such as a country's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions—are not studied directly by *Doing Business*. To make the data comparable across countries, the indicators refer to a specific type of business—generally a limited liability company operating in the largest business city.

Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 178 economies: 46 in Sub-Saharan Africa, 31 in Latin America and the Caribbean, 28 in Eastern Europe and Pacific Islands, 24 in East Asia and Pacific, 17 in the Middle East and North Africa and 8 in South Asia—as well as 24 OECD high-income economies as benchmarks. Some of the regions have been divided into subregions to generate a total of 13 regional profiles.

The following pages present the summary *Doing Business* indicators for India along with the comparator economies selected. The data used for this country profile come from the *Doing Business* database and are summarized in graphs and tables. This report allows a comparison of the economies not only with one another but also with the “best practice” economy for each indicator.

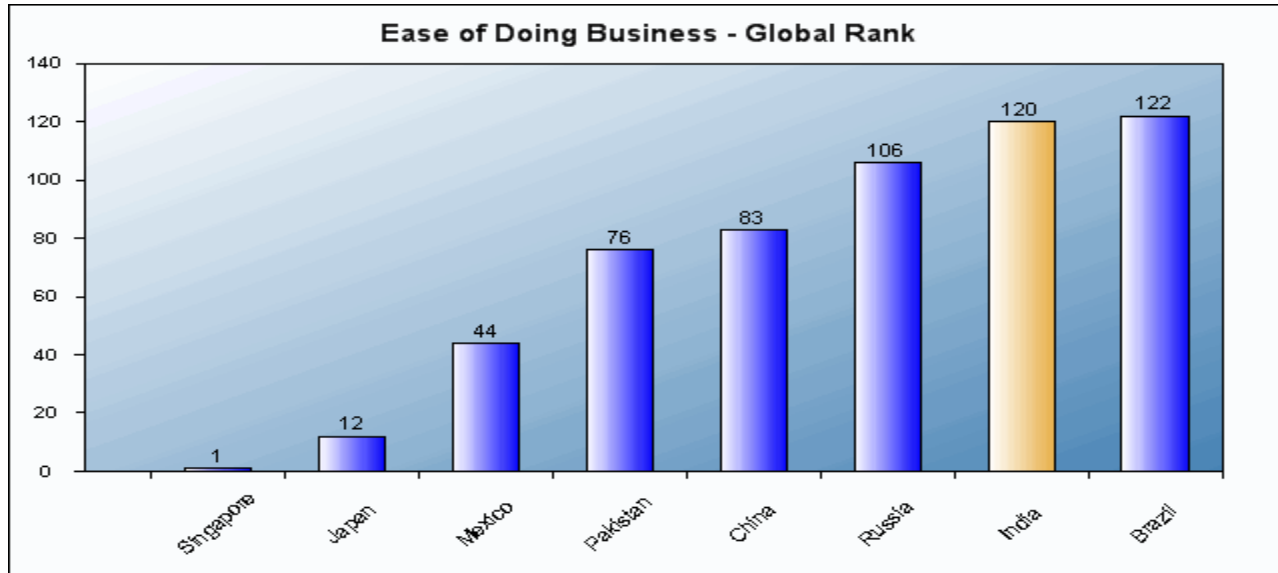
The best-practice economy are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 5.

More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website <http://www.doingbusiness.org>

Economy Rankings - Ease of Doing Business

India is ranked 120 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

India - Compared to Global Best / Selected Economies:



India's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	120
Starting a Business	111
Dealing with Licenses	134
Employing Workers	85
Registering Property	112
Getting Credit	36
Protecting Investors	33
Paying Taxes	165
Trading Across Borders	79
Enforcing Contracts	177
Closing a Business	137

Reforms - Who is reforming?

This year Egypt tops the list of reformers that are making it easier to do business. Egypt's reforms went deep with reforms in 5 of the 10 areas studied by Doing Business, and it greatly improved its position in the global rankings as a result. Besides Egypt, the other top 10 reformers are, in order, Croatia, Ghana, FYR Macedonia, Georgia, Colombia, Saudi Arabia, Kenya, China, and Bulgaria.

1. **Egypt**, the top reformer in the region and worldwide, greatly improved its position in the global rankings on the ease of doing business. Its reforms went deep. Egypt cut the minimum capital required to start a business, from 50,000 Egyptian pounds to just 1,000 and halved the time and cost of start-up. It reduced fees for registering property from 3 percent of the property value to a low, fixed amount. It eased the bureaucracy that builders face in getting construction permits. It launched new one-stop shops for traders at Egyptian ports, cutting the time to import by seven days and the time to export by five. And it established a new private credit bureau that will soon be making it easier for borrowers to get credit.

2. **Croatia** reformed in four of the 10 areas studied by Doing Business. Two years ago, registering property in Croatia took 956 days. Now it takes 174. Company start-up also became faster, with procedures consolidated at a "one-stop shop" and pension and health services registration now online. Credit became easier to access: a new credit bureau was launched, and a unified registry now records charges against movable property in one place. In its first two months, €1.4 billion in credit was registered. In addition, amendments to the country's insolvency law introduced professional requirements for bankruptcy trustees and shorter timelines.

3. **Ghana**, a top 10 reformer for the second year running, continues to increase the efficiency of its public services. It cut bottlenecks in property registration, reducing delays from six months to one. Greater efficiency at the company registry and the environment agency cut the time for business start-up to 42 days. Changes in the port authority's operations sped up imports. New civil procedure rules and mandatory arbitration and mediation reduced the time it takes to enforce contracts.

4. **FYR Macedonia** eliminated the minimum capital requirement for business start-up, sped up the process for getting construction permits, lowered the corporate income tax rate to 12 percent (with another cut to 10 percent planned for 2008), and simplified tax payment procedures. Its ranking on the ease of doing business rose from 96 to 75.

5. **Georgia** reformed in six areas. It strengthened investor protections, including through amendments to its securities law that eliminate loopholes that had allowed corporate insiders to expropriate minority investors. It adopted a new insolvency law that shortens timelines for reorganization of a distressed company or disposition of a debtor's assets. Georgia sped up approvals for construction permits and simplified procedures for registering property. It made starting a business easier by eliminating the paid-in capital requirement. In addition, the country's private credit bureau added payment information from retailers, utilities, and trade creditors to the data it collects and distributes.

6. **Colombia**, the region's top reformer, has made great strides in easing trade. By extending port operating hours and adopting more selective customs inspections, it reduced the time for port and terminal handling activities by three days. The country strengthened investor protections by increasing disclosure requirements for related-party transactions. It introduced an electronic tax filing system, cutting the average time businesses must spend on tax compliance each year by 188 hours, or 41 percent. And it is progressively reducing the corporate income tax rate, from 35 to 34 percent in 2007 and 33 percent in 2008.

7. **Saudi Arabia**, the runner-up reformer in the region, eliminated the minimum capital requirement of 1,057 percent of income per capita and reduced the days needed for company start-up from 39 to 15. It launched a commercial credit bureau whose reports include the credit exposure of companies. It also sped up trade, reducing the number of documents required for importing and cutting the time needed for handling at ports and terminals by two days for both imports and exports.

8. **Kenya**, the region's other top 10 reformer, launched an ambitious licensing reform program. So far the program has eliminated 110 business licenses and simplified eight others. The changes have streamlined business start-up and cut both the time and cost of getting building permits. The program will eventually eliminate or simplify at least 900 more of the country's 1,300 licenses. Property registration is also faster now, thanks to the introduction of competition among land valuers. And the country's private credit bureau now collects a wider range of data.

9. In **China**, a new property law put private property rights on equal footing with state property rights. The law also expanded the range of assets that can be used as collateral to include inventory and accounts receivable. The new bankruptcy law gives secured creditors priority to the proceeds from their collateral. Construction also became easier, with electronic processing of building permits reducing delays by two weeks.

10. **Bulgaria** eased the tax burden on businesses and made it easier to pay taxes online. Bulgaria also introduced private bailiffs to improve efficiency in enforcing judgments. And it made building inspections less burdensome.

Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓					✓	4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓				✓	6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓					✓	3
10	Bulgaria		✓					✓		✓		3
	India					✓			✓			2
	Brazil								✓	✓		2
	Japan											0
	Mexico				✓			✓				2
	Pakistan			✓		✓						2
	Russia		✗			✓						0

Note: Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Summary of Indicators - India

Starting a Business	Procedures (number)	13
	Duration (days)	33
	Cost (% GNI per capita)	74.6
	Paid in Min. Capital (% of GNI per capita)	0.0
Dealing with Licenses	Procedures (number)	20
	Duration (days)	224
	Cost (% of income per capita)	519.4
Employing Workers	Difficulty of Hiring Index	0
	Rigidity of Hours Index	20
	Difficulty of Firing Index	70
	Rigidity of Employment Index	30
	Nonwage labor cost (% of salary)	17
	Firing costs (weeks of wages)	56
Registering Property	Procedures (number)	6
	Duration (days)	62
	Cost (% of property value)	7.7
Getting Credit	Legal Rights Index	6
	Credit Information Index	4
	Public registry coverage (% adults)	0.0
	Private bureau coverage (% adults)	10.8
Protecting Investors	Disclosure Index	7
	Director Liability Index	4
	Shareholder Suits Index	7
	Investor Protection Index	6.0
Paying Taxes	Payments (number)	60
	Time (hours)	271
	Profit tax (%)	19.6
	Labor tax and contributions (%)	18.4
	Other taxes (%)	32.5
	Total tax rate (% profit)	70.6

Trading Across Borders	Documents for export (number)	8
	Time for export (days)	18
	Cost to export (US\$ per container)	820
	Documents for import (number)	9
	Time for import (days)	21
	Cost to import (US\$ per container)	910
Enforcing Contracts	Procedures (number)	46
	Duration (days)	1420
	Cost (% of claim)	39.6
Closing a Business	Cost (% of income per capita)	9
	Time (years)	10.0
	Recovery rate (cents on the dollar)	11.6

Starting a Business in India: Entry Regulation

When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed the process—or may decide to run their business informally.

The data on starting a business are based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum capital that must be paid in. It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

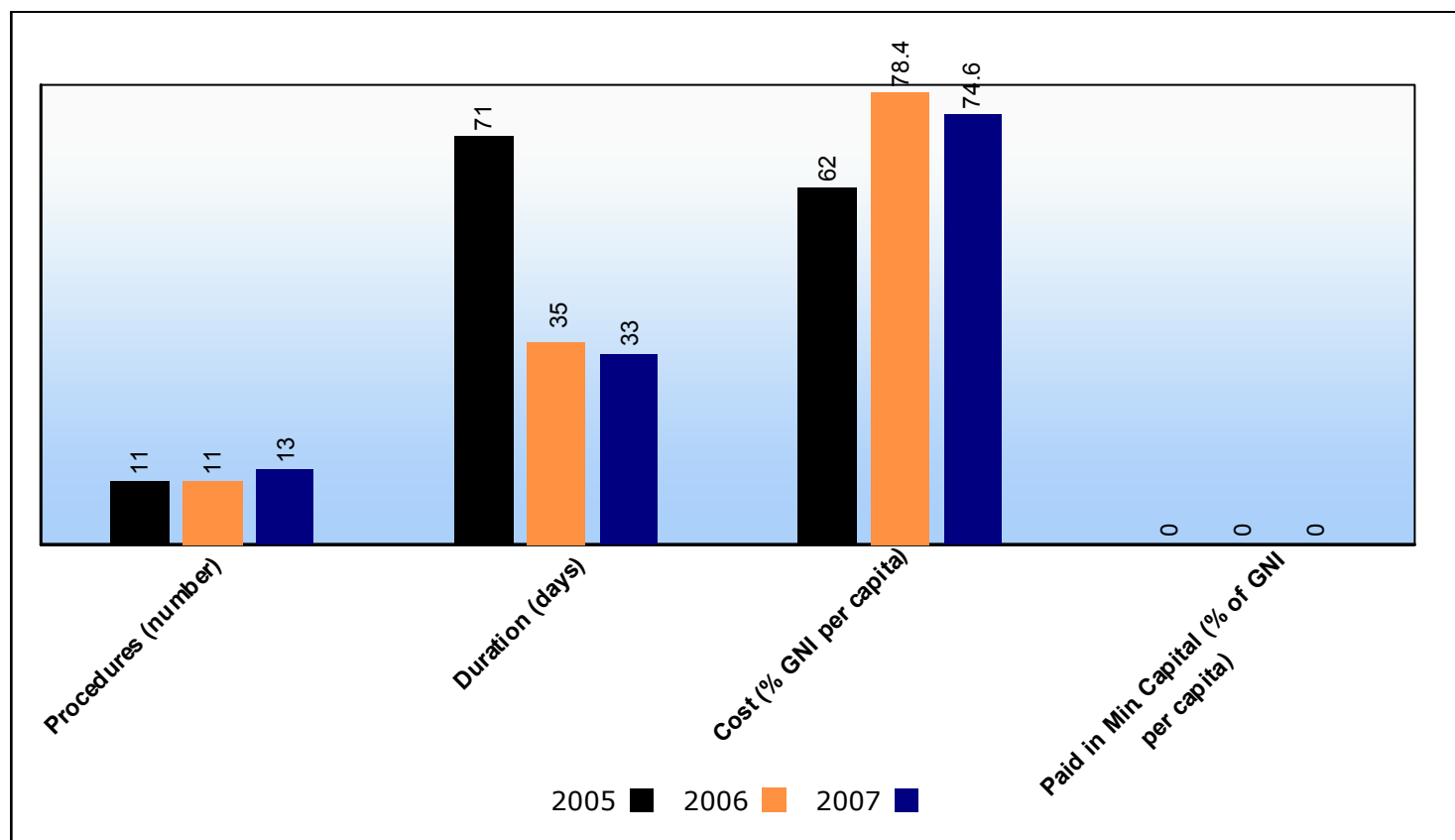
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up capital of 10 times income per capita, turnover of at least 100 times income per capita and between 10 and 50 employees; and it does not qualify for any special benefits, nor does it own real estate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing countries. Each procedure is a point of contact—an opportunity to extract a bribe. Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices; and fuel corruption.

1. Historical data: Starting a Business in India

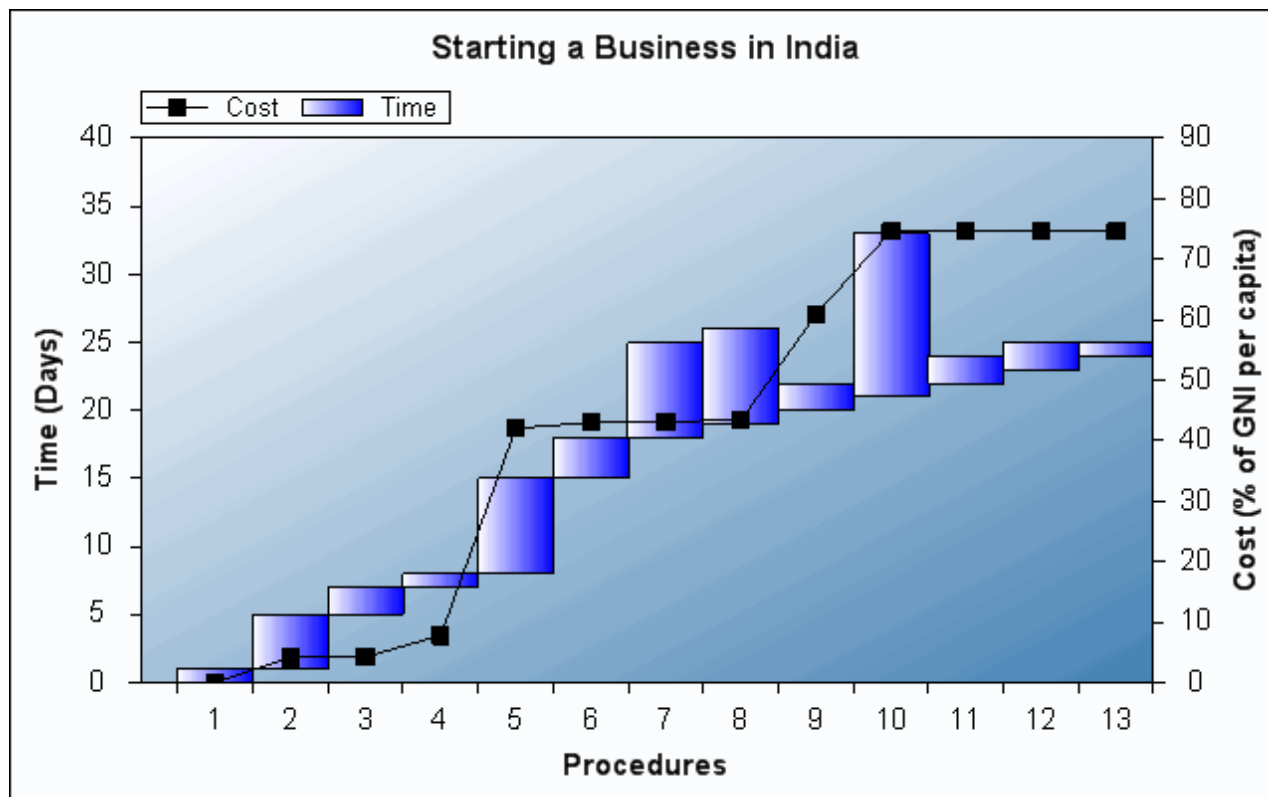
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		93	111
Procedures (number)	11	11	13
Duration (days)	71	35	33
Cost (% GNI per capita)	62.0	78.4	74.6
Paid in Min. Capital (% of GNI per ca	0.0	0.0	0.0

2. The following graph illustrates the Starting a Business indicators in India over the past 3 years:



3. Steps to Starting a Business in India

It requires 13 procedures, takes 33 days, and costs 74.59% GNI per capita to start a business in India.



