

Doing Business 2011

India

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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1818 H Street NW
Washington, DC 20433
Telephone 202-473-1000
Internet www.worldbank.org

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Doing Business 2011
Business Reforms

Doing Business 2011: Making a Difference for Entrepreneurs is the eighth in a series of annual reports investigating 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 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 9 stages of a business's life are measured: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2011* are current as of June 1, 2010*. 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 an economy'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 economies, the indicators refer to a specific type of business, generally a local 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 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 18 in the Middle East and North Africa and 8 in South Asia, as well as 30 OECD high-income economies.

The following pages present the summary Doing Business indicators for India. The data used for this economy profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator.

The good-practice economies 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 countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2011: Making a Difference for Entrepreneurs* 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 (www.doingbusiness.org).

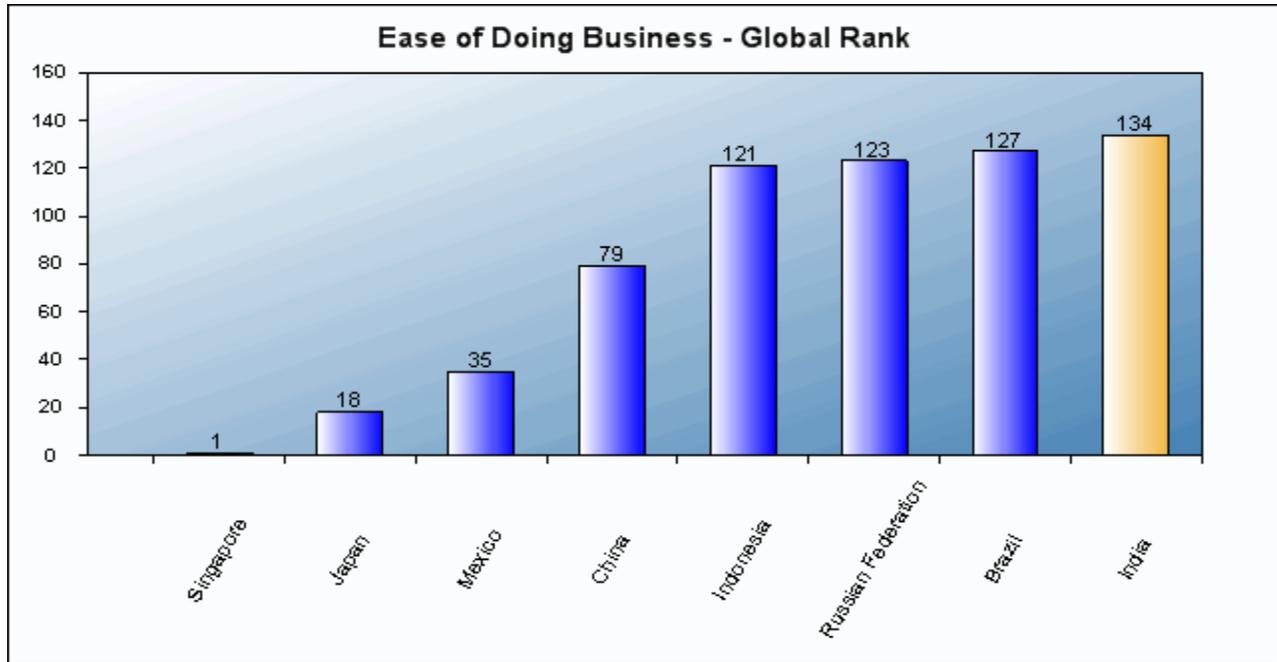
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

Note: 2008-2010 Doing Business data and rankings have been recalculated to reflect changes to the methodology and the addition of new economies (in the case of the rankings).

Economy Rankings - Ease of Doing Business

India is ranked 134 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

India - Compared to global good practice economy as well as selected economies:



India's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	134
Starting a Business	165
Dealing with Construction Permits	177
Registering Property	94
Getting Credit	32
Protecting Investors	44
Paying Taxes	164
Trading Across Borders	100
Enforcing Contracts	182
Closing a Business	134

Summary of Indicators - India

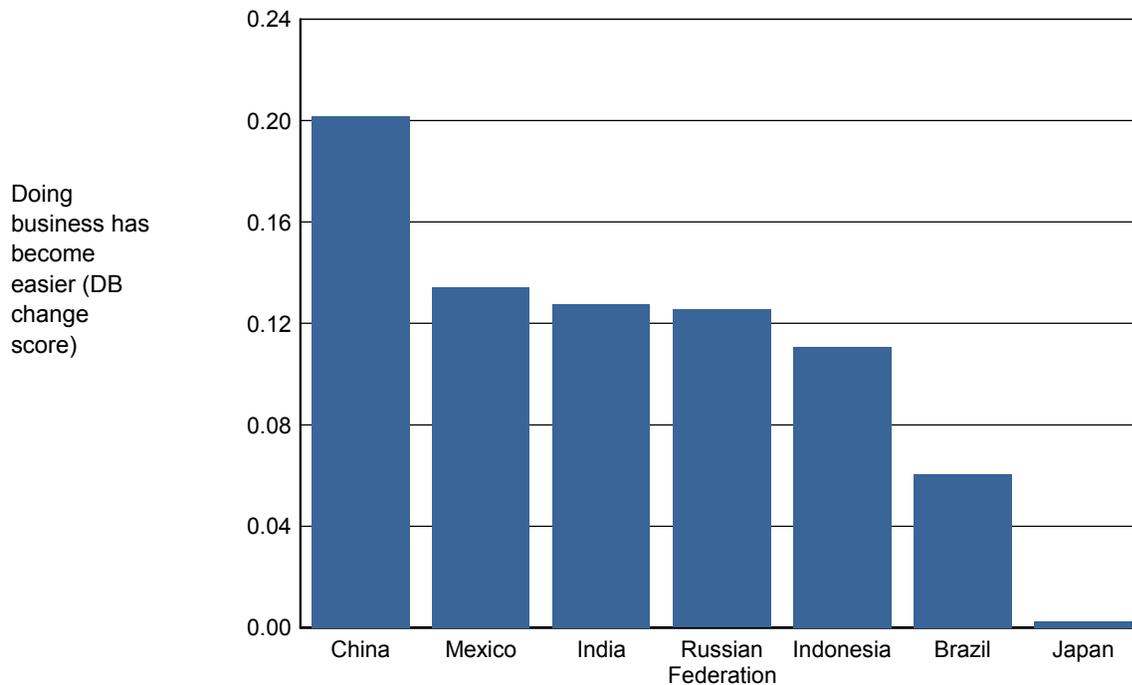
Starting a Business	Procedures (number)	12
	Time (days)	29
	Cost (% of income per capita)	56.5
	Min. capital (% of income per capita)	188.8
Dealing with Construction Permits	Procedures (number)	37
	Time (days)	195
	Cost (% of income per capita)	2143.7
Registering Property	Procedures (number)	5
	Time (days)	44
	Cost (% of property value)	7.4
Getting Credit	Strength of legal rights index (0-10)	8
	Depth of credit information index (0-6)	4
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	10.0
Protecting Investors	Extent of disclosure index (0-10)	7
	Extent of director liability index (0-10)	4
	Ease of shareholder suits index (0-10)	7
	Strength of investor protection index (0-10)	6.0
Paying Taxes	Payments (number per year)	56
	Time (hours per year)	258
	Profit tax (%)	24.0
	Labor tax and contributions (%)	18.2
	Other taxes (%)	21.1
	Total tax rate (% profit)	63.3
Trading Across Borders	Documents to export (number)	8
	Time to export (days)	17
	Cost to export (US\$ per container)	1055
	Documents to import (number)	9
	Time to import (days)	20
	Cost to import (US\$ per container)	1025

Enforcing Contracts	Procedures (number)	46
	Time (days)	1420
	Cost (% of claim)	39.6
Closing a Business	Recovery rate (cents on the dollar)	16.3
	Time (years)	7.0
	Cost (% of estate)	9

The 5 year measure of cumulative change illustrates how the business regulatory environment has changed in 174 economies from *Doing Business 2006* to *Doing Business 2011*. Instead of highlighting which countries currently have the most business friendly environment, this new approach shows the extent to which an economy's regulatory environment for business has changed compared with 5 years ago.

This snapshot reflects all cumulative changes in an economy's business regulation as measured by the Doing Business indicators—such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions.

This figure shows the distribution of cumulative change across the 9 indicators and time between *Doing Business 2006* and *Doing Business 2011*



Many economies have undertaken reforms to smooth the starting a business process in stages—and often as part of a larger regulatory reform program. A number of studies have shown that among the benefits of streamlining the process to start a business have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities. Economies with higher entry costs are associated with a larger informal sector and a smaller number of legally registered firms.

