

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 1015
ANSWERED ON MONDAY, FEBRUARY 10, 2025
MAGHA 21, 1946 (SAKA)**

**SIMPLIFICATION OF BUSINESS REGISTRATION PROCESS
QUESTION**

**1015. Shri Parbhubhai Nagarbhai Vasava:
Dr. Lata Wankhede**

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

- (a) the major schemes and the steps being taken by the Government to simplify the Business Registration Process to reform corporate sector and strengthen the economy of the country along with the impact of these schemes on businesses;**
- (b) the manner in which the Government is addressing the delays in obtaining business licenses and permits;**
- (c) the measures implemented to streamline tax compliance for businesses;**
- (d) whether the Government has any plan to reduce regulatory overlap between Central and State Agencies; and**
- (e) the measures taken/being taken by the Government to improve access to credit for small businesses?**

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS AND
MINISTER OF STATE IN THE MINISTRY OF ROAD, TRANSPORT AND
HIGHWAYS**

[SHRI HARSH MALHOTRA]

(a) & (b) Steps taken by the Government for simplification of the business registration process are as under:

- The Ministry of Corporate Affairs has deployed a Web Form called SPICe+ which along with a linked form called AGILE PRO-S provides eleven starting business related services through a single integrated web form.**

- **Central Registration Centre (CRC)** was established on 22.01.2016 for name reservation and incorporation of companies to ensures uniformity, consistency, and faster processing of the applications.
- The latest **Business Reform Action Plan (BRAP 2024)** edition introduces a new wave of reforms like **Reducing Compliance Burden (RCB)**, **Decriminalization**, and **B-READY**. Industry consultations have been pivotal in identifying areas for simplification, leading to the introduction of **BRAP Plus (BRAP+)**, which adds 70 new reforms, and addresses specific industry challenges to improve the business climate. The updated **BRAP 2024** now includes a total of 344 reforms ensuring the framework remains relevant and effective in the evolving business landscape.
- **Reducing Compliance Burden (RCB):** The RCB initiative has resulted in over 42,000 compliance reductions nationwide.
- As per **Rule 12 of Companies (Incorporation) Rules, 2014**, the companies do not have to obtain approvals/permits from sectoral regulators for the purpose of incorporation. Only a declaration that necessary approval shall be obtained at the time of commencement of business is required to be attached.

(c) The Government has taken number of measures to streamline tax compliance for businesses of which some of the significant ones are as under:

GST Compliance Measures:

- **Stricter Return Filing:** To enforce timely and accurate filing of **Goods and Services Tax (GST)** returns. This includes restrictions on filing **FORM GSTR-1** (outward supply details) if the taxpayer has not filed **FORM GSTR-3B**
- **Sequential Filing:** The system now mandates sequential filing of **FORM GSTR-1** before filing **FORM GSTR-3B**. This aims to ensure accuracy in reporting.
- **Input Tax Credit (ITC) Limitations:** Amendments have been introduced to restrict **Input Tax Credit (ITC)** availment to the extent that the supplier has declared the details of the supply in **FORM GSTR-1** and that this information is reflected in the taxpayer's **FORM GSTR-2B**.
- **System-Based Intimations:** To encourage self-compliance, the system will generate an automated notification to taxpayers when there is a difference in liability reported between **FORM GSTR-1** and **FORM GSTR-3B**, giving them an opportunity to rectify the discrepancy or provide an explanation.

Customs Streamlining:

- **Digital Initiatives:** The document emphasizes digital transformation in customs procedures over the past five years, including "Faceless Assessment" and paperless procedures such as web-based registration of goods, automated clearance of certain goods and risk based inspections.
- **Preferential Duty Rates:** Introduction of Customs (Administration of Rules of Origin under Trade Agreements) Rules allows importers to claim preferential duty rates effectively.
- **Exchange Rate Automation:** Automation of exchange rates reduces manual processes.

(d) Government has taken measures to address regulatory overlaps between Central and State governments through the Business Reform Action Plan (BRAP) and Regulatory Compliance portal. The portal helps to streamline regulatory processes across states and union territories.

(e) The Government has taken several initiatives to support Micro, Small, and Medium Enterprises (MSMEs) to improve the flow of credit to small businesses. Some of the important initiatives are as follows:

- **Multiple Schemes for Funding:** The Government has implemented various schemes like the Prime Minister's Employment Generation Programme (PMEGP), Special Credit Linked Capital Subsidy Scheme (SCLCSS), and the Credit Guarantee Scheme for MSEs to facilitate access to finance. These programs offer subsidies, collateral-free loans, and credit guarantees to encourage lending to MSMEs.
- **Credit Guarantee Enhancements:** The Credit Guarantee Scheme has been boosted with significant infusions of funds to enable additional credit flow at reduced costs. Moreover, the scheme now offers enhanced guarantee coverage for women-owned enterprises.
- **Mudra Loans:** The limit for Mudra Loans has been increased from Rs. 10 lakh to Rs. 20 lakh to provide greater financial assistance to micro-enterprises.
- **Udyam Assist Platform (UAP):** The UAP was launched to bring informal micro-enterprises into the formal sector, enabling them to access the benefits of Priority Sector Lending.
- **Trade Receivables Discounting System (TReDS):** TReDS is an electronic platform to facilitate the discounting of MSME trade receivables, thereby addressing the issue of delayed payments. The threshold for buyers to onboard the TReDS platform has been reduced from Rs. 500 crores to Rs. 250 crores.
- **Collateral Requirements:** Scheduled Commercial Banks(SCBs) have been mandated not to require collateral for loans up to ₹10 lakh extended to MSE sector units.

- **Streamlining Credit Flow:** Banks are advised to adjust their lending policies to the MSME sector to allow for additional working capital limits, mid-term reviews of regular working capital limits, and set timelines for credit decisions to ensure timely and adequate credit availability.
- **Timelines for Credit Decisions:** For loans up to ₹25 lakh to MSE borrowers, the SCBs have been advised that timeline for credit decisions should not exceed 14 working days.
- **Priority Sector Lending Status for Factoring Transactions:** ‘With recourse’ factoring transactions by banks, where the assignor is an MSME, are eligible for priority sector classification under the MSME category. Factoring transactions through TReDS also qualify for priority sector classification.
- **Interest Rates on Loans to MSMEs:** Banks have been advised to link loans to Micro and Small Enterprises to an external benchmark since October 1, 2019. Loans to Medium Enterprises have also been linked to external benchmarks since April 1, 2020. The reset clause for loans has been reduced to three months. Under the external benchmark system, Banks have been advised to offer existing borrowers a switchover option to the external benchmark-based interest regime.
- **Regulatory Retail Portfolio:** The threshold for the Regulatory Retail Portfolio for a single counterparty was increased from ₹5 crore to ₹7.5 crore. Banks may assign a lower risk weight of 75% exposure to MSME entities with the counterparty exposure up to ₹7.50 crore.
- **Co-Lending by Banks and NBFCs:** The “Co-Lending Model” allows banks and NBFCs to collaborate to improve credit flow to underserved sectors, including MSMEs.
- **Regulatory Sandbox (RS):** The RBI has opened a Regulatory Sandbox for MSME lending to spur innovations through technology and data analytics.
- **Account Aggregator (AA) Framework:** The RBI has facilitated the AA framework to enable secure and efficient sharing of financial information. This includes the onboarding of GSTN as a Financial Information Provider (FIP) for MSME lending.