List of Procedures:

1. Obtain DIN
2. Obtain electronic signature
3. Reserve company name
4. Stamp the Memorandum and Articles of Association
5. File for registration
6. Make a seal
7. Obtain PAN
8. Obtain TAN
9. Register with Mumbai Shops and Establishment Act
10. File for sales tax
11. Register for Profession Tax
12. File for EPF

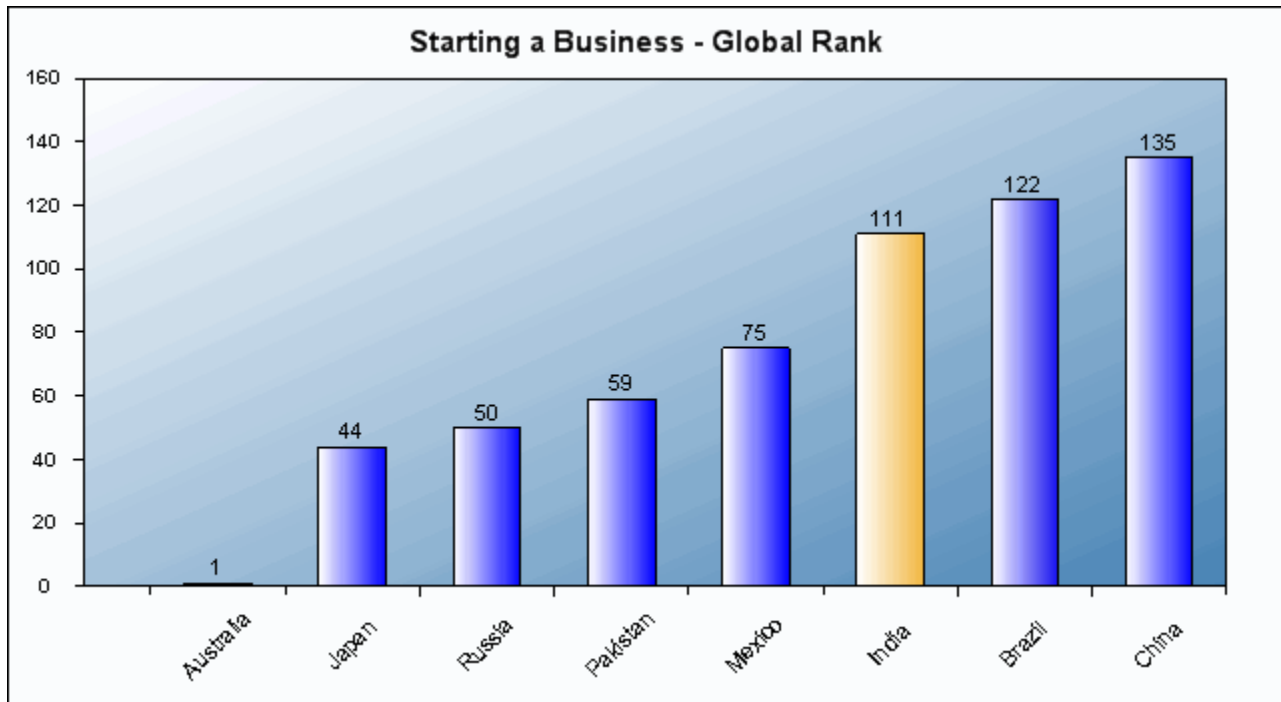
13. File for ESIC

More details are available in the appendix.

4. Benchmarking Starting a Business Regulations:

India is ranked 111 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

Ranking of India in Starting a Business - Compared to best practice and selected economies:



The following table shows Starting a Business data for India compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per
Australia*	2	2		0.0
Denmark			0.0	

<i>Selected Economy</i>				
India	13	33	74.6	0.0

<i>Comparator Economies</i>				
Brazil	18	152	10.4	0.0
China	13	35	8.4	190.2
Japan	8	23	7.5	0.0
Mexico	8	27	13.3	11.6
Pakistan	11	24	14.0	0.0
Russia	8	29	3.7	3.2

* The following economies are also best practice economies for :

Procedures (number): **Canada, New Zealand**

Paid in Min. Capital (% of GNI per capita): **Canada, Ireland, Israel, Mauritius, New Zealand, Puerto Rico, Thailand, Trinidad and Tobago, United Kingdom, United States**

Dealing with Licenses in India: Building a Warehouse

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure—from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation—the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many countries, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally—leading to hazardous construction. In other countries compliance is simple, straightforward and inexpensive—yielding better results.

The indicators on dealing with licenses record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 20 qualified employees. The warehouse to be built:

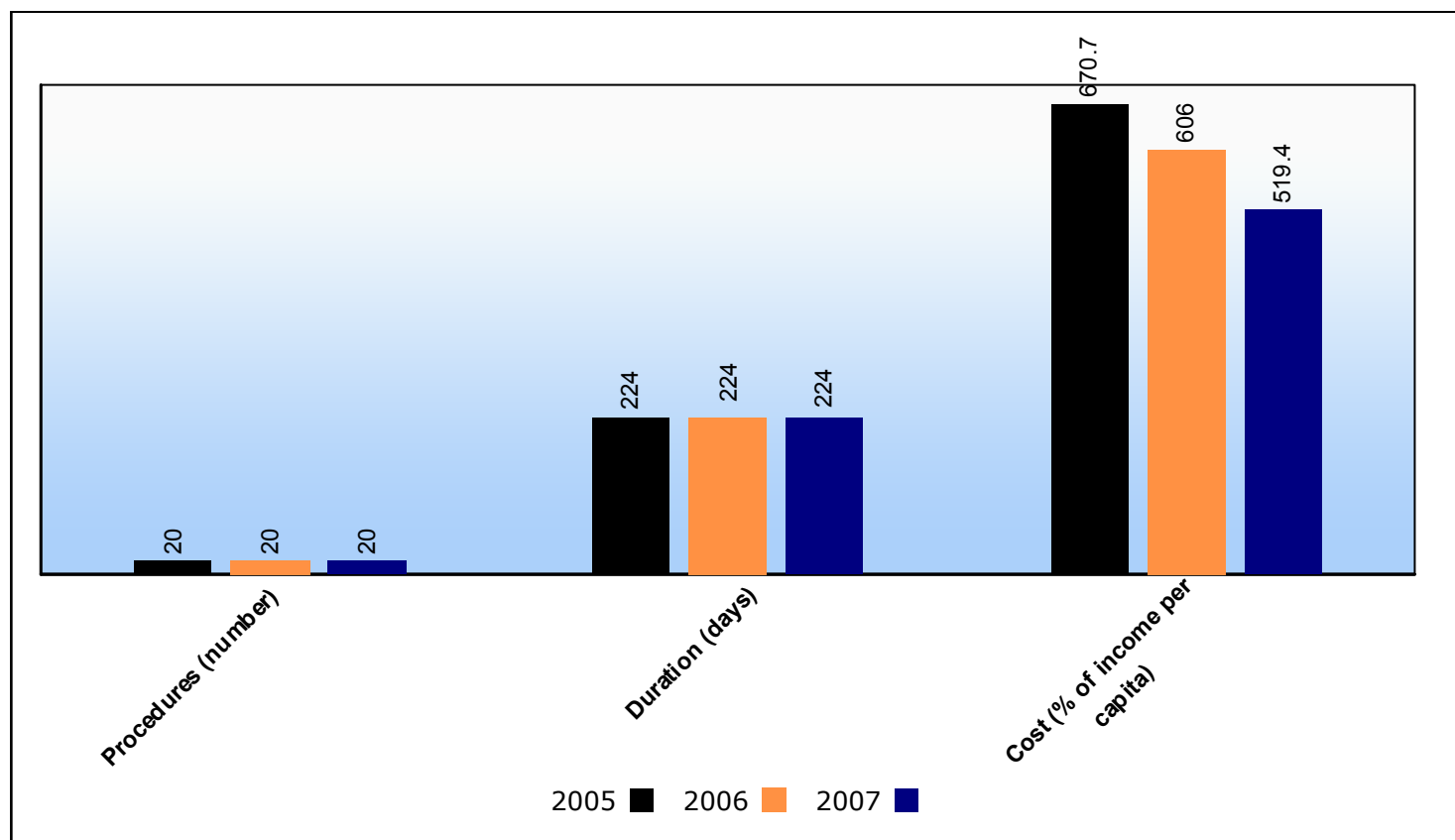
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Where the regulatory burden is large, entrepreneurs move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off.

1. Historical data: Dealing with Licenses in India

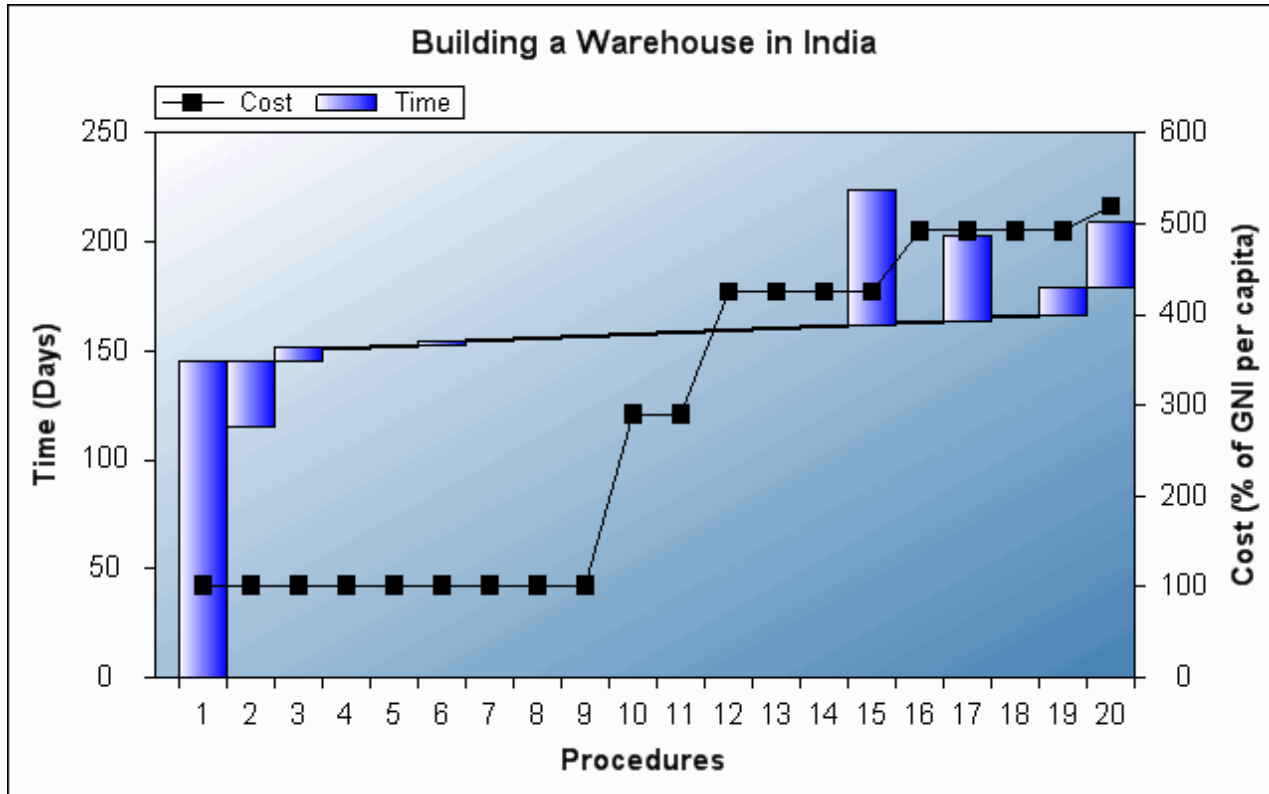
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		133	134
Procedures (number)	20	20	20
Duration (days)	224	224	224
Cost (% of income per capita)	670.7	606.0	519.4

2. The following graph illustrates the Dealing with Licenses indicators in India over the past 3 years:



3. Steps to Building a Warehouse in India

It requires 20 procedures, takes 224 days, and costs 519.44% GNI per capita to build a warehouse in India.



List of Procedures:

1. Obtain construction drawing plan approval
2. Obtain approval of construction from the Area Development Authorities
3. Notify the Municipal Corporation of the construction foundation
4. Receive on-site inspection by Chief Engineer of the Municipal Corporation
5. Receive inspection from the concerned Sub Engineer of the Municipal Corporation
6. Receive on-site inspection midway through construction from the concerned Sub Engineer of the Municipal Corporation
7. Receive inspection midway through construction from the Fire Department
8. Apply for occupancy permit at the Municipal Corporation
9. Receive final inspection of the construction by the Municipal Corporation
10. Apply for approval of completed construction from the fire department
11. Receive inspection of the completed construction by the fire department
12. Apply for permanent water and sewerage connection

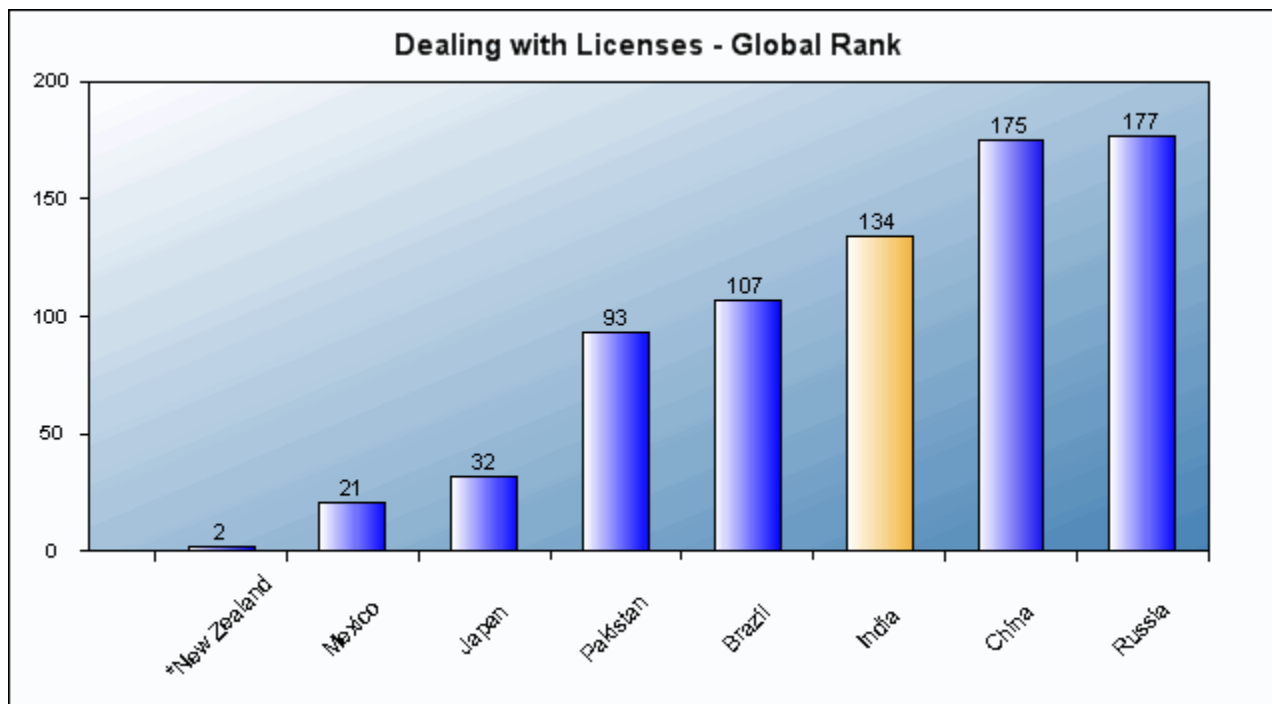
13. Receive on-site inspection and connection to water by the utility provider
14. Receive on-site inspection and connection to water by the utility provider
15. Obtain permanent water and sewerage connection
16. Apply for permanent power connection
17. Receive on-site inspection and connection to electricity by the utility provider
18. Apply for telephone connection
19. Receive on-site inspection and connection to telephone by the utility provider
20. Obtain occupancy permit

More details are available in the appendix.