Some reform outcomes

In Egypt reductions of the minimum capital requirement in 2007 and 2008 led to an increase of more than 30% in the number of limited liability companies.

In Portugal creation of One-Stop Shop in 2006 and 2007 resulted in a reduction of time to start a business from 54 days to 5. In 2007 and 2008 new business registrations were up by 60% compared with 2006.

In Malaysia reduction of registration fees in 2008 led to an increase in registrations by 16% in 2009.

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration
- Post registration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law

Paid-in minimum capital (% of income per capita)

- Deposited in a bank or with a notary prior to registration begins

Starting a Business: getting a local limited liability company up and running
Rankings are based on 4 subindicators



Case Study Assumptions

- Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business.
- Any required information is readily available and that all agencies involved in the start-up process function without corruption.

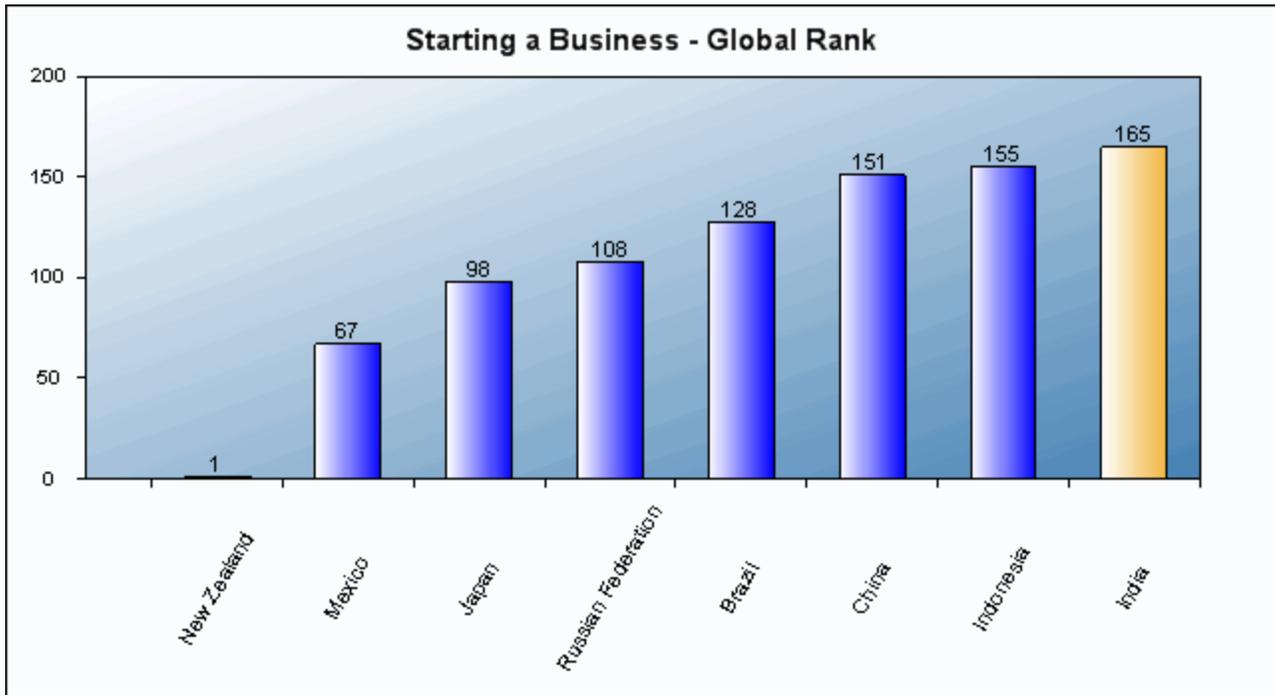
The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

1. Benchmarking Starting a Business Regulations:

India is ranked 165 overall for Starting a Business.

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



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

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)
Denmark*			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
India	12	29	56.5	188.8

<i>Comparator Economies</i>				
Brazil	15	120	7.3	0.0
China	14	38	4.5	118.3
Indonesia	9	47	22.3	53.1
Japan	8	23	7.5	0.0
Mexico	6	9	12.3	9.2
Russian Federation	9	30	3.6	1.9

* The following economies are also good practice economies for :

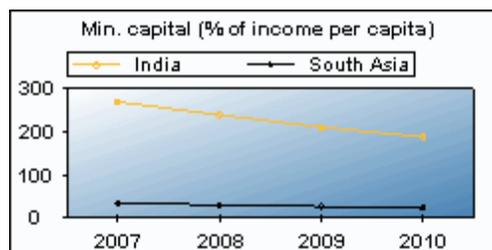
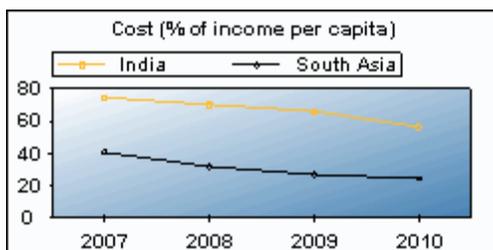
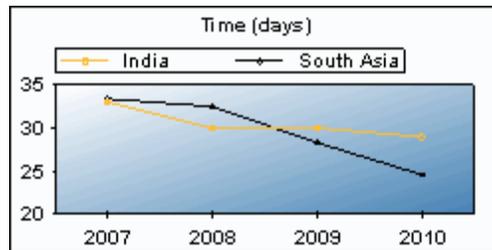
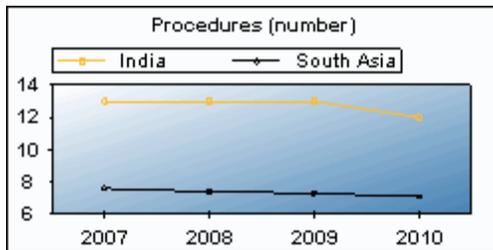
Procedures (number): Canada

Cost (% of income per capita): Slovenia

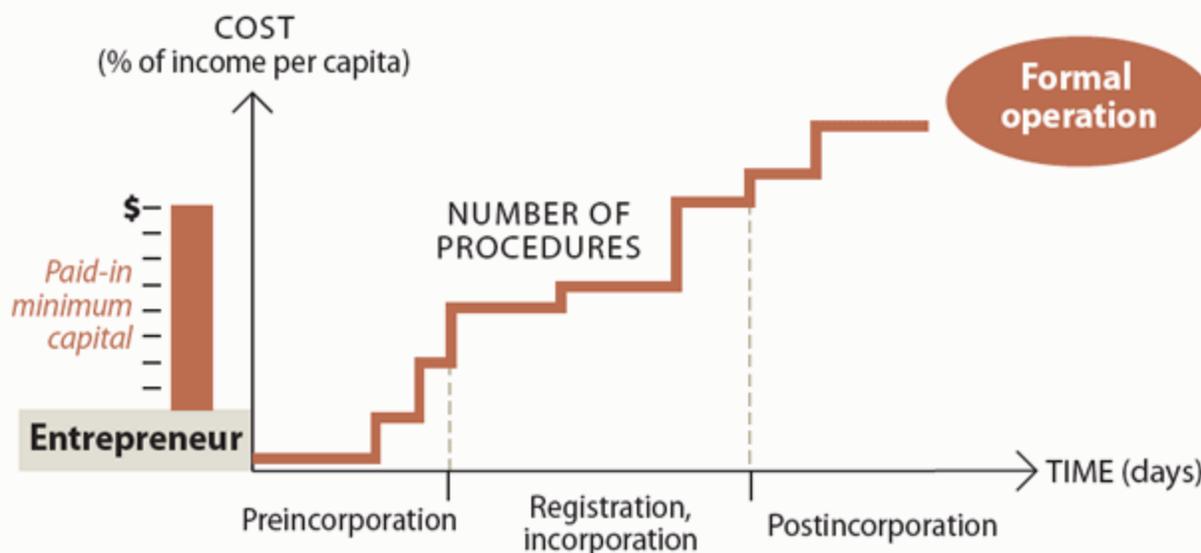
2. Historical data: Starting a Business in India

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	168	165
Procedures (number)	13	13	13	12
Time (days)	33	30	30	29
Cost (% of income per capita)	74.6	70.1	66.1	56.5
Min. capital (% of income per capita)	269.5	239.4	210.9	188.8

3. The following graphs illustrate the Starting a Business sub indicators in India over the past 4 years:



What are the time, cost, paid-in minimum capital and number of procedures to get a local, limited liability company up and running?



