

Tuesday, September 27, 2005

Ministry of Commerce & Industry

**WORLD BANK REPORT DOES NOT TAKE INTO ACCOUNT POLICY INITIATIVES  
TAKEN TO SIMPLIFY PROCEDURES - PRESS NOTE**

15:12 IST

World Bank's recently released Report: 'Doing Business in 2006' reports that it takes 71 days to complete the 11 procedures required to set up business in India. Last year's report had indicated that 89 days were required to complete these processes. The conclusion is based on the feedback from selected resource persons for Mumbai in January 2005. It has been reported that it took 30 days to get a Permanent Account Number (PAN) and 45 days to get a Tax Account Number in Mumbai.

It appears that the report, which is based on the feedback by few resource persons, has not taken into account the initiatives which are already in place. In fact, reduction of time taken in allotment of PAN/TAN itself would mean that the total time required to set up business would be less than 30-40 days, which will come down further with the completion of MCA-21 e-governance initiative.

Government of India has initiated a number of steps to simplify and speed up the process of allotment of PAN. These include appointment of professional agencies to receive and verify PAN applications, facility of Tatkal allotment of PAN, setting up of call centre, etc. As a result of these steps, 63.70 lac PANs were allotted in 2004-05 against 44.60 lac in 2003-04. On an average, more than 5 lac PANs were allotted every month during 2004-05. Analysis of the applications received during January-June 2005 shows that in over 99% cases, PAN cards were issued within 10 working days which is substantially lower than the 30 day period reported in the aforesaid report.

The work of issuing TAN (TAX Deduction and Collection Account Number) has also been outsourced to National Securities Depository Limited and currently TAN are being issued in less than 15 days against the period of 45 days suggested in the report. It may also be clarified that TAN is not a pre-requisite for starting a business.

Government of India has also initiated a major e-Governance, initiative, known as MCA-21, in the Ministry of Company Affairs (MCA) for putting in place an operational system for electronic transactions in respect of the core activities under the Companies Act. The Pilot Projects for the Office of the Registrar of Companies at Coimbatore and at Delhi are scheduled to become operational by 15th February 2006 and work in the remaining 18 locations in a phased manner by April 30, 2006. All the services relating to the incorporation of Companies such as - availability of name, incorporation and issuance of certificate of Incorporation would be available on-line on a real time basis e.g. it would be possible to complete the process of request for Incorporation of Company, filed on-line, within a timeframe of 2-3 days.

**Department of Industrial Policy & Promotion, Ministry of Commerce & Industry  
New Delhi, September 27, 2005**