4. Benchmarking Dealing with Licenses Regulations:

India is ranked 134 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

Ranking of India in Dealing with Licenses - Compared to best practice and selected economies:



* The following economies are also best practice economies for Building a Warehouse: St. Vincent and the Grenadines

The following table shows Dealing with Licenses data for India compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of income per capita)
Denmark	6		
Korea		34	
United Arab Emirates			1.5

Selected Economy			
India	20	224	519.4

Comparator Economies			
Brazil	18	411	59.4
China	37	336	840.2
Japan	15	177	17.8
Mexico	11	131	103.5
Pakistan	12	223	869.5
Russia	54	704	3788.4

Employing Workers in India: Labor Regulations

Every economy has established a complex system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws. Doing Business examines government regulation in the area of employment and social security laws.

Three measures are presented: a rigidity of employment index, a nonwage labor cost measure and a firing cost measure. The rigidity of employment index is the average of three subindices: difficulty of hiring, rigidity of hours and difficulty of firing. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek, and mandated days of annual leave with pay. The difficulty of firing index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective).

The nonwage labor cost covers all social security payments and payroll taxes associated with hiring an employee, expressed as a percentage of the worker's salary. The firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

The indicators on employment regulations are based on a detailed study of employment laws. Data are also gathered on the specific constitutional provisions governing the two areas studied. To ensure accuracy, both the actual laws and the applicable collective bargaining agreements are used. Finally, all data are verified and completed by local law firms through a detailed survey of employment regulations.

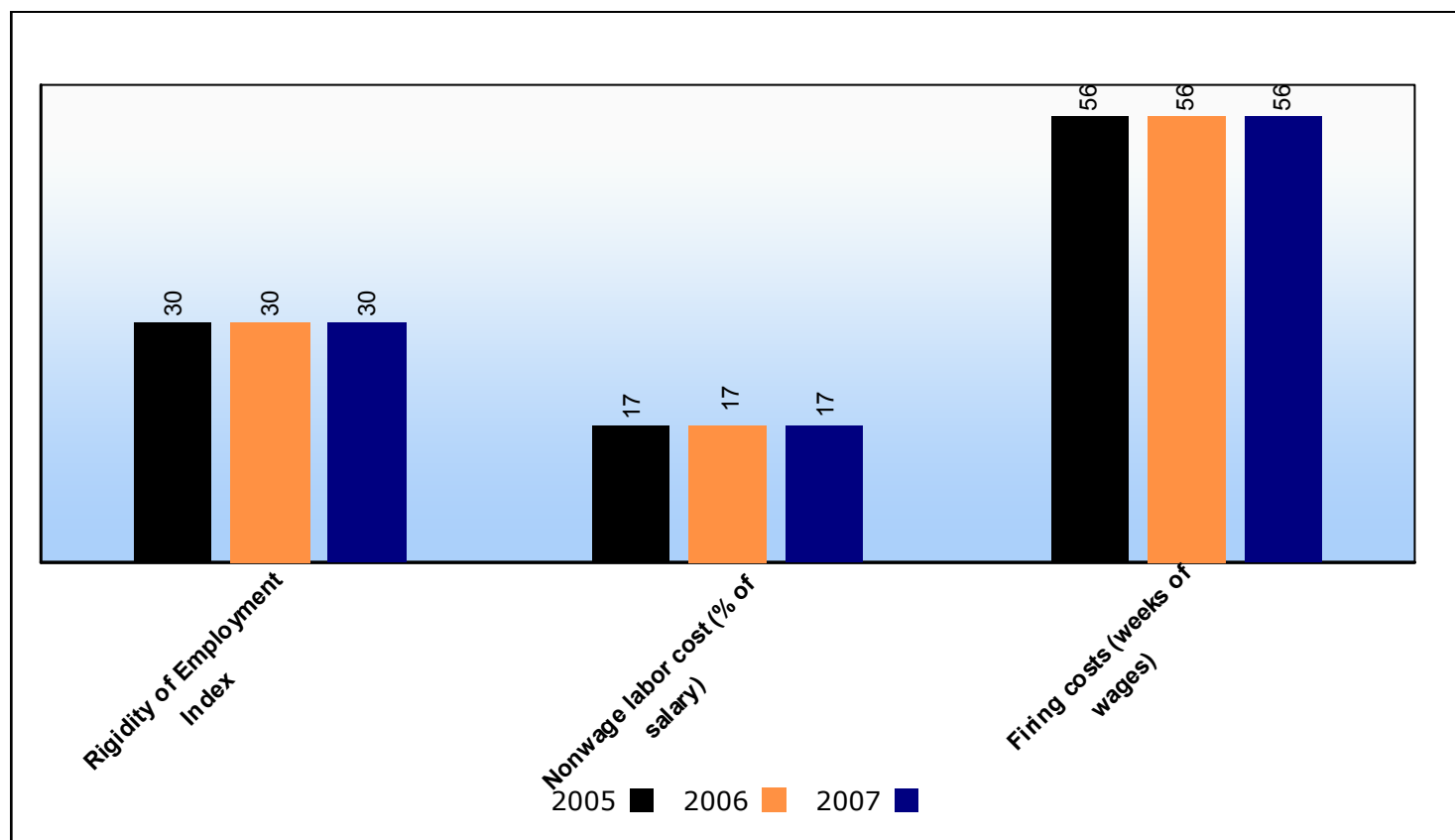
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership is mandatory). The company is assumed to be a limited liability manufacturing corporation that operates in the country's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in countries where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Most employment regulations are enacted in response to market failures. But that does not mean that today's regulations are optimal. Analysis across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, rigid regulations have many undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills—all of which may reduce productivity growth. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.

1. Historical data: Employing Workers in India

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		83	85
Rigidity of Employment Index	30	30	30
Nonwage labor cost (% of salary)	17	17	17
Firing costs (weeks of wages)	56	56	56

2. The following graph illustrates the Employing Workers indicators in India over the past 3 years:



3. Benchmarking Employing Workers Regulations:

India is ranked 85 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

Ranking of India in Employing Workers - Compared to best practice and selected economies:



* The following economies are also best practice economies for Employing Workers: Marshall Islands, Singapore

The following table shows Employing Workers data for India compared to best practice and comparator economies:

Best Practice Economies	Rigidity of Employment Index	Nonwage labor cost (% of salary)	Firing costs (weeks of wages)
Bangladesh*		0	
Denmark*			0
Hong Kong, China*	0		

Selected Economy			
India	30	17	56

Comparator Economies			
Brazil	46	37	37
China	24	44	91
Japan	17	13	4
Mexico	48	21	52
Pakistan	43	11	90
Russia	44	31	17

* The following economies are also best practice economies for :

Rigidity of Employment Index: Singapore, United States

Nonwage labor cost (% of salary): Botswana, Ethiopia, Maldives

Firing costs (weeks of wages): New Zealand, United States

Registering Property in India: Regulation of Property Transfer

Property registries were first developed to help raise tax revenue. Defining and publicizing property rights through registries has also proved to be good for entrepreneurs. Land and buildings account for between half and three-quarters of the wealth in most economies. Securing rights to this property strengthens incentives to invest and facilitates commerce. And with formal property titles, entrepreneurs can obtain mortgages on their home or land and start businesses.

Doing Business measures the ease of registering property based on a standard case of an entrepreneur who wants to purchase land and a building in the largest business city. It is assumed that the property is already registered and free of title dispute. The data cover the full sequence of procedures necessary to transfer the property title from the seller to the buyer. Every required procedure 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 and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most countries the data are based on responses from both. Based on the responses, three indicators are constructed:

- Number of procedures to register property.
- Time to register property (in calendar days).
- Official costs to register property (as a percentage of the property value).

A large share of the property in developing countries is not formally registered, limiting financing opportunities for businesses. Recognizing this constraint, some developing country governments have embarked on extensive property titling programs. Yet bringing assets into the formal sector is of little value unless they stay there.

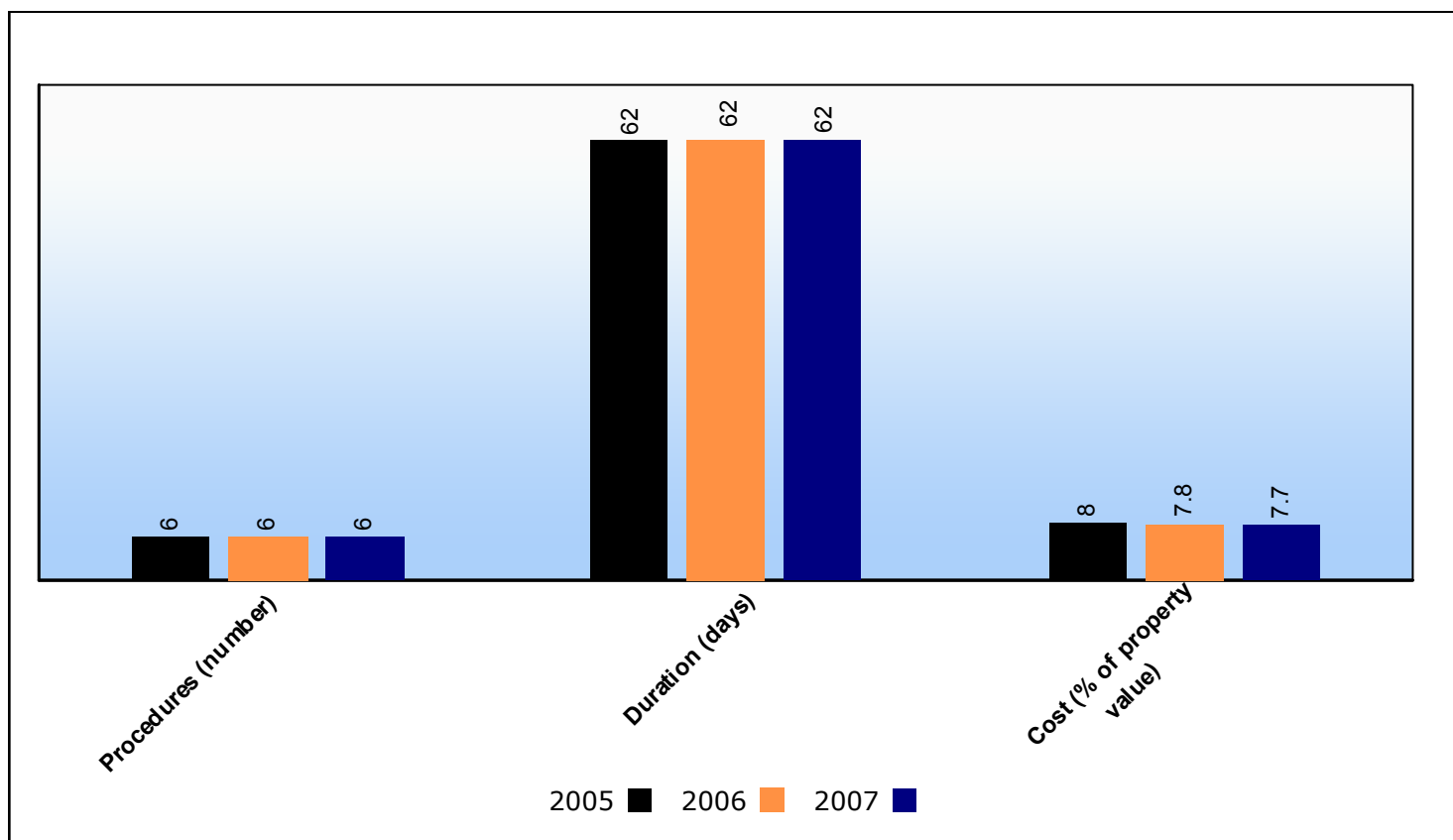
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the value of the property and takes more than 100 days on average. Worse, the property registries are so poorly organized that they provide little security of ownership. For both reasons, formalized titles quickly go informal again.

Efficient property registration reduces transaction costs and helps keep formal titles from slipping into informal status. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

1. Historical data: Registering Property in India

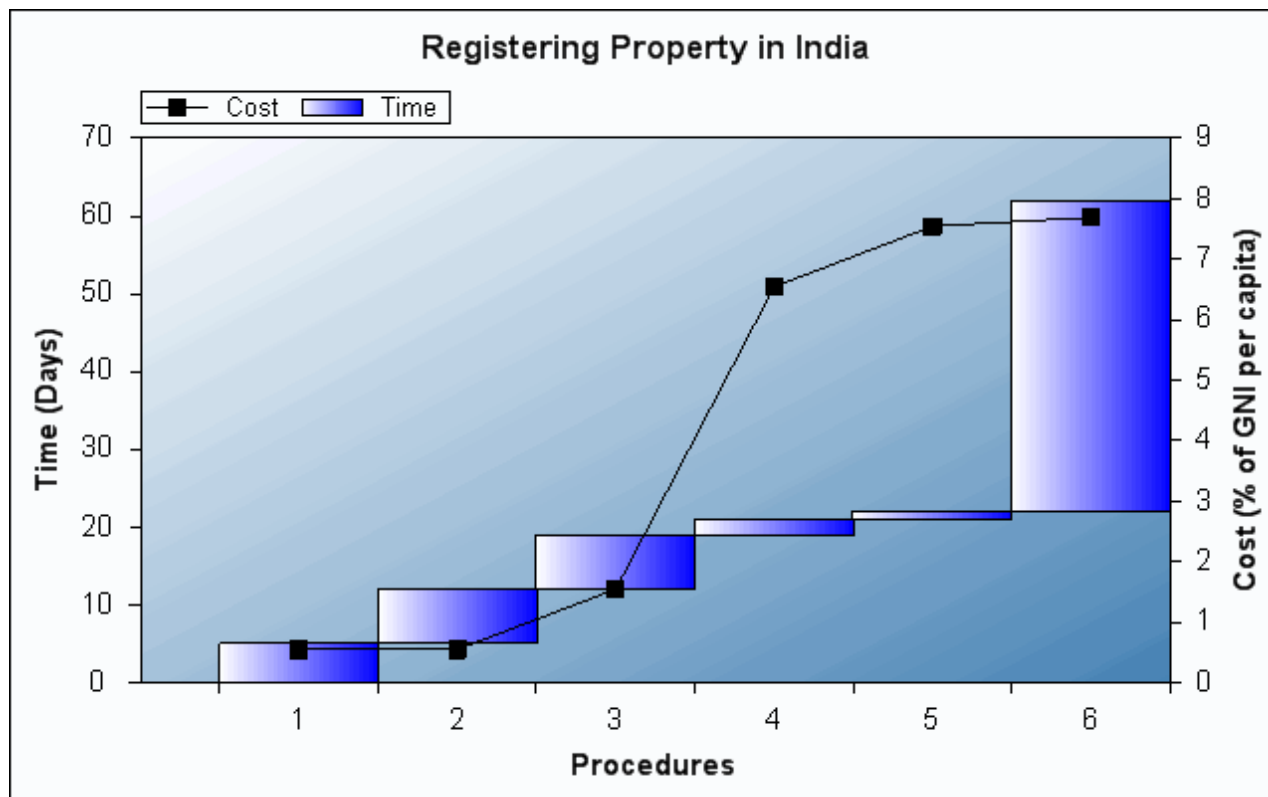
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		108	112
Procedures (number)	6	6	6
Duration (days)	62	62	62
Cost (% of property value)	8.0	7.8	7.7

2. The following graph illustrates the Registering Property indicators in India over the past 3 years:



3. Steps to Registering Property in India

It requires 6 procedures, takes 62 days, and costs 7.69% GNI per capita to register the property in India.