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

STANDARDIZED COMPANY

Legal Form: Private Limited Company

City: Mumbai

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain director identification number (DIN) on-line	1	INR 100
2	Obtain digital signature certificate on-line	3	INR 1,525
3	Reserve the company name with the Registrar of Companies (ROC) on-line	2	INR 500
4	Pay stamp duties online, file all incorporation forms and documents online and obtain the certificate of incorporation	5	INR 18,789
5	Make a seal	1	INR 350
6	Visit an authorized franchise or agent appointed by National Securities Depository Services Limited (NSDL) or Unit Trust of India (UTI) Investors Services Ltd to obtain a Permanent Account Number (PAN)	7	INR 94
7 *	Obtain a tax account number for income taxes deducted at source from the Assessing Office in the Mumbai Income Tax Department	7	INR 60

8	* Register with Office of Inspector, Mumbai Shops and Establishment Act	2	INR 8,000
9	* Register for VAT online	10	INR 525
10	* Register for profession tax	2	no charge
11	* Register with Employees' Provident Fund Organization	12	no charge
12	* Register for medical insurance (ESIC)	9	no charge

* Takes place simultaneously with another procedure.

Starting a Business Details - India

Procedure 1 Obtain director identification number (DIN) on-line

Time to complete: 1

Cost to complete: INR 100

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

1) Obtain the provisional DIN by filing application Form DIN-1 online. This form is on the Ministry of Corporate Affairs 21st Century (MCA 21) portal www.mca.gov.in. The provisional DIN is immediately issued (Provisional DIN is valid for a period of 60 days. The application form must then be printed and signed and sent for approval to the ministry by courier along with proof of identity and address:

A. Identity Proof (Any one)

- PAN Card
- Driving License
- Passport
- Voter Id Card

A photograph should be attached to the DIN application and the documents in proof of identity and address must be attested by a Public Notary or Gazette Officer of the Government or by a practicing professional (such as practising Chartered Accountant, a practising Company Secretary or a practising Cost Accountant or Company Secretary of the company in full time employment of the company, whose director the applicant is proposed to be appointed).

B. Residence Proof (Any one)

- Driving License
- Passport
- Voter Id Card
- Telephone Bill
- Ration Card
- Electricity Bill
- Bank Statement

2) The concerned authority verifies all the documents and, upon approval, issues a permanent DIN. It takes about 3-5 days to issue the permanent DIN.

Procedure 2 Obtain digital signature certificate on-line

Time to complete: 3

Cost to complete: INR 1,525

Comment: To use the new electronic filing system under MCA 21, the applicant must obtain a Class-II Digital Signature Certificate. The digital signature certificate can be obtained from one of six private agencies authorized by MCA 21 such as Tata Consultancy Services. Company directors submit the prescribed application form along with proof of identity and address. Each agency has its own fee structure, ranging from INR 400 to INR 2650.

There are total seven Certification Agencies authorised by the Controller of Certification Agencies to issue the Digital Signature Certificates. The details of these Certification Agencies are available on the portal of the Ministry of Corporate Affairs (www.mca.gov.in).

Procedure 3 Reserve the company name with the Registrar of Companies (ROC) on-line

Time to complete: 2

Cost to complete: INR 500

Comment: Company name approval must be done electronically. Under e-filing for name approval, the applicant can check the availability of the desired company name on the MCA 21 Web site.

The RoC in Mumbai has staff members working full time on name reservations (approximately 3 but more if the demand increases). A maximum of 6 suggested names can be submitted, they are then checked by RoC staff for any similarities with all other names in India.

The MCA receives approximately 50-60 applications a day. After being cleared by the junior officer, the name requests are sent to the senior officer for approval. Once approved, the selected name appears on the website. Applicants need to keep consulting the website to confirm that one of their submitted names was approved.

In practice, it takes 2 days for obtaining a clearance of the name if the proposed name is available and conforms to the naming standards established by the Company Act (1 day for submission of the name and 1 day for it to appear on the MCA website).

Procedure 4 Pay stamp duties online, file all incorporation forms and documents online and obtain the certificate of incorporation

Time to complete: 5

Cost to complete: INR 18,789

Comment: As a result of MCA's desire to further the e-governance's initiatives, with effect from 1st of January 2010 it has been made compulsory to pay all stamp duties on incorporation documents online through the Ministry of Corporate Affairs (MCA) website. As a result of these reforms, the mode of payment of stamp duty through affixation of adhesive stamps on Articles of Association and Memorandum of Association has been replaced by e-payment of applicable stamp duty on Articles and Memorandum of association through MCA portal. Further, certain forms: Form 1 (a primary form used in the incorporation process), Form 5 & Form 44 will also be stamped electronically through MCA Portal. Further, the reforms also provides that the documents on which e-stamping has been done, need not to be filed physically and electronic filing of the same would be sufficient.

For registration, the following forms are required to be electronically filed on the website of the Ministry of Company Affairs:

- (a) e-form 1;
- (b) e-form 18;
- (c) e-form 32

Along with these documents, scanned copies of the consent of the initial directors, and also of the signed and the Memorandum and Articles of Association, must be attached to Form 1.

- The fees for registering a company can be paid online by using a credit card or by payment in cash at certain authorized banks;
- The certificate of incorporation is sent automatically to the registered office of the company by registered or speed post.

The registration fees paid to the Registrar are scaled according to the company's authorized capital (as stated in its memorandum):

- INR 100,000 or less: INR 4,000.

If the nominal share capital is over INR 100,000, additional fees based the amount of nominal capital apply to the base registration fee of INR 4,000:

- For every INR 10,000 of nominal share capital or part of INR 10,000 after the first INR 100,000, up to INR 500,000: INR 300.
- For every INR 10,000 of nominal share capital or part of INR 10,000 after the first INR 500,000, up to INR 5,000,000: INR 200.
- For every INR 10,000 of nominal share capital or part of INR 10,000 after the first INR

5,000,000, up to INR 10,000,000: INR 100.

- For every INR 10,000 of nominal share capital or part of INR 10,000 after the first INR 10,000,000: INR 50.

The payment of fees can be made either (1) offline; one can upload all incorporation documents and generate the payment Chalan. Against this Chalan, the applicant has to obtain a demand draft for filing fees amount in favor of "Pay & Accounts Office, Ministry of Corporate Affairs, New Delhi" and this demand draft is payable at Mumbai. The applicant has to visit the specified branches of certain banks to make the payments. Upon the receipt of the payments, it takes around one week for clearance of payment. Only after the clearance of payment does the RoC accept the documents for verification and approvals (2) online; the applicant makes the payment through credit cards and the system accepts the documents immediately. Please note that in Mumbai, RoC requests for pre-scrutiny of documents for any correction thereon, before the documents are uploaded, so that once the documents have been uploaded, it can be approved without any further correction. The online filing mechanism requires only one copy of scanned documents to be filed (including stamped MOA, AOA, and POA).

Schedule of Registrar filing fees for the articles and for the other forms (1, 18, and 32):

- INR 200 for a company with authorized share capital of more than INR 100,000 but less than INR 500,000.

- INR 300 for a company with nominal share capital of INR 500,000 or more but less than INR 2,500,000.

- INR 500 for a company with nominal share capital of INR 2,500,000 or more.

According to Article 10 and Article 39 of the Indian Stamp Act (1899), the stamp duty payable on the memorandum and articles of association for company incorporation in Mumbai, Maharashtra, is as follows:

- Articles of association: INR 1000/- for every INR 500,000/- of share capital (or part thereof), subject to a maximum of INR 5,000,000.

- Memorandum of association: INR 200.

- Form-1 (declaration of compliance): INR 100.

Procedure 5 Make a seal

Time to complete: 1

Cost to complete: INR 350

Comment: Although making a seal is not a legal requirement for the company to be incorporated, companies require a company seal to issue share certificates and other documents.

Procedure 6 Visit an authorized franchise or agent appointed by National Securities Depository Services Limited (NSDL) or Unit Trust of India (UTI) Investors Services Ltd to obtain a Permanent Account Number (PAN)

Time to complete: 7

Cost to complete: INR 94

Comment: Under the Income Tax Act, 1961, each person must quote his or her permanent account number (PAN) for tax payment purposes and the tax deduction and collection 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 payment (Chalan) without the PAN or TAN, as applicable.

The PAN is a 10-digit alphanumeric number issued on a laminated card by an assessing officer of the Income Tax Department. In order to improve PAN related services, the Income Tax department (effective July 2003) outsourced their operations pertaining to allotment of PAN and issue of PAN cards to UTI Investor Services Ltd, which was authorized to set up and manage IT PAN Service Centers in all cities where there is an Income Tax office.

The National Securities Depository Limited (NSDL) has also launched PAN operations effective June 2004, setting up TIN Facilitation Centers. The PAN application is made through the above

mentioned service centers on Form 49A, with a certified copy of the certificate of registration, issued by the Registrar of Companies, along with proof of company address and personal identity. A fee of INR 94 (plus applicable taxes) applies for processing the PAN application.

