

Starting a Business Made Easier Now

No certificate of commencement required

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New Delhi: Private companies will no longer have to wait for a certificate of commencement to start business operations. The government has done away with this requirement, taking another step to ease doing business in India.

Promoters will only have to inform the Registrar of Companies online, a measure to ensure that starting a business in India is less cumbersome as Prime Minister Narendra Mo-

di pushes to improve India's image as an investment destination. India is ranked 142 out of 189 nations in the ease of doing business rankings, according to the World Bank. Singapore tops the global ranking. "The procedural requirement to commence business operations was seen as cumbersome. We have changed the provisions to intimation and not obtaining the COB," said a senior official of the Ministry of Corporate Affairs who did not want to be identified.

According to the Companies Act 2013, after completion of incorporation, companies had to obtain a certificate of commencement of business operations within 30 days and no activity could start before that. "The form meant an additional procedural requirement and payment of stamp duty, which translated into 1-2 days lead time after incorporation and before commencing business activities," said Riaz Thingna, partner at Walker Chandiook & Co.

Under the earlier Companies Act 1956, only public companies had to obtain the certificate before starting operations. But under the Companies Act 2013, which came into effect in April last year, the government made the requirement mandatory for both private and public companies.

The corporate affairs ministry is also working on integrating applications for director identification number, name availability and intimation of registered office into a single form.