List of Procedures:

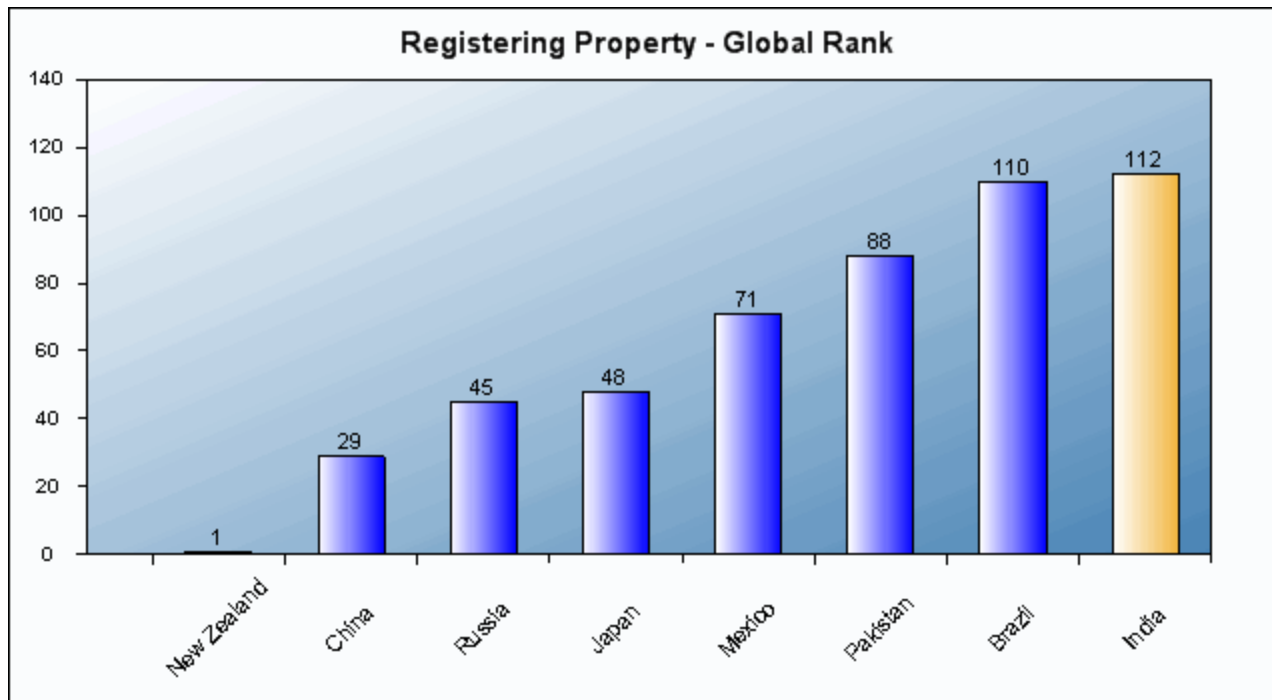
1. Check for encumbrances at the office of Sub-Registrar of Assurance
2. Preparation and execution of Agreement and Memorandum at the Stamp Duty Office
3. The final sale deed is prepared by the purchaser or his advocate
4. Stamp, execute and register final sale deed in the presence of two witnesses
5. Submit documents to the local office of the Sub Registrar of Assurances
6. Apply to Municipality for mutation of the title of the property

More details are available in the appendix.

4. Benchmarking Registering Property Regulations:

India is ranked 112 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

Ranking of India in Registering Property - Compared to best practice and selected economies:



The following table shows Registering Property data for India compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of property value)
New Zealand*		2	
Norway*	1		
Saudi Arabia*			0.0

Selected Economy			
India	6	62	7.7

Comparator Economies			
Brazil	14	45	2.8
China	4	29	3.6
Japan	6	14	5.0
Mexico	5	74	4.7
Pakistan	6	50	5.3
Russia	6	52	0.3

* The following economies are also best practice economies for :

Procedures (number): Sweden

Duration (days): Sweden, Thailand

Cost (% of property value): Bhutan

Getting Credit in India: Legal Rights and Credit Information

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function—one on credit registries and the other on legal rights of borrowers and lenders.

Credit registries—institutions that collect and distribute credit information on borrowers—can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. And they free entrepreneurs from having to rely on personal connections alone when trying to obtain credit. Three indicators are constructed to measure the sharing of credit information:

- Public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population.
- Private bureau coverage, which reports the number of individuals and firms covered by a private credit bureau as a percentage of the adult population.
- Depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information.

The data are from surveys of public registries and the largest private credit bureau in the country.

Effective regulation of secured lending—through collateral and bankruptcy laws—can also ease credit constraints. By giving a lender the right to seize and sell a borrower's secured assets upon default, collateral limits the lender's potential losses and acts as a screening device for borrowers. The strength of legal rights index measures 10 aspects of the rights of borrowers and creditors in collateral and bankruptcy laws, including whether:

- General rather than specific description of assets and debt is permitted in collateral agreements (expanding the scope of assets and debt covered).
- Any legal or natural person may grant or take security in assets.
- A unified registry operates that includes charges over movable property.
- Secured creditors have priority both within bankruptcy and outside it.
- Parties may agree on out-of-court enforcement of collateral by contract.
- Creditors may both seize and sell collateral out of court, no automatic stay or “asset freeze” applies upon bankruptcy, and the bankrupt debtor does not retain control of the firm.

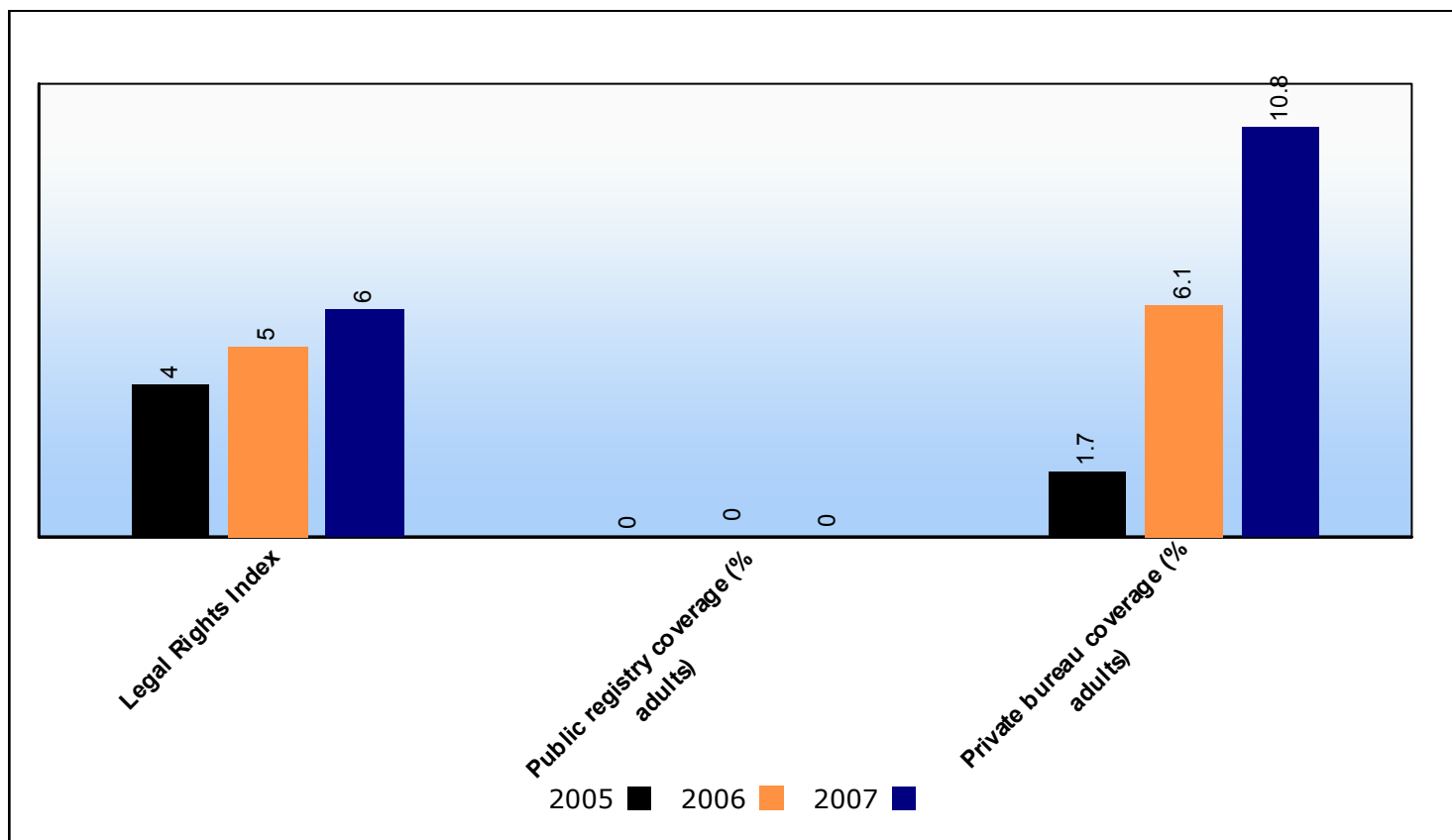
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

Where good-quality credit information is available and legal rights are stronger, more credit is extended. Benefits flow beyond those gaining access to credit. With better-functioning credit markets, unemployment is lower, and women and low-income people benefit the most.

1. Historical data: Getting Credit in India

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		62	36
Legal Rights Index	4	5	6
Public registry coverage (% adults)	0.0	0.0	0.0
Private bureau coverage (% adults)	1.7	6.1	10.8

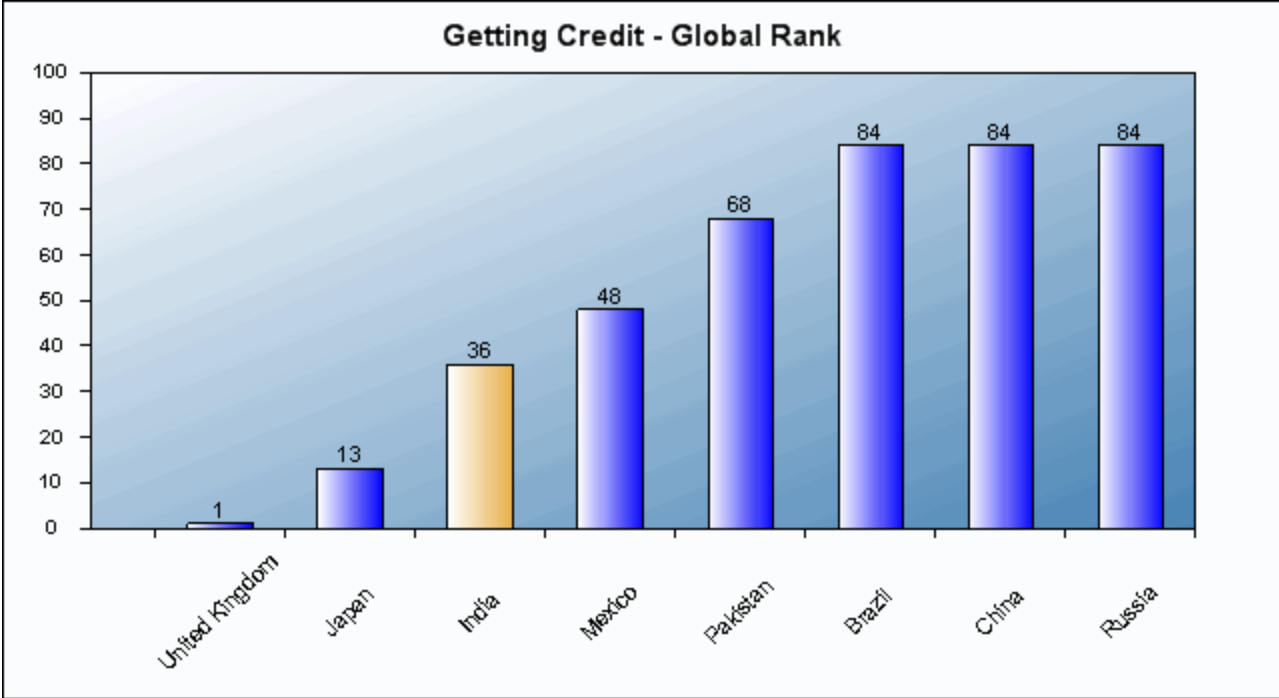
2. The following graph illustrates the Getting Credit indicators in India over the past 3 years:



3. Benchmarking Getting Credit Regulations:

India is ranked 36 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

Ranking of India in Getting Credit - Compared to best practice and selected economies:



The following table shows Getting Credit data for India compared to best practice and comparator economies:

Best Practice Economies	Legal Rights Index	Public registry coverage (%)	Private bureau coverage (%)
Argentina*			100.0
Hong Kong, China*	10		
Portugal		67.1	

Selected Economy			
India	6	0.0	10.8

Comparator Economies			
Brazil	2	17.1	46.4
China	3	49.2	0.0
Japan	6	0.0	68.3
Mexico	3	0.0	61.2
Pakistan	4	4.6	1.4
Russia	3	0.0	4.4

* The following economies are also best practice economies for :

Legal Rights Index: United Kingdom

Private bureau coverage (% adults): Australia, Canada, Iceland, Ireland, New Zealand, Nicaragua, Norway, Sweden, United States

Protecting Investors in India: Corporate Governance

Officials at Elf Aquitaine, France's largest oil company, awarded business deals in return for large side payments. Along with the extra cash, they got seven years in jail and a €2 million fine for abuse of power. Russian oil firm Gazprom purchased materials for new pipelines through intermediaries owned by company officers. The high cost raised eyebrows, but not court battles.

Big cases make headlines. But looting by corporate insiders occurs every day on a smaller scale, and often goes unnoticed. To document the protections investors have, Doing Business measures how countries regulate a standard case of self-dealing—use of corporate assets for personal gain.

The case facts are simple. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is unfair to the purchasing company. Shareholders sue the interested parties and the members of the board of directors.

Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.

The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.

The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.

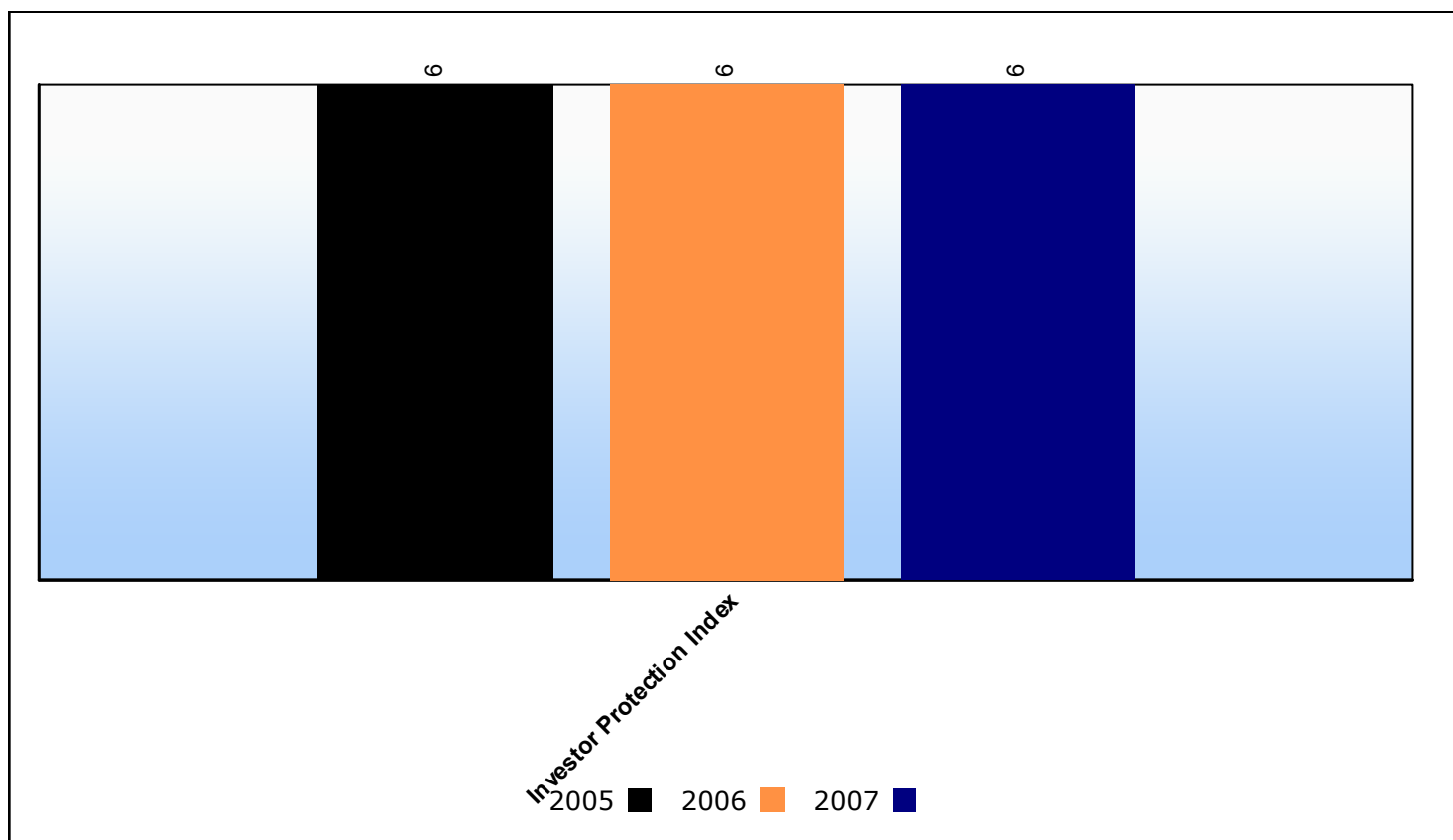
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

If the rights of investors are not protected, majority ownership in a business is the only way to eliminate expropriation. But then investors must devote more oversight attention to fewer investments. The result: entrepreneurship is suppressed, and fewer profitable investment projects are undertaken. Where self-dealing is curbed, equity investment is higher, ownership concentration lower and trust in the business sector deeper. Investors gain portfolio diversification, and entrepreneurs gain access to cash.