IT PAN Service Centers or TIN Facilitation Centers will supply PAN application forms (Form 49A), assist the applicant in filling up the form, collect filled form and issue acknowledgement slip. After obtaining PAN from the Income Tax department, UTIISL or NSDL as the case may be, will print the PAN card and deliver it to the applicant.

The application for PAN can also be made online but the documents still need to be physically dropped off for verification with the authorized agent. For more details (www.incometaxindia.gov.in , www.utiisl.co.in , www.tin-nsdl.com)

Procedure 7 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

Cost to complete: INR 60

Comment: The tax deduction and collection account number (TAN) is a 10-digit alphanumeric number required by all persons responsible for deducting or collecting tax. The provisions of Section 203A of the Income Tax Act require that all persons who deduct or collect tax at the source must apply for a TAN. The section also makes it mandatory for the TAN to be quoted in all tax-deducted-at-source (TDS) and tax-collected-at-source (TCS) returns, all TDS/TCS payment Chals, and all TDS/TCS certificates issued. Failure to apply for a TAN or to comply with any of the other provisions of the section is subject to a penalty of INR 10,000/- .

The application for allotment of a TAN must be filed using Form 49B and submitted at any TIN Facilitation Center authorized to receive e-TDS returns. Locations of TIN Facilitation Centers are at www.incometaxindia.gov.in and <http://tin-nsdl.com> The processing fee for both applications (a new TAN or a change request) is INR 60 (plus applicable taxes).

After verification of application, the same is sent to Income Tax Department and upon satisfaction the department issues the TAN to the applicant. The national government levies the income tax. Since outsourcing, any authorized franchise or agent appointed by National Securities Depository Services Limited (NSDL) can accept and process the TAN application.

The application for TAN can be made either online TAN can be through the NSDL website www.tin-nsdl.com or offline. However, after the payment of the fee by credit card, the hard copy of the application must be Upon payment of the fee through credit card, the hard copy of the application is required to be physically filed with NSDL.

Procedure 8 Register with Office of Inspector, Mumbai Shops and Establishment Act

Time to complete: 2

Cost to complete: INR 8,000

Comment: A statement containing the employer's and manager's name and the establishment's name (if any), postal address, and category must be sent to the local shop inspector with the applicable fees.

According to Section 7 of the Bombay Shops and Establishments Act, 1948, the establishment must be registered as follows:

- Under Section 7(4), the employer must register the establishment in the prescribed manner within 30 days of the date on which the establishment commences its work.
- Under Section 7(1), the establishment must submit to the local shop inspector Form A and the prescribed fees for registering the establishment.
- Under Section 7(2), after the statement in Form A and the prescribed fees are received and the correctness of the statement is satisfactorily audited, the certificate for the registration of the establishment is issued in Form D, according to the provisions of Rule 6 of the Maharashtra Shops and Establishments Rules of 1961.

Since the amendments in the Maharashtra Shops & Establishment (Amendment) Rules, 2003 dated 15th December 2003, the Schedule for fees for registration & renewal of registration (as per Rule 5) is as follows:

0 employees: INR 100
1 to 5 employees: NR 300
6 to 10 employees : INR 600
11 to 20 employees: INR 1000
21 to 50 employees : INR 2000
51 to 100 employees : INR 3500
101 or more:- INR 4500

Hence in the given case the registration fees would be INR 2000, as there are 50 employees

In addition, an annual fee (three times the registration and renewal fees) is charged as trade refuse charges (TRC), under the Mumbai Municipal Corporation Act, 1888.

Procedure 9 Register for VAT online

Time to complete: 10

Cost to complete: INR 525

Comment: VAT online registration was introduced by the Commissioner of Sales Tax, Maharashtra State, Mumbai, Trade Circular No. 4T of 2009, dated January 23, 2009. According to Notification No. VAT/AMD-1009/IB/Adm-6, dated 26th August 2009, application for registration of VAT by the founders who are required to obtain registration or those who voluntarily desire to get registration can be, as of 1st October 2009, filed electronically on the website www.mahavat.gov.in. After the completed application form is submitted online, an acknowledgment containing the date and time for attending before the registering authority along with code/designation and address of registering authority is generated. The company should print a copy of the completed e-application and submit it along with the acknowledgement to the registration authority for verification and photo attestation on a given date and time along with relevant documents. If the application is correct and complete in all respect along with relevant documents then the registering authority will generate TIN after verification of the documents. Registration certificate will be printed and issued to the company on the appointed date. Usually, the appointment date is scheduled in the next 10 days.

Other accompanying documentation includes:

- Certified true copy of the memorandum and articles of association of the company.
- Proof of permanent residential address. At least 2 of the following documents must be submitted: copy of passport, copy of driving license, copy of election photo identity card, copy of property card or latest receipt of property tax of Municipal Corporation, copy of latest paid electricity bill in the name of the applicant.
- Proof of place of business (for an owner, the case of Doing Business): Proof of ownership of premises viz. copy of property card or ownership deed or agreement with the builder or any other relevant documents
- One recent passport size photograph of the applicant
- Copy of Income Tax Assessment Order having PAN or copy of PAN card
- Chalan in Form No. 210 (original) showing payment of registration fee at INR 5000/in case of voluntary RC and INR 500/in other cases

Procedure 10 Register for profession tax

Time to complete: 2

Cost to complete: no charge

Comment: According to section 5 of the Profession Tax Act, every employer (not being an officer of the government) is 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 in Mumbai. Depending on

the nature of the business, the application should be supported with such documents 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, and so forth.

Procedure 11 Register with Employees' Provident Fund Organization

Time to complete: 12

Cost to complete: no charge

Comment: The Employees Provident Funds & Miscellaneous Provisions Act, 1952 applies to an establishment, employing 20 or more persons and engaged in any of the 183 Industries and Classes of business establishments, throughout India excluding the State of Jammu and Kashmir.

The applicant fills in an application and is then allotted a social security number. The Provident Fund registration focuses on delinquent reporting, underreporting, or non-reporting of workforce size. Provident Fund registration is optional if workforce size is not more than 20.

The employer is required to provide necessary information to the concerned regional Provident Fund Organization (EPFO) in prescribed manner for allotment of Establishment Code Number. No separate registration is required for the employees. Nevertheless all eligible employees are required to become members of the Fund and individual account number is allotted by the employer in prescribed manner.

As per an internal circular, the code number is to be allotted within 3 days from the date of submission, if the application is complete in all respects. However, in many cases applicants have received the intimation letter with the code number in 12 to 15 days. An online application facility is not provided so far.

Procedure 12 Register for medical insurance (ESIC)

Time to complete: 9

Cost to complete: no charge

Comment: Registration is the process by which every employer/factory and every employee employed for wages are identified for the purpose of the medical insurance scheme and their individual records are set up for them.

As per the Employees' State Insurance (General), Form 01 is the form required to be submitted by Employer for registration. It takes 3 days to a week for the Employer Code Number to be issued. The "intimation letter" containing the Code Number is sent by post to the employer and that takes an additional couple of days.

The Employee's individual insurance is a separate process and occurs after Employer's registration. The Employer is responsible for submitting the required Declaration Form and employees are responsible for providing correct information to the employer. The employee temporary cards (ESI Cards) are issued on the spot by the local offices in many places. The temporary cards are valid for 13 weeks from the date of appointment of the employees. It takes about 4 to 5 weeks to get a permanent ESI card. In order to insure that all the insured persons receive their identity cards to enable them to receive cash and medical benefit, the identity cards will be delivered to the insured persons directly by the ESI Corporation rather than through the employers.

The ESI Act applies to all establishments employing 20 or more persons. The ESI Act provides for sickness benefits, medical relief, maternity benefits for women workers, compensation for fatal and other employment injuries, etc. Every employee who receives wages up to Rs. 10,000 per month is covered by this Act.

In many economies, especially developing 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. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Some reform outcomes

In Burkina Faso, a one-stop shop for construction permits, "Centre de Facilitation des Actes de Construire", was opened in May 2008. The new regulation merged 32 procedures into 15, reduced the time required from 226 days to 122 and cut the cost by 40%. From May 2009 to May 2010 611 building permits were granted in Ouagadougou, up from an average of about 150 a year in 2002-06.

Toronto, Canada revamped its construction permitting process in 2005 by introducing time limits for different stages of the process and presenting a unique basic list of requirements for each project. Later it provided for electronic information and risk-based approvals with fast-track procedures. Between 2005 and 2008 the number of commercial building permits increased by 17%, the construction value of new commercial buildings by 84%.