1. Historical data: Protecting Investors in India

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		32	33
Investor Protection Index	6.0	6.0	6.0

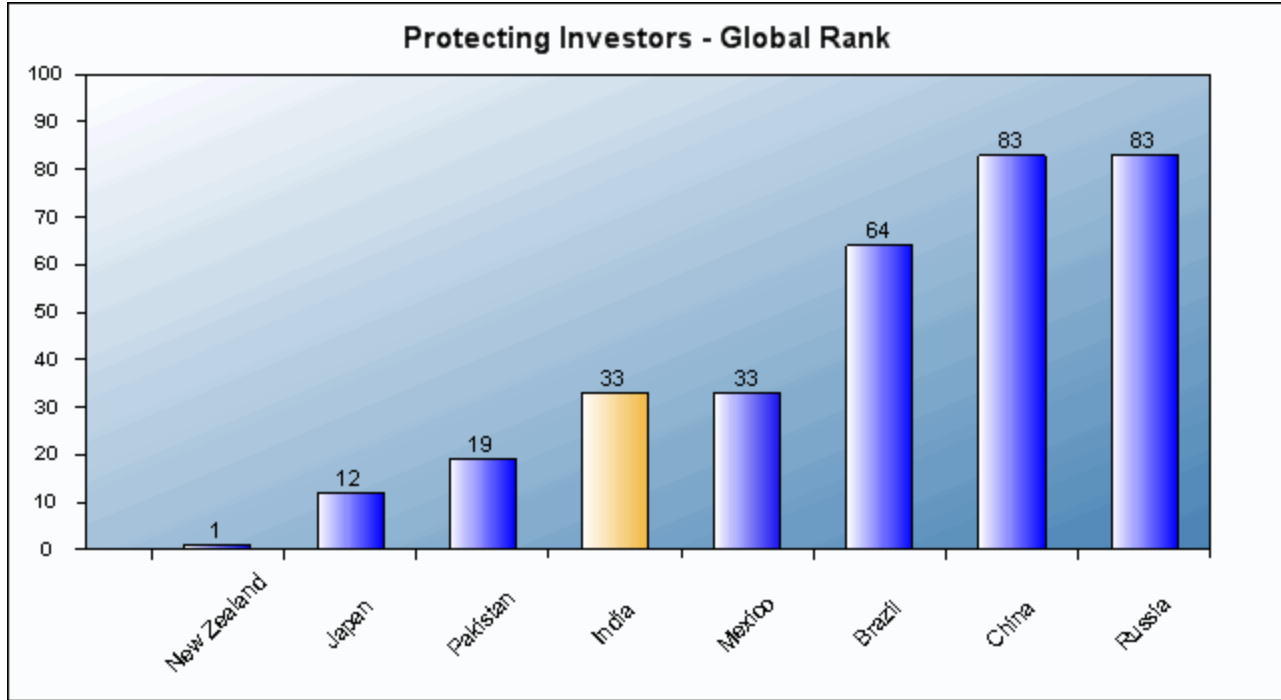
2. The following graph illustrates the Protecting Investors indicators in India over the past 3 years:



3. Benchmarking Protecting Investors Regulations:

India is ranked 33 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

Ranking of India in Protecting Investors - Compared to best practice and selected economies:



The following table shows Protecting Investors data for India compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Investor Protection Index
New Zealand	9.7

<i>Selected Economy</i>	
India	6.0

<i>Comparator Economies</i>	
Brazil	5.3
China	5.0
Japan	7.0
Mexico	6.0
Pakistan	6.3
Russia	5.0

Paying Taxes: Tax Payable and Compliance in India

Taxes are essential. Without them there would be no money to fund schools, hospitals, courts, roads, water, waste collection and other public services that help businesses to be more productive. Still, there are good ways and bad ways to collect taxes.

The Doing Business tax survey records the effective tax that a company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asked accountants in 178 economies to review TaxpayerCo's financial statements and a standard list of transactions the company completed during the year. Respondents were asked how much tax the business must pay and what the process is for doing so.

The business starts from the same financial position in each country. All the taxes and contributions paid during the second year of operation are recorded. Taxes and contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.

Three indicators are constructed:

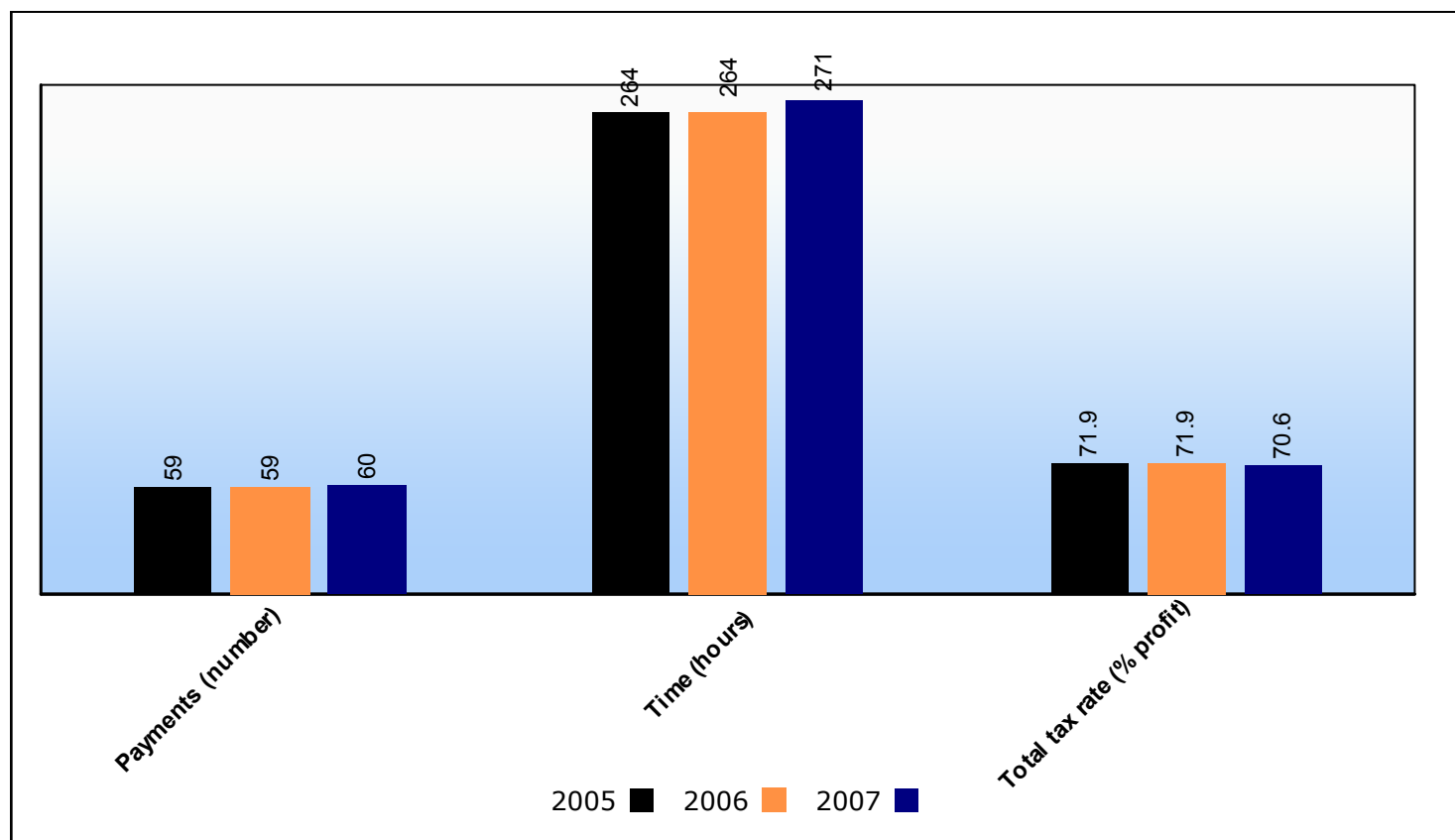
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added or sales tax and labor taxes.
- Total tax rate, which measures the amount of taxes payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses—and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

1. Historical data: Paying Taxes in India

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		158	165
Time (hours)	264	264	271
Total tax rate (% profit)	71.9	71.9	70.6
Payments (number)	59	59	60

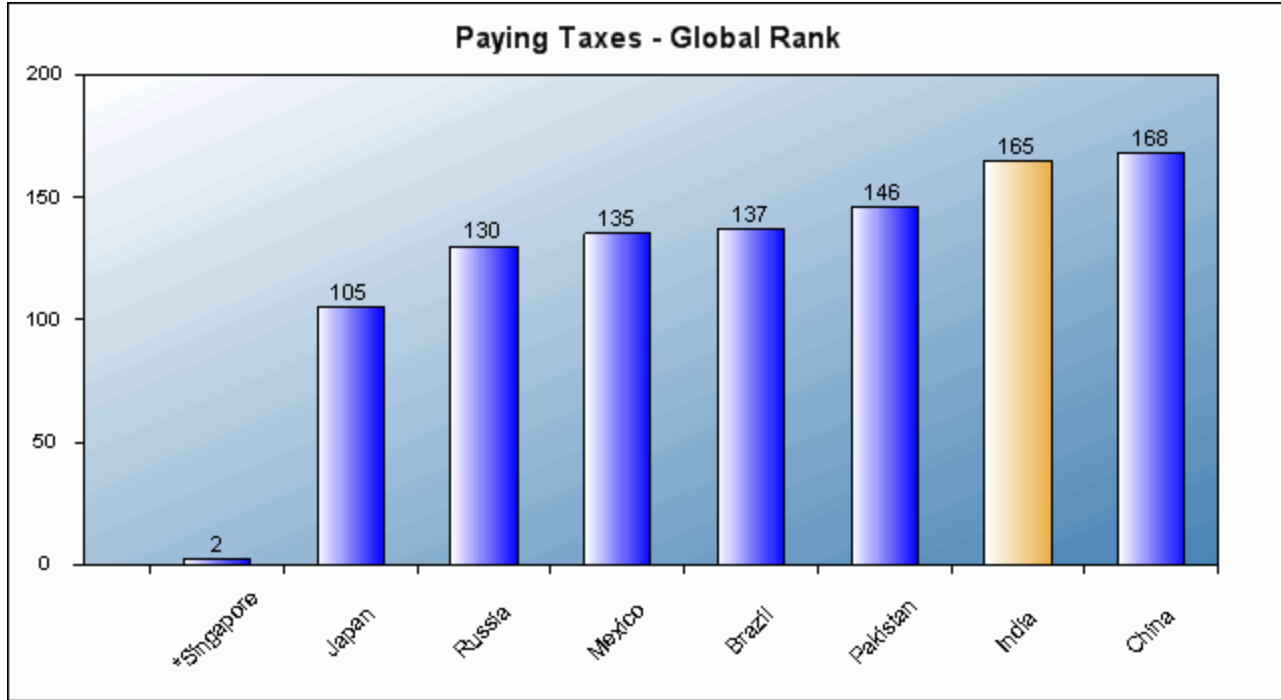
2. The following graph illustrates the Paying Taxes indicators in India over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

India is ranked 165 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

Ranking of India in Paying Taxes - Compared to best practice and selected economies:



* The following economies are also best practice economies for Paying Taxes: Maldives

The following table shows Paying Taxes data for India compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Payments (number)	Time (hours)	Total tax rate (% profit)
Sweden*	2		
United Arab Emirates*		12	
Vanuatu			8.4

<i>Selected Economy</i>			
India	60	271	70.6

<i>Comparator Economies</i>			
Brazil	11	2600	69.2
China	35	872	73.9
Japan	13	350	52.0
Mexico	27	552	51.2
Pakistan	47	560	40.7
Russia	22	448	51.4

* The following economies are also best practice economies for :

Payments (number): Maldives

Time (hours): Maldives

Trading Across Borders: Importing and Exporting from India

The benefits of trade are well documented—as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every official procedure—and the associated documents, time and cost—for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the factory warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit.

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, with 100 or more employees, and is located in the periurban area of the country's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the country. The traded goods are ordinary, legally manufactured products, and they travel in a dry-cargo, 20-foot FCL (full container load) container.

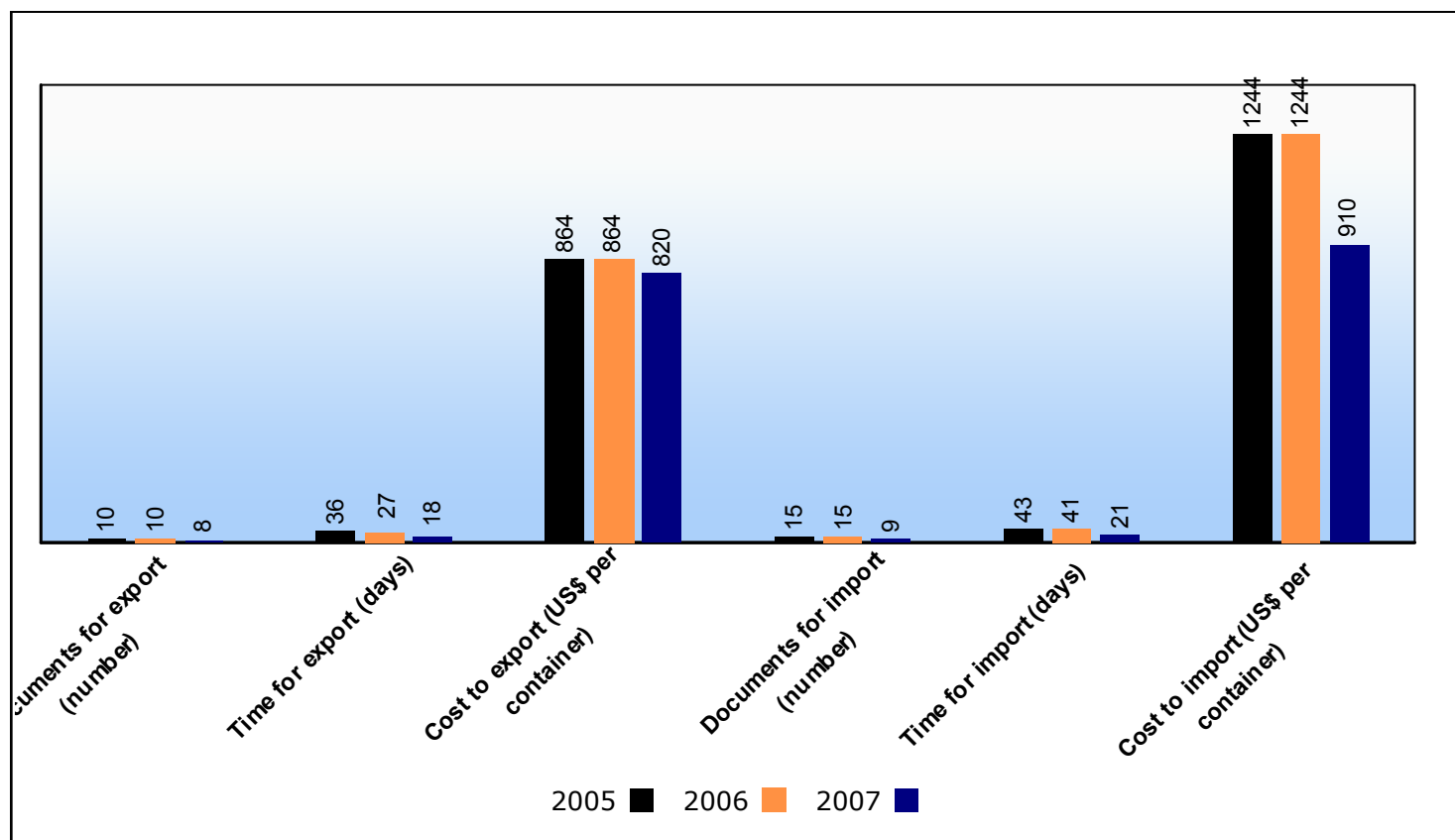
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or trade taxes.

Countries that have efficient customs, good transport networks and fewer document requirements—making compliance with export and import procedures faster and cheaper—are more competitive globally. That leads to more exports—and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders avoid customs altogether. Instead, they smuggle goods across the border. That defeats the very purpose in having border control of trade—to levy taxes and ensure high quality of goods.

1. Historical data: Trading Across Borders in India

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		142	79
Documents for export (number)	10	10	8
Time for export (days)	36	27	18
Cost to export (US\$ per container)	864	864	820
Documents for import (number)	15	15	9
Time for import (days)	43	41	21
Cost to import (US\$ per container)	1244	1244	910

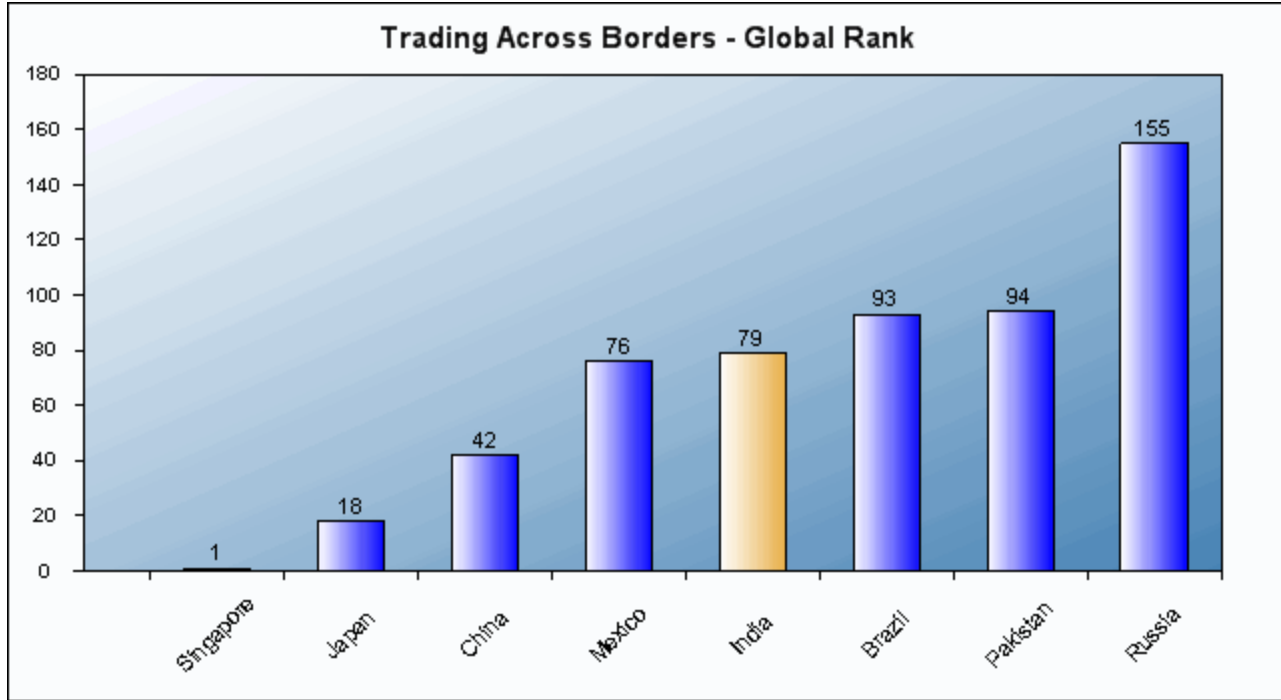
2. The following graph illustrates the Trading Across Borders indicators in India over the past 3 years:



3. Benchmarking Trading Across Borders Regulations:

India is ranked 79 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

Ranking of India in Trading Across Borders - Compared to best practice and selected economies:



The following table shows Trading Across Borders data for India compared to best practice and comparator economies:

Best Practice Economies	Documents for export (number)	Time for export (days)	Cost to export (US\$ per)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per)
Canada*	3					
China			390			
Denmark*		5		3		
Singapore					3	367

Selected Economy						
India	8	18	820	9	21	910

Comparator Economies						
Brazil	8	18	1090	7	22	1240
China	7	21	390	6	24	430
Japan	4	10	989	5	11	1047
Mexico	5	17	1302	5	23	2411
Pakistan	9	24	515	8	19	1336
Russia	8	36	2050	13	36	2050

* The following economies are also best practice economies for :

Documents for export (number): **Estonia, Micronesia, Panama**

Time for export (days): **Estonia, Singapore**

Documents for import (number): **Sweden**

Enforcing Contracts: Court Efficiency in India

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business 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. 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 (and, in a quarter of the countries, by judges as well).

The dispute, between two businesses (the Seller and the Buyer) located in the country's most populous city, concerns a contract for the sale of goods. The Seller agrees to deliver the goods, worth 200% of the country's income per capita, to the Buyer.

After receiving and inspecting the goods, the Buyer concludes that their quality is inadequate. The Buyer sends the goods back without paying for them. The Seller disagrees and argues that their quality is adequate. The Seller seeks full payment from the Buyer, arguing that the goods cannot be sold to a third party because they were custom-made for the Buyer. The Seller sues the Buyer before the court in the most populous city to recover the amount due under the sales agreement (200% of the country's income per capita).

Three indicators of the efficiency of commercial contract enforcement are developed:

- Number of procedures, which includes all those that demand interaction between the parties or between them and the judge or court officer.
- Time, which counts the number of days from the moment the plaintiff files the lawsuit in court until the moment of payment. This measure includes both the days on which actions take place and the waiting periods between actions.
- Cost, which measures the official cost of going through court procedures, expressed as a percentage of the claim (assumed to be equivalent to 200% of income per capita). The cost includes court costs, enforcement costs and attorney fees where the use of attorneys is mandatory or common.

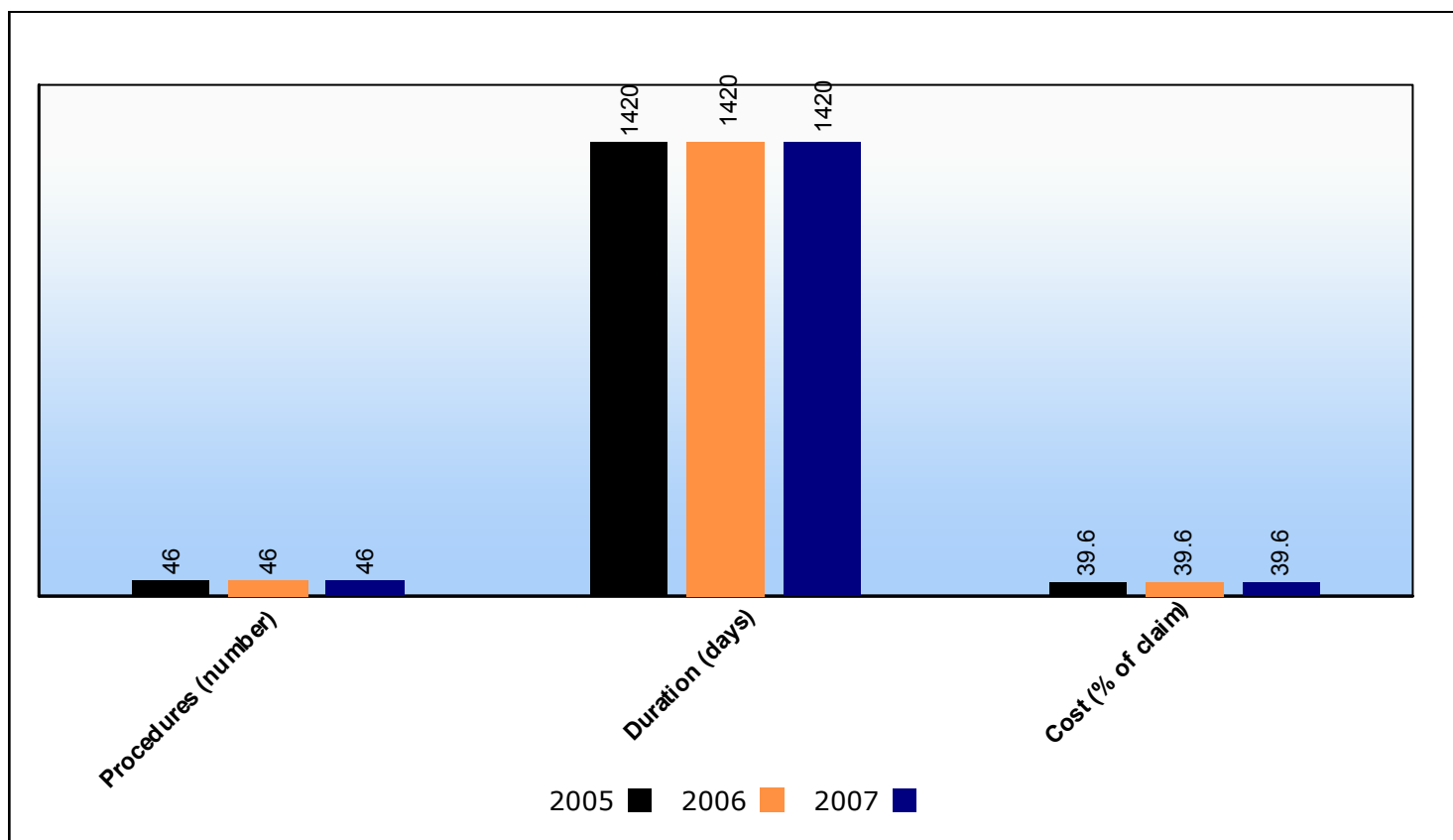
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative approach to business, dealing only with a small group of people linked through kinship, ethnic origin or previous dealings and structuring transactions to forestall disputes. In either case economic and social value may be lost.

The main reason to regulate procedures in commercial dispute resolution is that informal justice is vulnerable to subversion by the rich and powerful. But heavy regulation of dispute resolution backfires. Across countries, the more procedures it takes to enforce a contract, the longer the delays and the higher the cost. The result: less wealth is created.

1. Historical data: Enforcing Contracts in India

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		177	177
Procedures (number)	46	46	46
Duration (days)	1420	1420	1420
Cost (% of claim)	39.6	39.6	39.6

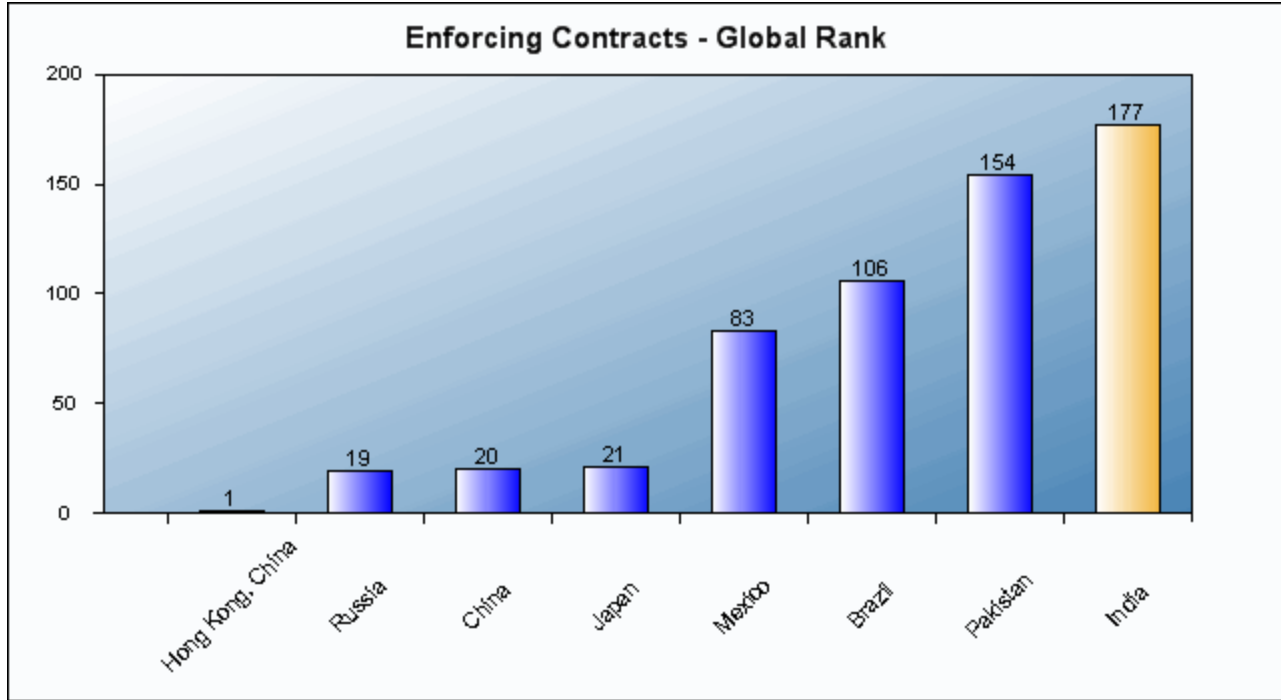
2. The following graph illustrates the Enforcing Contracts indicators in India over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

India is ranked 177 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

Ranking of India in Enforcing Contracts - Compared to best practice and selected economies:



The following table shows Enforcing Contracts data for India compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		120	

Selected Economy			
India	46	1420	39.6

Comparator Economies			
Brazil	45	616	16.5
China	35	406	8.8
Japan	30	316	22.7
Mexico	38	415	32.0
Pakistan	47	880	23.8
Russia	37	281	13.4

Closing Business in India: Bankruptcy

The economic crises of the 1990s in emerging markets—from East Asia to Latin America, from Russia to Mexico—raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that the company is a domestically owned, limited liability corporation operating a hotel in the country's most populous city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Assumptions are also made about the debt structure and future cash flows. The case is designed so that the company has a higher value as a going concern—that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation. The data are derived from questionnaires answered by attorneys at private law firms.

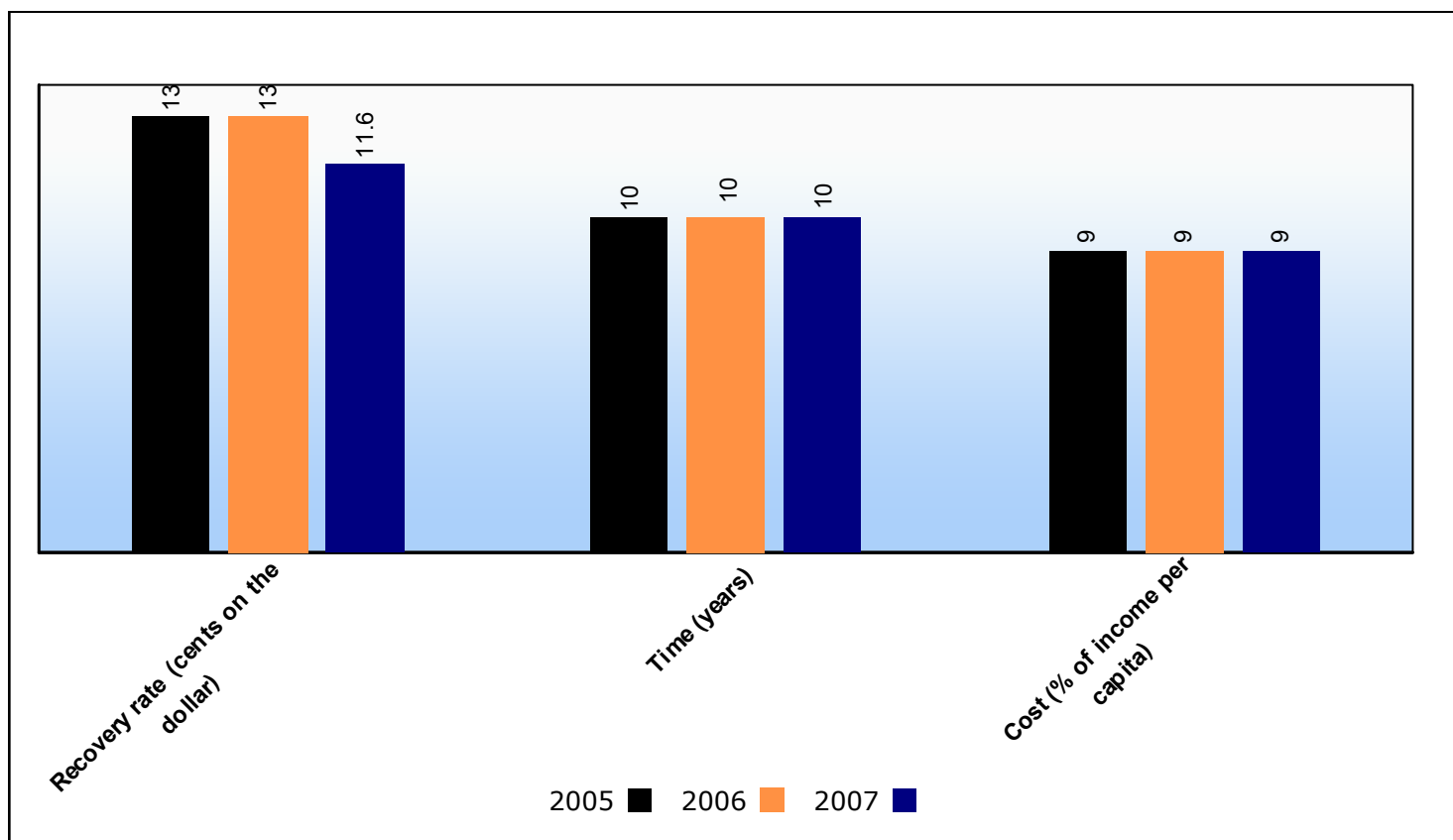
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy is used, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, 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.