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Case Study Assumptions

The business:

- is a small to medium-size limited liability company in the construction industry, located in the economy's largest business city
- is 100% domestically and privately owned and operated
- has 60 builders and other employees
- has at least one employee who is a licensed architect and registered with the local association of architects

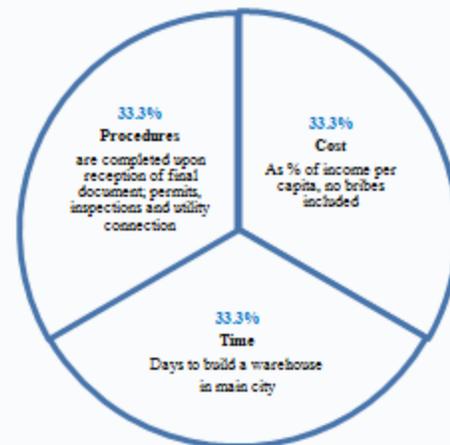
The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- 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 a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

Dealing with Construction Permits:

Building a warehouse

Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

India is ranked 177 overall for Dealing with Construction Permits.

Ranking of India in Dealing with Construction Permits - Compared to good practice and selected economies:



The following table shows Dealing with Construction Permits data for India compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.8
Singapore		25	

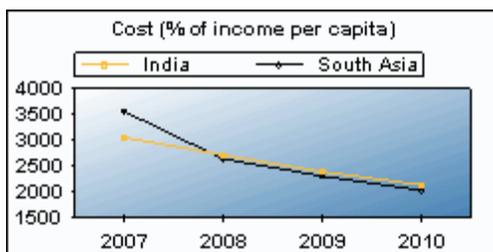
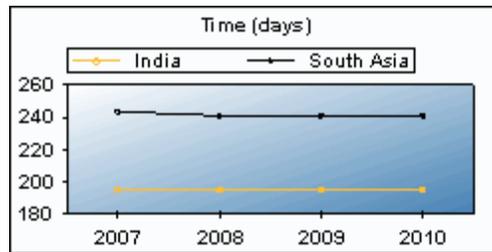
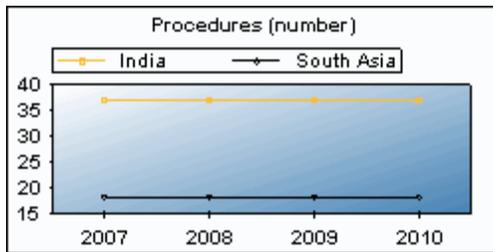
<i>Selected Economy</i>			
India	37	195	2143.7

<i>Comparator Economies</i>			
Brazil	18	411	46.6
China	37	336	523.4
Indonesia	14	160	173.3
Japan	15	187	20.8
Mexico	11	105	117.0
Russian Federation	53	540	4141.0

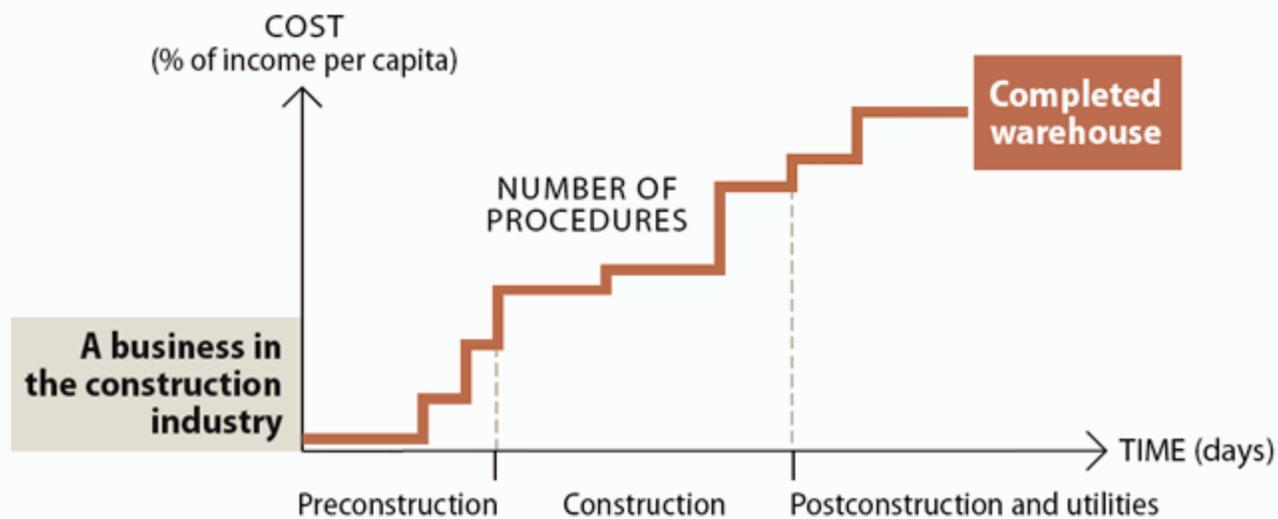
2. Historical data: Dealing with Construction Permits in India

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	176	177
Procedures (number)	37	37	37	37
Time (days)	195	195	195	195
Cost (% of income per capita)	3060.1	2717.8	2394.9	2143.7

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in India over the past 4 years:



What are the time, cost and number of procedures to comply with formalities to build a warehouse?



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

BUILDING A WAREHOUSE

City: Mumbai

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Submit application and design plans at Building Proposal office of BMC and pay scrutiny fee	1 day	INR 36,417
2	Receive site inspection from Building Proposal Office	1 day	no charge
3	Obtain Intimation of Disapproval from the Building Proposal Office and pay fees	60 days	INR 1,301
4	Submit structural plans approved by a structural engineer to BMC	1 day	no charge
5 *	Apply for NOC from Tree Authority	1 day	no charge
6 *	Receive inspection from Tree Authority	1 day	no charge
7 *	Obtain NOC from Tree Authority	30 days	INR 4,500
8 *	Request and obtain NOC from Storm Water and Drain Department	7 days	no charge

9 *	Request and obtain NOC from Sewerage Department	7 days	INR 77,306
10 *	Request and obtain NOC from Electric Department	7 days	no charge
11 *	Request and obtain NOC from Environmental Department	7 days	no charge
12 *	Request and obtain NOC from Traffic & Coordination Department	7 days	no charge
13 *	Request and obtain NOC from CFO	7 days	INR 13,006
14	Obtain Commencement Certificate from Building Proposal Office and pay Development Charges	10 days	INR 836,100
15	Request and receive inspection of plinth	1 day	no charge
16	Submit letter stating completion of building works to obtain an Occupancy Certificate and Certificate of Completion	1 day	no charge
17 *	Request and obtain completion NOC from Tree Authority	3 days	no charge
18 *	Request and obtain completion NOC from Storm Water and Drain Department	3 days	no charge
19 *	Request and obtain completion NOC from Sewerage Department	3 days	no charge
20 *	Request and obtain completion NOC from Electric Department	3 days	no charge
21 *	Request and obtain completion NOC from Environmental Department	3 days	no charge
22 *	Request and obtain completion NOC from Traffic & Coordination Department	3 days	no charge
23 *	Request and obtain completion NOC from CFO	3 days	INR 70,000
24	Request and receive completion inspection from BMC	1 day	no charge
25	Obtain Occupancy Certificate	1 day	no charge
26	Obtain Completion Certificate	30 days	no charge
27	Apply for permanent water connection	1 day	no charge
28 *	Receive on-site inspection for connection to water by the Water Supply Department	1 day	no charge

29 *	Obtain permanent water connection	45 days	INR 1,210
30	Apply for permanent sewerage connection	1 day	no charge
31 *	Receive on-site inspection for connection to sewerage by Sewerage Department	1 day	no charge
32 *	Obtain permanent sewerage connection	30 days	INR 50,000
33 *	Apply for permanent power connection and pay fees	1 day	INR 50
34	Receive on-site inspection from BEST	1 day	no charge
35 *	Obtain power connection from BEST	10 days	INR 45,000
36 *	Apply for telephone connection	1 day	INR 500
37 *	Receive on-site inspection and connection to telephone by the utility provider	2 days	no charge

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - India

Procedure 1 Submit application and design plans at Building Proposal office of BMC and pay scrutiny fee

Time to complete: 1 day

Cost to complete: INR 36,417

Agency: Building Proposal Office, Bombay Municipal Corporation

Comment: Applicant submits application form with plans and all required documents, as prescribed by Section 373 of the BMC Act, at the Andhuri Building Proposal Office of the BMC. If all documents are in order and the file is complete, BuildCo can proceed to payment of the scrutiny fees. Fees are paid in the same building by cash or bank draft. Once the fees have been paid, the application file is forwarded to the concerned officer in the Building Proposal Department. Then the file is forwarded to the Survey Office, which will place their remarks on the application file and check the remarks from the Development Plan office (obtained during the design stage of the project). If the Survey Office is satisfied with their review, they will send back the application file to the Building Proposal Department with one week.