1. Historical data: Closing Business in India

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		135	137
Cost (% of income per capita)	9	9	9
Time (years)	10.0	10.0	10.0
Recovery rate (cents on the dollar)	13	13	11.6

2. The following graph illustrates the Closing Business indicators in India over the past 3 years:



3. Benchmarking Closing Business Regulations:

India is ranked 137 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

Ranking of India in Closing Business - Compared to best practice and selected economies:



The following table shows Closing Business data for India compared to best practice and comparator economies:

Best Practice Economies	Recovery rate (cents on the	Time (years)	Cost (% of income per capita)
Colombia			1
Ireland*		0.4	
Japan	92.6		

Selected Economy			
India	11.6	10.0	9

Comparator Economies			
Brazil	14.6	4.0	12
China	35.9	1.7	22
Japan	92.6	0.6	4
Mexico	63.9	1.8	18
Pakistan	39.1	2.8	4
Russia	29.0	3.8	9

* The following economies are also best practice economies for :

Time (years): **Cape Verde**

Starting a Business in India

This table summarizes the procedures and costs associated with setting up a business in India.

STANDARDIZED COMPANY

Legal Form: Private Limited Company

Minimum Capital Requirement: None

City: Mumbai

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain Director Identification Number (DIN)	1 day	no charge
2	Obtain Digital Signature Certificate	4 days	INR 400 to INR 2,650
3	Present name of company for approval to the Registrar of Companies (ROC); Get the Memorandum and Articles of Association vetted by the ROC and printed	2-3 days	INR 50
4	Make an application to the Superintendent of Stamps or an authorized bank requesting for stamping of the Memorandum of Association and Articles of Association.	1 day	INR 200 (for MOA) + INR 1000 (for AOA) for every INR 500,000 or part thereof + INR 100 (stamp paper for declaration Form 1)
5	Present the required documents along with the registration fee to the Registrar of Companies to get the certificate of incorporation	5-10 days	see comments
6	Obtain a company seal	3 days	INR 350
7	Visit an authorized franchise or agent appointed by National Securities Depository Services Limited to obtain a Permanent Account Number	7 days	INR 66 (INR 66 fee & INR 5 for application form if not downloaded)
8 *	Obtain a Tax Account Number for income taxes deducted at source from the Assessing Office in the Mumbai Income Tax Department	7 days, simultaneously with Procedure 7	INR 55
9 *	Register with Mumbai Shops and Establishment Act, 1948	2 days, simultaneous with procedure 8	INR 1,500 + 3 times registration fee for Trade Refuse Charges
10 *	Register for value added tax (VAT) before the Sales Tax Officer of the ward in which the company is located	12 days, simultaneous with previous procedure	INR 5,000 (Registration Fee) + INR 100 (Stamp Duty)
11 *	Register for Profession Tax	2 days, simultaneous with procedure 10	no charge

12 *	Register with Employees' Provident Fund Organization	2 days, simultaneous with procedure 10	no charge
13 *	Register with ESIC (medical insurance)	1 day, simultaneous with procedure 10	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Obtain Director Identification Number (DIN)

Time to complete: 1 day

Cost to complete: no charge

Comment: The process to obtain the DIN (Director Identification Number) is as follows:

- Obtain provisional DIN by filing application form DIN-1 online (www.mca.gov.in); provisional DIN is immediately allocated. The application form must then be printed and signed and sent for approval to the MCA by courier along with proof of identity and proof of address.
- The concerned authority verifies all the documents and, upon approval, allocates a permanent DIN. The process takes approximately 4 weeks.
- Within 30 days of receipt of the approved DIN, directors submit Form DIN-2 to the MCA along with the approved number of all companies of which they hold a director position.
- The above companies submit DIN-3 attested by Company Secretary to concerned Registrar of Companies (ROC).

Procedure 2 Obtain Digital Signature Certificate

Time to complete: 4 days

Cost to complete: INR 400 to INR 2,650

Comment: The Digital Signature Certificate can be obtained from six private agencies authorized by MCA 21 (Ministry of Corporate Affairs 21st century). For the purpose of using the new electronic filing system under MCA 21 Project the applicant needs to obtain a Class II Digital Signature Certificate. Company directors submit the prescribed application form along with proof of identity and proof of address. Each agency has its own fee structure which ranges from INR 400 to INR 2650.

Procedure 3 Present name of company for approval to the Registrar of Companies (ROC); Get the Memorandum and Articles of Association vetted by the ROC and printed

Time to complete: 2-3 days

Cost to complete: INR 50

Comment: Company name approval must be done electronically. Under e-filing for name approval, the applicant can see the availability of the desired company name from the website of the MCA 21. The RoC electronically informs the applicant whether the name is available within seven days from the date of submission of the application. Once a name is approved, the Memorandum of Association and Articles of Association together with miscellaneous documents have to be filed within six months of the approval. In practice, if the proposed name is available the same is granted within 2 or 3 days.

Procedure 4 Make an application to the Superintendent of Stamps or an authorized bank requesting for stamping of the Memorandum of Association and Articles of Association.

Time to complete: 1 day

Cost to complete: INR 200 (for MOA) + INR 1000 (for AOA) for every INR 500,000 or part thereof + INR 100 (stamp paper for declaration Form 1)

Comment: The application should be accompanied necessarily by the following:

- (i) Unsigned copies of the Memorandum of Association and Articles of Association.
- (ii) Payment receipt.

Ensure that the copies submitted to the Superintendent of Stamps or to the bank for stamping are unsigned and 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 evidencing the payment of the requisite stamp duty.

The rate of stamp duty varies from State to State.

According to Article 10 and 39 of the Indian Stamp Act, 1899, stamp duty payable on memorandum of association and articles of association for a company to be incorporated in Mumbai, Maharashtra is: AOA: Rs. 1000/- for every Rs. 500,000/- capital or part thereof subject to a maximum of Rs.50,00,000.00. Stamp duty for the MOA is Rs.200.00

Once the Memorandum and the Articles of Association of the Company have been stamped, the same is required to be signed by the Promoters of the Company including commencing with the name and description, father's name, address, occupation and the number of shares subscribed for in their own handwriting which is duly witnessed.

After signing the documents are to be dated.

Declaration form 1: On Rs 100 stamp paper

Procedure 5 Present the required documents along with the registration fee to the Registrar of Companies to get the certificate of incorporation

Time to complete: 5-10 days

Cost to complete: see comments

Comment: After the stamping of the MOA and AOA, 3 copies along with the following documents are required to be scanned and uploaded on the MCA-21 Portal:

- The stamped copies of the MOA and AOA
- Copy of the Form-32 along with the consent letters of the Directors of the Company, who are appointed therein.
- Form-1 - application and declaration for incorporating of a Company and printed on non judicial Stamp paper worth INR 20.
- Form 18-evidencing the address proof of the Company.
- Form-1A-evidencing the name approval.
- Copy of challan evidencing the fee with respect to above mentioned forms.
- Power of Attorney from the subscribers in favor of any person for making corrections on their behalf in the documents and papers filed for registration .This must be on non judicial stamp paper of INR 100.
- Identification of the subscribers by way of copy of driving license, passport, voters identity or ration card.

These documents, in addition to their online uploading, are also to be filed in original with the ROC. Once the documents are uploaded and confirmation of payment of fee is received from the Bank by the ROC, it processes the papers in order of their receipt. A software ensures that the queue can not be jumped by ROC.

The fees paid to the Registrar for registration are scaled according to the amount of the authorized share capital of a company as stated in its memorandum. The schedule is as following:

For registration of a company whose nominal share capital does not exceed Rs.100,000: Rs. 4,000.

For registration of a company whose nominal share capital exceeds Rs.100,000, the above fee of Rs.4,000 with the following additional fees regulated according to the amount of nominal capital:-

- Rs. 300 for every Rs.10,000 of nominal share capital or part of Rs.10,000 after the first Rs.1,00,000 up to Rs.5,00,000;
- Rs. 200 for every Rs.10,000 of nominal share capital or part of Rs.10,000 after the first Rs.5,00,000 up to Rs.50,00,000;
- Rs. 100 for every Rs.10,000 of nominal share capital or part of Rs.10,000 after the first Rs.50,00,000 up to Rs.1 crore;
- Rs. 50 for every Rs.10,000 of nominal share capital or part of Rs.10,000 after the first Rs.1 crore.

The above stated fees is required to be paid in the office of the ROC by way of a

Demand Draft/ Treasury Challan.

The DD has to be drawn in favor of either the office of the concerned ROC or in favor of the Pay and Accounts Officer, Department of Company Affairs, Mumbai.

In the present case the total amount of fees (including the filing fees of the forms filed) to be paid in the office of the ROC for getting the company registered with an authorized share capital of Rs.1,00,000 approximately would be Rs.4,800/-
Schedule of ROC filing fees for the Articles and for the other forms I, 18 and 32:
- Rs. 200 In respect of a company having a nominal share capital of Rs. 100,000 or more but less than Rs. 500,000;
- Rs. 300 In respect of a company having a nominal share capital of Rs. 500,000 or more but less than Rs. 2,500,000;
- Rs. 500 In respect of a company having a nominal share capital of Rs. 2,500,000 or more. The ROC will then scrutinize the documents filed by the Company and if necessary the authorized person will on intimation make the necessary corrections under his initials. The authorized person will be provided the Obtain the Certificate of Incorporation of the company from the office of the ROC. The company can commence its business on getting incorporation certificate from ROC. The other procedures given below can be done after the business is started.

Procedure 6 Obtain a company seal

Time to complete: 3 days

Cost to complete: INR 350

Comment:

Procedure 7 Visit an authorized franchise or agent appointed by National Securities Depository Services Limited to obtain a Permanent Account Number

Time to complete: 7 days

Cost to complete: INR 66 (INR 66 fee & INR 5 for application form if not downloaded)

Comment: Under the Income-tax Act, 1961, each person is required to quote his Permanent Account Number (PAN) for tax payment and Tax deduction 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 payments (challan) without the PAN or TAN, as the case may be.
The Permanent Account Number (PAN) is a 10-digit alphanumeric number, issued in the form of a laminated card, by an Assessing Officer of the Income Tax Department.
The Income Tax Department has outsourced PAN allotment to UTI Investors Services Limited. The outsourcing was done as a means to speed up the allotment PAN. Any authorized franchise or agent appointed by National Securities Depository Services Limited can accept and process Permanent Account Number application. If done through a service center, a period of 14 days is allowed for making an application.

The application for PAN is to be made on form 49A along with a certified copy of the certificate of registration issued by the ROC along with proof of address and identity. The fee for processing of PAN application and 'Request for New PAN Card or/and Changes or Correction in PAN data' is Rs. 60 (plus applicable taxes). PAN forms can be obtained from TIN Facilitation Centers (TIN-FCs) or freely download from www.tin-nsdl.com

Procedure 8 Obtain a Tax Account Number for income taxes deducted at source from the Assessing Office in the Mumbai Income Tax Department

Time to complete: 7 days, simultaneously with Procedure 7

Cost to complete: INR 55

Comment: TAN or Tax Deduction and Collection Account Number is a 10 digit alpha numeric number required to be obtained by all persons who are responsible for deducting or collecting tax. It is compulsory to quote TAN in TDS/TCS return (including any e-TDS/TCS return), any TDS/TCS payment challan and TDS/TCS certificates. The provisions of section 203A of the Income-tax Act require all persons who deduct or collect tax at source to apply for the allotment of a TAN. The section also makes it mandatory for TAN to be quoted in all TDS/TCS returns, all TDS/TCS payment challans and all TDS/TCS certificates to be issued. Failure to apply for TAN or comply with any of the other provisions of the section attracts a penalty of Rs. 10,000/-. An application for allotment of TAN is to be filed in Form 49B and submitted at any of the TIN Facilitation Centres meant for receipt of e-TDS returns. Addresses of the TIN FC are available at www.incometaxindia.gov.in or <http://tin.nsdli.com>. The processing fee for the both the applications (new TAN and change request) is Rs. 50 (plus applicable taxes).

Income tax is levied by the national government. since the outsourcing, any authorized franchise or agent appointed by National Securities Depository Services Limited can accept & process Tax deduction Account Number application.

Procedure 9 Register with Mumbai Shops and Establishment Act, 1948

Time to complete: 2 days, simultaneous with procedure 8

Cost to complete: INR 1,500 + 3 times registration fee for Trade Refuse Charges

Comment: A statement containing the name of the employer and the manager, the postal address of the establishment, the name of the establishment if any and the category of the establishment must be sent to the Inspector of the local area together applicable fees.

According to Section. 7 of the Bombay Shops & Establishments Act. 1948 it is a obligatory to register the establishment under the Act. Under Sec. 7(4) the employer is obliged to get his establishment registered in the prescribed manner within 30 days from the date of which the establishment commences its work. According to provisions of Sec.7(1) it is required to submit to the concerned Shop Inspector under jurisdiction the prescribed form 'A' together with prescribed fees for registration of establishment. Pursuant to Sec. 7(2) on receipt of statement in form 'A' along with prescribed fees, on being satisfied about the correctness of the statement, the Registration certificate for registration of the establishment is issued in form 'D' in accordance with the provisions of Rule-6 of the Maharashtra Shops & Estts. Rules 1961.

Registration fees Rs. (Alongwith Form 'A')	
Establishments having no employees	50.00
Establishments having 1 to 5 employees	150.00
Establishments having 6 to 10 employees	300.00
Establishments having 11 to 20 employees	600.00
Establishments having 21 to 50 employees	1,500.00
Establishments having 51 to 100 employees	3,000.00
Establishments having 101 or more employees	4,000.00

In addition, a sum three (3) times the registration and renewal fee per year is charged as Trade Refuse Charges (TRC) under the provisions of Mumbai Municipal Corporation Act, 1888.

Procedure 10 Register for value added tax (VAT) before the Sales Tax Officer of the ward in which the company is located

Time to complete: 12 days, simultaneous with previous procedure

Cost to complete: INR 5,000 (Registration Fee) + INR 100 (Stamp Duty)

Comment: VAT tax registration will be effective from the date of application. In the State of Maharashtra, from April 1, 2005, Sales Tax has been replaced by VAT and for VAT registration Form 101 is filed. Further, the authorized representative signing the said application is required to be available at the Sales Tax office on the day of verification of the application. Accompanying documentation included, certified true copy of the MoA and AoA of the company, registered office address proof of the company, antecedents of Directors copy of the office premises agreement as proof of the place of business (in Mumbai), copy of registration certificate under Mumbai Shops and Establishments Act, 1948, copy of Income Tax order, if any and PAN card, bank current A/c. number, original challan of payment of registration fees, two passport size photograph of the authorized signatory, and board resolution authorizing the signatory to sign the application form, appear before the Sales Tax Officer and to complete the formalities related to registration

Procedure 11 Register for Profession Tax

Time to complete: 2 days, simultaneous with procedure 10

Cost to complete: no charge

Comment: According to section 5 of the Profession Tax Act, every employer (not being an officer of Government) liable to pay tax and shall obtain a certificate of registration from the prescribed authority. The company is required to apply in Form I to the registering authority. The registration authority for Mumbai Area is situated at Vikarikaar Bhavan, Mazgaon, Mumbai. The application should be supported with the documents such as address proof, details of company registration number under Indian Companies Act, 1956, details of head office, if the company is a branch of company registered outside the state, company deed, certificates under any other Act. etc. depending on nature of business.

Procedure 12 Register with Employees' Provident Fund Organization

Time to complete: 2 days, simultaneous with procedure 10

Cost to complete: no charge

Comment: Provident Commission (part of local labor authority). Procedure: Fill in application. The applicant is then allotted a social security number. The Provident Fund Registration is focused on delinquency under reporting or non-reporting of employment strength. Provident Fund Registration is optional if employee strength is not more than 20.

Procedure 13 Register with ESIC (medical insurance)

Time to complete: 1 day, simultaneous with procedure 10

Cost to complete: no charge

Comment: In terms of section 2(A) registration is the process by which every employer/factory and its every employee employed for wages, is identified for the purpose of the Scheme, and their individual records are set up for them. -The employers registration form is Form 1A and Employers can submit application online for registration under ESI Act. 1948

Dealing with Licenses in India

The table below summarizes the procedures, time, and costs to build a warehouse in India.

BUILDING A WAREHOUSE

Date as of: January 2, 2007

Estimated Warehouse Value:

City: Mumbai

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain construction drawing plan approval	145 days	INR 37,729
2 *	Obtain approval of construction from the Area Development Authorities	30 days	no charge
3	Notify the Municipal Corporation of the construction foundation	7 days	no charge
4 *	Receive on-site inspection by Chief Engineer of the Municipal Corporation	1 day	no charge
5	Receive inspection from the concerned Sub Engineer of the Municipal Corporation	1 day	no charge
6	Receive on-site inspection midway through construction from the concerned Sub Engineer of the Municipal Corporation	1 day	no charge
7	Receive inspection midway through construction from the Fire Department	1 day	no charge
8	Apply for occupancy permit at the Municipal Corporation	1 day	no charge
9	Receive final inspection of the construction by the Municipal Corporation	1 day	no charge
10	Apply for approval of completed construction from the fire department	1 day	INR 70,000
11	Receive inspection of the completed construction by the fire department	1 day	no charge
12	Apply for permanent water and sewerage connection	1 day	INR 50,000
13	Receive on-site inspection and connection to water by the utility provider	1 day	no charge
14	Receive on-site inspection and connection to water by the utility provider	1 day	no charge

15	Obtain permanent water and sewerage connection	62 days	no charge
16 *	Apply for permanent power connection	1 day	INR 25,000
17	Receive on-site inspection and connection to electricity by the utility provider	39 days	no charge
18 *	Apply for telephone connection	1 day	no charge
19	Receive on-site inspection and connection to telephone by the utility provider	13 days	no charge
20	Obtain occupancy permit	30 days	INR 10,000

* Takes place simultaneously with another procedure.

Procedure	1	Obtain construction drawing plan approval
Time to complete:		145 days
Cost to complete:		INR 37,729
Comment:		The approval includes plumbing; electrical; sanitation; foundation; structural; sewerage, well drilling & infrastructure (such as way outs, lifts, set backs, etc) drawings and IOD charges. The Municipal Corporation examines the master plan without visiting the construction site.
Procedure	2	Obtain approval of construction from the Area Development Authorities
Time to complete:		30 days
Cost to complete:		no charge
Comment:		The Area Development is under the Bombay Town Planning Committee, which is a division in the Municipal Corporation. The builder files the application with the Area Development Authorities separately and files the approval to the Municipal Corporation in order to get the building permit.
Procedure	3	Notify the Municipal Corporation of the construction foundation
Time to complete:		7 days
Cost to complete:		no charge
Comment:		For the initiation of the building construction a formal permit/approval has to be obtained from the appropriate authority (Municipal Corporation). Once the approval is obtained, the plinth inspection is a part of the procedural inspection conducted by the authorized Engineer of the Municipal Corporation for Building and Planning. After the construction of the Plinth (foundation) is complete the Municipal Corporation within a week will send an Authorized Engineer for the inspection. The inspection of the foundation if found appropriate by the Engineer would not take more than 1 day. The construction is initiated only after a formal approval of construction plan of the Municipal Authorities. Hence, the Authorities are aware of the developments of the construction. Normally the developer notifies the Appropriate Authorities about the inspections. But in practice the Engineers make the inspections even when developer has not contacted them.
Procedure	4	Receive on-site inspection by Chief Engineer of the Municipal Corporation
Time to complete:		1 day
Cost to complete:		no charge
Comment:		The construction is only approved after inspections from the authorities verify compliance with construction regulations (the area where the construction is going to take place is considered hazard free).
Procedure	5	Receive inspection from the concerned Sub Engineer of the Municipal Corporation
Time to complete:		1 day
Cost to complete:		no charge

Comment: The Sub Engineer of the building proposal inspects the site at least once every 3 months, the Assistant Engineer (Building and Planning) will do likewise once every 6 months and the Executive Engineer (Building and Planning) will do it once a year. Each official will put their observations in writing on the inspection report. The Deputy Chief Engineer (Building and Planning) inspects and approves all the proposals of layout, sub-division, and amalgamation plots of land greater than 2 hectares.

Procedure 6 Receive on-site inspection midway through construction from the concerned Sub Engineer of the Municipal Corporation

Time to complete: 1 day

Cost to complete: no charge

Comment: Authorized inspectors from the Municipal Corporation are responsible for all inspections.

Procedure 7 Receive inspection midway through construction from the Fire Department

Time to complete: 1 day

Cost to complete: no charge

Comment: The inspection by the Fire Department or by the Municipal Corporation is generally conducted in two or three stages (depending on current regulations).

Procedure 8 Apply for occupancy permit at the Municipal Corporation

Time to complete: 1 day

Cost to complete: no charge

Comment: After receiving the Building completion certificate from the Architect, the planning department inspects the site and submits the compliance report to the Deputy Chief Engineer Building and Planning. After this is done, the occupation permit and a letter stating that the IOD conditions are in accordance with the regulations are issued.
The application for the occupancy permit should include the earthquake resistance certificate which is issued by one of BuildCo's employees.

Procedure 9 Receive final inspection of the construction by the Municipal Corporation

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 10 Apply for approval of completed construction from the fire department

Time to complete: 1 day

Cost to complete: INR 70,000

Comment: Clearance from the fire department is needed to obtain the occupancy permit.

Procedure 11 Receive inspection of the completed construction by the fire department

Time to complete: 1 day

Cost to complete: no charge

Comment: The Fire Department checks the fire safety equipments such as: fire extinguishers, smoke detectors, fire alarms, sprinklers, hose-reels, fire buckets and reserve water storage tank for fire, etc. The FD issues a no objection certificate after conducting a fire drill in the warehouse.

Procedure 12 Apply for permanent water and sewerage connection

Time to complete: 1 day

Cost to complete: INR 50,000

Comment: An application is made to the Municipal Corporation for the approval of the permanent water and sewerage connection.

Procedure 13 Receive on-site inspection and connection to water by the utility provider

Time to complete: 1 day

Cost to complete: no charge

Comment: An application for water connection is made to the Assistant Engineer of the Municipal corporation. The Assistant Engineer of the Municipal corporation makes the inspection. There are two inspections: one before the water connection is completed, and another one after. The aforementioned inspection would not take more than a day.
The officer of the water department of the Municipal Corporation inspects the premises and prepares a report for the connection.

Procedure 14 Receive on-site inspection and connection to water by the utility provider

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 15 Obtain permanent water and sewerage connection

Time to complete: 62 days

Cost to complete: no charge

Comment:

Procedure 16 Apply for permanent power connection

Time to complete: 1 day

Cost to complete: INR 25,000

Comment: An application is made to the power utility company. This application have to be made through a Licensed Electricity Contractor. The contractor will make an inspection and subsequently will decide the necessary electricity consumption (measured in Horse Power - HP).

Procedure 17 Receive on-site inspection and connection to electricity by the utility provider

Time to complete: 39 days

Cost to complete: no charge

Comment:

Procedure 18 Apply for telephone connection

Time to complete: 1 day

Cost to complete: no charge

Comment: An application for the telephone connection is submitted to the utility company along with a security deposit.

Procedure 19 Receive on-site inspection and connection to telephone by the utility provider

Time to complete: 13 days

Cost to complete: no charge

Comment:

Procedure 20 Obtain occupancy permit

Time to complete: 30 days

Cost to complete: INR 10,000

Comment:

Employing Workers in India

Employing workers indices are based on responses to survey questions. The table below shows these responses in India.

Employing Workers Indicators (2007)	Answer	Score
Rigidity of Employment Index		30.0
Difficulty of Hiring Index		0.0
Are fixed-term contracts prohibited for permanent tasks?	No	0
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.17	0.00
Rigidity of Hours Index		20.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	No	0
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	15	0
Difficulty of Firing Index		70.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	Yes	2
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	Yes	1
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	No	0
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	Yes	1
Firing costs (weeks of wages)		55.9
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		13.0

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	42.9
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What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0
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Nonwage labor cost (% of salary)	16.8
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Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

Registering Property in India

This topic examines the steps, time, and cost involved in registering property in India.

STANDARDIZED PROPERTY

Property Value: 41,000.00

City: Mumbai

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Check for encumbrances at the office of Sub-Registrar of Assurance	5 days	Rs. 10,000
2	Preparation and execution of Agreement and Memorandum at the Stamp Duty Office	7 days	Rs. 100
3	The final sale deed is prepared by the purchaser or his advocate	7 days	1% of property value
4	Stamp, execute and register final sale deed in the presence of two witnesses	2 days	5% of the market value of the property (stamp duty)
5	Submit documents to the office of the Sub Registrar of Assurances within whose jurisdiction the property is located	1 day	1% of market value of the property (registration fee) up to Rs. 30,000 maximum
6	Apply to Municipality for mutation of the title of the property	30 - 40 days	INR 400-5000

Procedure 1 Check for encumbrances at the office of Sub-Registrar of Assurance**Time to complete:** 5 days**Cost to complete:** Rs. 10,000

Comment: The purchaser should conduct a search of the property in the Registry and the Revenue Office, noting the location details of the property and the time period to be checked. While investigating the title it should be verified (1) that the legal ownership document is in the name of the owner, issued by the Revenue Record Department under the seal of the Tahsildar, (2) that 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, (3) the property is transferable and heritable, (4) the transferor is competent and/or authorized to transfer the property, (5) the transferee is qualified to be a transferee, (6) the object or consideration for the transfer is lawful, (7) the transfer has been made and completed in the manner prescribed by law, (8) the property being sold is free of restrictions for sale under the Urban Land (Ceiling & Regulation) Act, 1976 and a Clearance Certificate for the property has been issued by the U.L.C. (Urban Land Ceiling) Authorities. Also, all papers with regard to payment of taxes, the 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 Preparation and execution of Agreement and Memorandum at the Stamp Duty Office**Time to complete:** 7 days**Cost to complete:** Rs. 100**Comment:** The property is not yet handed over at this stage.**Procedure 3 The final sale deed is prepared by the purchaser or his advocate****Time to complete:** 7 days**Cost to complete:** 1% of property value

Comment: Normally, the sale deed and transfer deed are drafted by a lawyer and the print out of the same is taken out on green paper on which the adhesive stamp for stamp duty is affixed.

Procedure 4 Stamp, execute and register final sale deed in the presence of two witnesses**Time to complete:** 2 days**Cost to complete:** 5% of the market value of the property (stamp duty)**Comment:****Procedure 5 Submit documents to the office of the Sub Registrar of Assurances within whose jurisdiction the property is located****Time to complete:** 1 day**Cost to complete:** 1% of market value of the property (registration fee) up to Rs. 30,000 maximum

Comment:

The documents are submitted with the office of the Sub Registrar of Assurances within whose jurisdiction the property is located. The authorized signatories of the seller and purchaser are required to be present along with two witnesses

The documents are submitted to the Reader of the Sub-Registrar of Assurances for scrutiny. After scrutiny, the Reader indicates the registration fee required, which is 1% of the transaction value or Rs. 30,000/- whichever is less on the document itself. The due registration fee is to be deposited with the cashier against a receipt. After depositing the fees, the documents are presented before the Sub-Registrar 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 simultaneous to the deed being 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 of getting the receipt.

The documentation shall include:

1. Document required to be registered (in duplicate)
2. Two passport-size photographs of the authorized signatories of both parties.
3. Photo identification of each party and witnesses i.e. voters' identity card, passport, identity card issued by Govt. of India, Semi Govt. and Autonomous bodies or identification by a Gazette Officer.
4. Certified true copy of the resolution of the Board of Directors of both seller and purchaser.
5. Certified true copies of certificate of incorporation of both seller and purchaser.
6. Copy of the latest property register card (to be obtained from the City Survey Department) to indicate poroperty does not belong to the government
7. Copy of the Municipal Tax bill to indicate the year in which the building was constructed;.
- 8.No Objection Certificate from the Urban Land Ceiling Department (to be obtained from the Talati Office)

Procedure	6	Apply to Municipality for mutation of the title of the property
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Time to complete:	30 - 40 days
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Cost to complete:	INR 400-5000
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Comment:

After receipt of the registered title deed, the purchaser applies to the Municipal Authority seeking mutation of the title of the property in its favour. The authorised signatory has to submit the duly signed application along with the affidavit, indemnity bond, and a certified/notarised copy of the registered title deed. After the assessment of the request for mutation, the Municipal Authority decides the value for levying tax on property and then issues a letter of mutation in favour of the purchaser.

Getting Credit in India

The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in India.

Getting Credit Indicators (2007)			Indicator
Private bureau coverage (% adults)	Private credit bureau	Public credit registry	4
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage	10.8	0.0	
Number of individuals	81,000,000	0	
Number of firms	800,899	0	
Legal Rights Index			6
Does the law allow all natural and legal persons to be party to collateral agreements?			Yes
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?			No
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?			Yes
Does a unified registry exist for all security rights in movable property?			Yes
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?			No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?			No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?			Yes
During reorganization, is management's control of the company's assets suspended?			Yes
Does the law authorize parties to agree on out of court enforcement?			Yes
May parties have recourse to out of court enforcement without restrictions?			No

Protecting Investors in India

The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in India.

Protecting Investors Data (2007)	Indicator
Disclosure Index	2
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	2
Disclosures by Mr. James to board of directors (0-2; see notes)	2
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	1
Director Liability Index	0
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	0
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	2
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	1
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Shareholder Suits Index	4
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	4
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1
Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

Notes:**Extent of Disclosure Index**

What corporate body provides legally sufficient approval for the transaction?

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

Immediate disclosure to the public and/or shareholders

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures in published periodic filings

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures by Mr. James to board of directors

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

Director Liability Index

Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

Whether a court can void the transaction upon a successful claim by a shareholder plaintiff

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

Shareholder Suits Index

Documents available to the plaintiff from the defendant and witnesses during trial

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

Ability of plaintiffs to directly question the defendant and witnesses during trial

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

Paying Taxes in India

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Bhutan, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Stamp duty	1			5.0%	transaction value		small amount
CENVAT (Excise Duty)	1	online filing		16.3%	value added		not included
State VAT	12			12.5%	value added		not included
Vehicle tax	1			fixed fee (Rs 50)	per vehicle	0.01	
Insurance tax	1			10.0%	insurance premium	0.26	
Fringe Benefit Tax	4			33.7%	fringe benefits	0.26	
Tax on interest	0	withheld		22.4%	interest income	0.57	included in other taxes
Fuel tax	1			8% + Rs. 3.25 per liter	value of fuel consumption	0.58	
Dividend tax	1			14.0%	distributed dividends	2.49	
Property tax	1			10.0%	assessed property value	3.34	
Employee's state insurance contribution	12			4.8%	gross salaries	4.64	
Social security contributions	12		96	12.0%	gross salaries	13.54	
Corporate income tax	1	online filing	47	33.7%	taxable profits	17.15	
Central Sales Tax	12		128	4.0%	purchases	28.28	
Totals	60		271			70.6	

Notes:

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filing available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

Trading Across Borders in India

These tables list the procedures necessary to import and exports a standardized cargo of goods in Belize. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	9	350
Inland transportation and handling	4	200
Customs clearance and technical control	2	120
Ports and terminal handling	3	150
Totals	18	820

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	8	390
Customs clearance and technical control	5	120
Ports and terminal handling	5	200
Inland transportation and handling	3	200
Totals	21	910

Export

Bill of lading

Certificate of origin

Commercial invoice

Customs export declaration

Inspection report

Packing list

Technical standard/health certificate

Terminal handling receipts

Import

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs import declaration

Inspection report

Packing list

Technical standard/health certificate

Terminal handling receipts

Enforcing Contracts in India

This topic looks at the efficiency of contract enforcement in India.

Nature of Procedure (2007)	Indicator
Procedures (number)	46.00
Duration (days)	1,420.00
Filing and service	20.0
Trial and judgment	1,095.0
Enforcement of judgment	305.0
Cost (% of claim)*	39.57
Attorney cost (% of claim)	30.6
Court cost (% of claim)	8.5
Enforcement Cost (% of claim)	0.5

Court information: Bombay High Court of

Judicature
<http://bombayhighcourt.nic.in>

[/site/proceeding/apltdet.html](http://bombayhighcourt.nic.in/site/proceeding/apltdet.html)

* Claim assumed to be equivalent to 200% of income per capita.