The cost for this procedure is INR 28 per square meter of the built up area/plot area, whichever is the maximum.

Procedure 2 Receive site inspection from Building Proposal Office

Time to complete: 1 day

Cost to complete: no charge

Agency: Building Proposal Office, Bombay Municipal Corporation

Comment: A sub-engineer from the Building Proposal Office will conduct a site inspection within 3-4 days of receiving the file from the survey office. The date and time of the site inspection are arranged by BuildCo's architect. BuildCo must be on-site when the inspection takes place.

Procedure 3 Obtain Intimation of Disapproval from the Building Proposal Office and pay fees

Time to complete: 60 days

Cost to complete: INR 1,301

Agency: Building Proposal Office, Bombay Municipal Corporation

Comment: After the site inspection, the application file returns to the Building Proposal Office to receive an intimation of disapproval (authorization). The concerned Sub Engineer scrutinizes the proposal and forwards the report to the Assistant Engineer and Executive Engineer. The proposal is approved at the Executive Engineer's level if no concessions are involved. There are 3 executive engineers in the main BMC office and 2 in the Andhuri office (the latter is the office considered for the purposes of this study).

Complete applications that do not require concessions (i.e. claiming of areas free of FSI as per provision in DCR 1991, deficiency in open spaces etc.) can be approved within a week. However, the majority of applications require some concessions and further scrutiny so must be forwarded to the competent authorities. This latter process may take 30 – 90 days to complete.

The intimation of disapproval is issued with a list of NOC's which the applicant must obtain separately from various departments and government authorities. Final clearance to build will only be given once BuildCo obtains all NOC's. The NOC's assigned to the intimation of disapproval are case specific. For the purpose of this study, Doing Business has determined 7 basic NOC's that are required of almost all projects:

1. Tree Authority
2. Storm Water and Drain Department
3. Sewerage Department
4. Hydraulic Department
5. Environmental Department (concerned with debris management)
6. Traffic and Coordination Department
7. CFO (fire clearance)

BuildCo's architect must take the Intimation of Disapproval and the design plans to each clearance office separately. NOCs can be applied for simultaneously, but NOC offices are spread out so the submission for these 7 NOC's is likely to take some time.

The cost for this procedure is INR 1 per square meter for Intimation of Disapproval + INR 2 per square meter (or a maximum of INR 45,000) as a deposit for debris clearance. The latter is returned after the completion of construction if the BMC has deemed all debris cleared.

Procedure 4 Submit structural plans approved by a structural engineer to BMC

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Building Proposal Office, Bombay Municipal Corporation
Comment:	The Intimation of Disapproval (IOD) is only an approval of the civil plans. Review of the structural plans is done in parallel with the NOC process. No approval to this plan is required from Municipal Corporation but copies are required to be submitted. Time required for submitting these structural plans is one day.

Procedure 5 Apply for NOC from Tree Authority

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Tree Authority, Bombay Municipal Corporation
Comment:	Due to stringent environmental regulations, BuildCo must receive clearance from the Tree Authority (set up under the Maharashtra (urban areas) Preservation of Trees Act, 1975. The Tree Authority commission only meets once a month. The Tree Authority must ascertain what trees (if any) will be cut down as a result of construction. If trees are to be cut down, BuildCo will have to plant trees to replace them.

Procedure 6 Receive inspection from Tree Authority

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Tree Authority, Bombay Municipal Corporation

Comment: Inspectors from the Tree Authority visit the site to check if there are any trees located on the premises.

Procedure 7 Obtain NOC from Tree Authority

Time to complete: 30 days

Cost to complete: INR 4,500

Agency: Tree Authority, Bombay Municipal Corporation

Comment:

Procedure 8 Request and obtain NOC from Storm Water and Drain Department

Time to complete: 7 days

Cost to complete: no charge

Agency: Storm Water and Drain Department, Bombay Municipal Corporation

Comment:

Procedure 9 Request and obtain NOC from Sewerage Department

Time to complete: 7 days

Cost to complete: INR 77,306

Agency: Sewerage Department, Bombay Municipal Corporation

Comment:

Procedure 10 Request and obtain NOC from Electric Department

Time to complete: 7 days

Cost to complete: no charge

Agency: Electric Department, Bombay Municipal Corporation

Comment: BuildCo has to inform BEST of the project's power requirements along with copy of application submitted for building plan approval. BEST will assess whether an electrical substation up-grade required at this stage.

Procedure 11 Request and obtain NOC from Environmental Department

Time to complete: 7 days

Cost to complete: no charge

Agency: Environmental Department, Bombay Municipal Corporation

Comment:

Procedure 12 Request and obtain NOC from Traffic & Coordination Department

Time to complete: 7 days

Cost to complete: no charge

Agency: Traffic & Coordination Department, Bombay Municipal Corporation

Comment:

Procedure 13 Request and obtain NOC from CFO

Time to complete: 7 days

Cost to complete: INR 13,006

Agency: Chief Fire Officer, Bombay Municipal Corporation

Comment: All commercial structures require a fire safety clearance.

Procedure 14 Obtain Commencement Certificate from Building Proposal Office and pay Development Charges

Time to complete: 10 days

Cost to complete: INR 836,100

Agency: Building Proposal Office, Bombay Municipal Corporation

Comment: On submission of all required NOCs mentioned in the IOD and on compliance of the IOD conditions, the applicant may submit request for the Commencement Certificate. The documents and NOC submitted by the applicants are verified by the staff and the necessary Commencement Certificate is approved. After payment of development charges and other applicable premium the Commencement Certificate is issued within 7 to 15 days.

The Cost for the CC is INR 200 per square meter of land + INR 500 per square meter of building area.

Procedure 15 Request and receive inspection of plinth

Time to complete: 1 day

Cost to complete: no charge

Agency: Building Proposal Office, Bombay Municipal Corporation

Comment:

Procedure 16 Submit letter stating completion of building works to obtain an Occupancy Certificate and Certificate of Completion

Time to complete: 1 day

Cost to complete: no charge

Agency: Building Proposal Office, Bombay Municipal Corporation

Comment: BuildCo's architect must submit a formal letter stating that construction has been completed according to the standards set forth in the IOD and CC.

Procedure 17 Request and obtain completion NOC from Tree Authority

Time to complete: 3 days

Cost to complete: no charge

Agency: Tree Authority, Bombay Municipal Corporation

Comment:

Procedure 18 Request and obtain completion NOC from Storm Water and Drain Department

Time to complete: 3 days

Cost to complete: no charge

Agency: Storm Water and Drain Department, Bombay Municipal Corporation

Comment:

Procedure 19 Request and obtain completion NOC from Sewerage Department

Time to complete: 3 days

Cost to complete: no charge

Agency: Sewerage Department, Bombay Municipal Corporation

Comment:

Procedure 20 Request and obtain completion NOC from Electric Department

Time to complete: 3 days

Cost to complete: no charge

Agency: Electric Department, Bombay Municipal Corporation

Comment:

Procedure 21 Request and obtain completion NOC from Environmental Department

Time to complete: 3 days

Cost to complete: no charge

Agency: Environmental Department, Bombay Municipal Corporation

Comment:

Procedure 22 Request and obtain completion NOC from Traffic & Coordination Department

Time to complete: 3 days

Cost to complete: no charge

Agency: Traffic & Coordination Department

Comment:

Procedure 23 Request and obtain completion NOC from CFO

Time to complete: 3 days

Cost to complete: INR 70,000

Agency: Chief Fire Officer, Bombay Municipal Corporation

Comment: All commercial structures require fire safety clearance according to fire and safety rules and regulations stipulated in Development Control rule 1991 and national building Code. The fee for low-rise commercial buildings is INR 5 per square meter.

Procedure 24 Request and receive completion inspection from BMC

Time to complete: 1 day

Cost to complete: no charge

Agency: Building Proposal Office, Bombay Municipal Corporation

Comment:

Procedure 25 Obtain Occupancy Certificate

Time to complete: 1 day

Cost to complete: no charge

Agency: Building Proposal Office, Bombay Municipal Corporation

Comment: The Occupancy Certificate allows BuildCo to occupy the building but is not considered a final document because BuildCo still requires the Certificate of Completion.

Procedure 26 Obtain Completion Certificate

Time to complete: 30 days

Cost to complete: no charge

Agency: Building Proposal Office, Bombay Municipal Corporation

Comment: The Completion Certificate is considered to be the ultimate document that BuildCo requires to fully occupy the building and connect to utilities.

Procedure 27 Apply for permanent water connection

Time to complete: 1 day

Cost to complete: no charge

Agency: Water Department, Bombay Municipal Corporation

Comment:

Procedure 28 Receive on-site inspection for connection to water by the Water Supply Department

Time to complete: 1 day

Cost to complete: no charge

Agency: Water Department, Bombay Municipal Corporation

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 after completion. The inspection would not take more than a day. An officer of the water department of the Municipal Corporation inspects the premises and prepares a report on the connection.

Procedure 29 Obtain permanent water connection

Time to complete: 45 days

Cost to complete: INR 1,210

Agency: Water Department, Bombay Municipal Corporation

Comment: Fees for water connection include:
Water connection charges – INR 1060
Water meter – INR 150
Refundable security deposit towards water charges bills at INR 25 per 1,000 liter + 60% of sewerage charges for the requirement of the building

Procedure 30 Apply for permanent sewerage connection

Time to complete: 1 day

Cost to complete: no charge

Agency: Sewerage Department, Bombay Municipal Corporation

Comment: BuildCo must visit the ward office and submit a written demand for a sewerage connection. The connection request must be submitted along with a copy of the building plans and the application request made to the Water Department.

Procedure 31 Receive on-site inspection for connection to sewerage by Sewerage Department

Time to complete: 1 day

Cost to complete: no charge

Agency: Sewerage Department, Bombay Municipal Corporation

Comment: A private contractor hired by BuildCo completes most of the inspections related to the connection, but the ward office will visit the site once to inspect the connection as well.

Procedure 32 Obtain permanent sewerage connection

Time to complete: 30 days

Cost to complete: INR 50,000

Agency: Sewerage Department, Bombay Municipal Corporation

Comment:

Procedure 33 Apply for permanent power connection and pay fees

Time to complete: 1 day

Cost to complete: INR 50

Agency: Brihanmumbai Electric Supply and Transport

Comment: BuildCo can download the form or collect it from one of the 9 zonal offices. BuildCo submits the form along with registration fee of Rs. 50. On submission, a receipt of the same is given along with a requisition number. Within one week (statutory time limit) of this, an inspection takes place to verify if the structure is permanent and to account for the number of connections required etc. After this within a week, a requirement letter is sent by the BEST authorities to the applicant by mail. This letter lists down the documents and payment required to be submitted to gain connection which are the following:- Proof of ownership, availability of meter space, 'test report' by licensed electrical engineer and payment to be made.

Procedure 34 Receive on-site inspection from BEST

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 35 Obtain power connection from BEST

Time to complete: 10 days

Cost to complete: INR 45,000

Agency: Brihanmumbai Electric Supply and Transport

Comment: A licensed electrical engineer employed by BuildCo must assess the internal wiring. On gathering these documents, BuildCo needs to physically go back to the zonal office and submit them along with the payment. After this, connection is given within a month's time in the majority of cases. Approximately 5% of cases receive connection in less than 24 hours, and another 5 % of applicants report connection times of up to 3 months. These long delays are due to cable laying. If cable laying is done through private land, than the owner needs to take permission from them and give it to BEST. But if the underground cabling is done through government land, BEST has to take permission from the Bombay Municipal Corporation(BMC), and the said permission takes some time to be granted. Also BMC only gives permission for underground cabling, during the dry season (April to October).

Procedure 36 Apply for telephone connection

Time to complete: 1 day

Cost to complete: INR 500

Agency: Mahanagar Telephone Nigam Ltd. (MTNL)

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

Procedure 37 Receive on-site inspection and connection to telephone by the utility provider

Time to complete: 2 days

Cost to complete: no charge

Agency: Mahanagar Telephone Nigam Ltd. (MTNL)

Comment:

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

Some reform outcomes

Georgia now allows property transfers to be completed through 500 authorized users, notably banks. This saves time for entrepreneurs. A third of people transferring property in 2009 chose authorized users, up from 7% in 2007. Also, Georgia's new electronic registry managed 68,000 sales in 2007, twice as many as in 2003.

Belarus's unified and computerized registry was able to cope with the addition of 1.2 million new units over 3 years. The registry issued 1 million electronic property certificates in 2009.

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

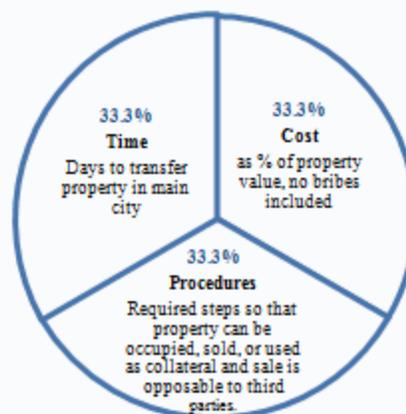
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only, no bribes
- No value added or capital gains taxes included



Case Study Assumptions

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the periurban area of the economy's largest business city.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

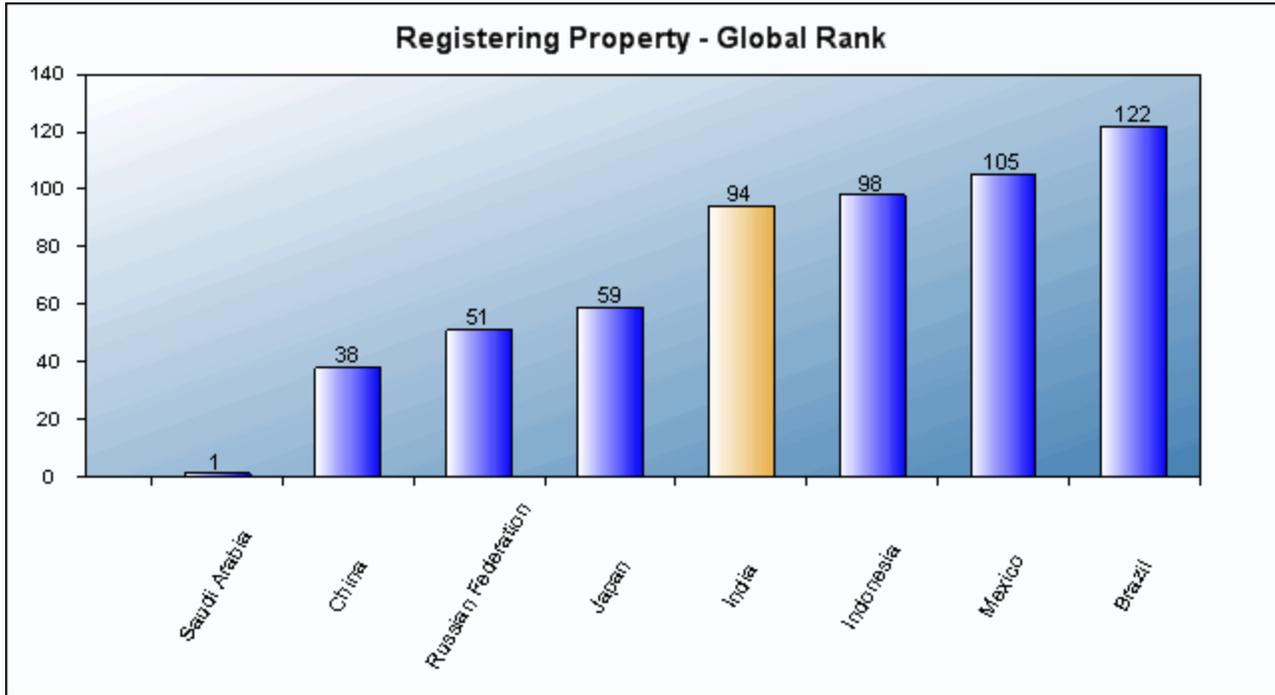
The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of a 557.4 square meters (6,000 square feet) land and 10 years old 2-story warehouse of 929 square meters (10,000 square feet) located on the land. The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

1. Benchmarking Registering Property Regulations:

India is ranked 94 overall for Registering Property.

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



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

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

<i>Selected Economy</i>			
India	5	44	7.4

<i>Comparator Economies</i>			
Brazil	14	42	2.7
China	4	29	3.6
Indonesia	6	22	10.9
Japan	6	14	5.5
Mexico	5	74	5.2
Russian Federation	6	43	0.1

* The following economies are also good practice economies for :

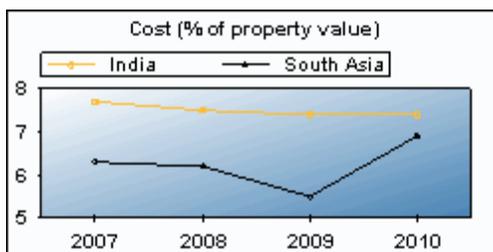
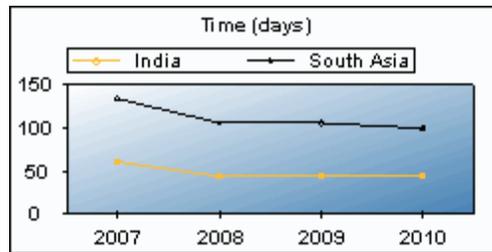
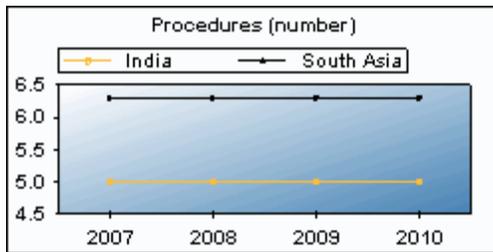
Procedures (number): United Arab Emirates

Time (days): Saudi Arabia, Thailand, United Arab Emirates

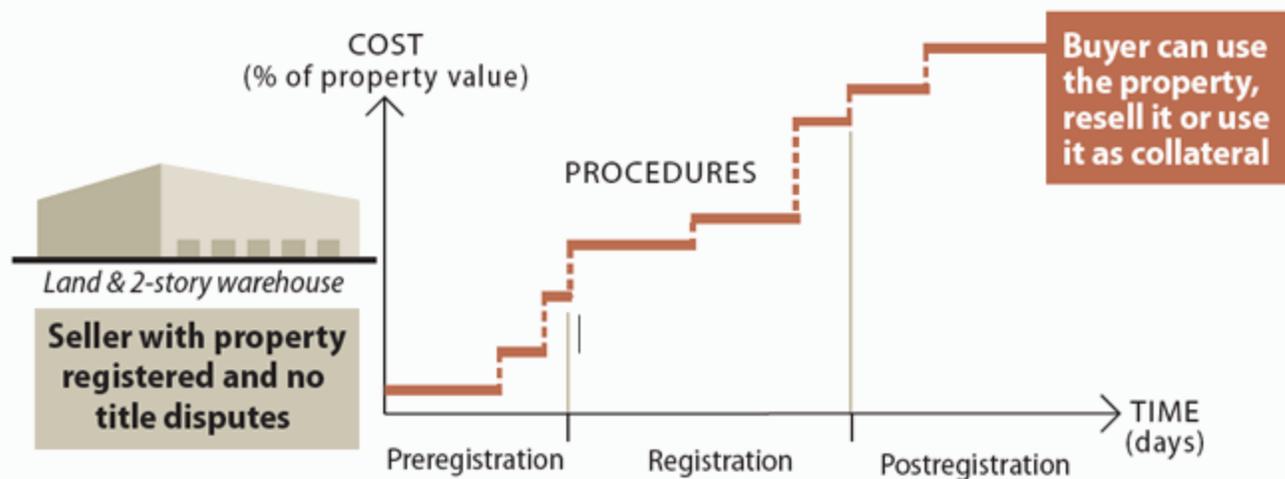
2. Historical data: Registering Property in India

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	90	94
Procedures (number)	5	5	5	5
Time (days)	61	44	44	44
Cost (% of property value)	7.7	7.5	7.4	7.4

3. The following graphs illustrate the Registering Property sub indicators in India over the past 4 years:



What are the time, cost and number of procedures required to transfer a property between 2 local companies?



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

STANDARDIZED PROPERTY

Property Value: 2,648,140.24

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 of the final sale deed by the purchaser's lawyer	7 days	INR 18,000 - INR 21,000
3	Payment of Stamp Duty on the final Sale Deed through franking at the designated bank.	1 day	5% of property value
4	Execute final sale deed and submit documents to the local office of the Sub-Registrar of Assurances	1 day	1% of market value of the property (Maximum INR 30,000) + INR 20 per page of final sale deed for scanning charges (paid in cash)
5	Apply to the Land & Survey Office for mutation of the tile of the property	30 days	INR 300

Registering Property Details - India

Procedure	1	Check for encumbrances at the office of Sub-Registrar of Assurance
Time to complete:	5 days	
Cost to complete:	Rs. 10,000	
Agency:	Sub-Registrar of Assurance	
Comment:	<p>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.</p> <p>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.</p>	
Procedure	2	Preparation of the final sale deed by the purchaser's lawyer
Time to complete:	7 days	
Cost to complete:	INR 18,000 - INR 21,000	
Comment:	<p>The lawyer prepares the final sale deed and then engrosses the document on green paper leaving the date and place blank then this document is then submitted for stamping. The fee for the lawyer is around 1% of the property value.</p>	
Procedure	3	Payment of Stamp Duty on the final Sale Deed through franking at the designated bank.
Time to complete:	1 day	
Cost to complete:	5% of property value	
Agency:	Bank	
Comment:	<p>Deposits the said fees in the designated bank. The designated bank issues a receipt and marks the first page of the printed sale deed with the stamp duty received. This printed sale deed with stamp duty details will then be executed.</p>	
Procedure	4	Execute final sale deed and submit documents to the local office of the Sub-Registrar of Assurances

Time to complete:	1 day
Cost to complete:	1% of market value of the property (Maximum INR 30,000) + INR 20 per page of final sale deed for scanning charges (paid in cash)
Agency:	Sub Registrar of Assurances
Comment:	<p>The execution of the sale deed in front of the 2 witnesses is commonly done at the same time and place where the buyer submits documents to the Sub-Registrar.</p> <p>The documents are submitted to 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. Once the document is registered, a distinct document number is assigned to that document. The record of registration is kept in the office of sub registrar of assurance.</p> <p>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.</p> <p>The documentation shall include:</p> <ol style="list-style-type: none"> 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 copies of certificate of incorporation of both seller and purchaser. 5. Copy of the latest property register card (to be obtained from the City Survey Department) to indicate that the property does not belong to the government 6. Copy of the Municipal Tax bill to indicate the year in which the building was constructed

Procedure	5	Apply to the Land & Survey Office for mutation of the file of the property
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Time to complete:	30 days
Cost to complete:	INR 300
Agency:	Land & Survey Office
Comment:	<p>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.</p> <p>After the assessment of the request for mutation, the Land & Survey Office decides the value for levying tax on property and then issues a letter of mutation in favour of the purchaser. Cost includes: application fee is INR 100; indemnity bond on INR 100 stamp paper, obtain an affidavit at INR 50 and notarize the sale deed for INR 50.</p>

Through two sets of indicators, *Doing Business* assesses the legal rights of borrowers and lenders with respect to secured transactions and the sharing of credit information. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. Credit information systems mitigate the ‘information asymmetry’ in lending and enable lenders to view a borrower’s financial history (positive or negative), providing them with valuable information to consider when assessing risk. Credit information systems benefit borrowers as well, allowing good borrowers to establish a reputable credit history which will enable them to access credit more easily. The Legal Rights Index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Sound collateral laws will enable businesses to use their assets, especially movable property, as security to generate capital while having strong creditor’s rights has been associated with higher ratios of private sector credit to GDP.

Some reform outcomes

After Vietnam’s new Civil Code was enacted in 2005, a decree further clarified the provisions governing secured transactions. Since the inclusion of the new provisions, the number of registrations increased from 43,000 (2005) to 120,000 (end of 2008).

In 2008, when Zambia established a private credit bureau, its database initially covered about 25,000 borrowers. Thanks to a strong communication campaign and a central bank directive, coverage has grown 10-fold in the past 2 years, exceeding 200,000 by the beginning of 2010.

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

- Protection of rights of borrowers and lenders through collateral laws
- Protection of secured creditors’ rights through bankruptcy laws

Depth of credit information index (0–6)

- Scope and accessibility of credit information distributed by public credit registries and private credit bureaus

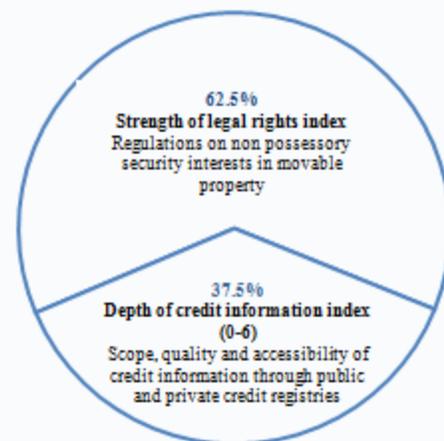
Public credit registry coverage (% of adults)

- Number of individuals and firms listed in public credit registry as percentage of a adult population

Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of a adult population

Getting Credit: collateral rules and credit information



Note: Private bureau coverage and public credit registry coverage are measured but do not count for the rankings.

Case Study Assumptions (applying to the Legal Rights Index only)

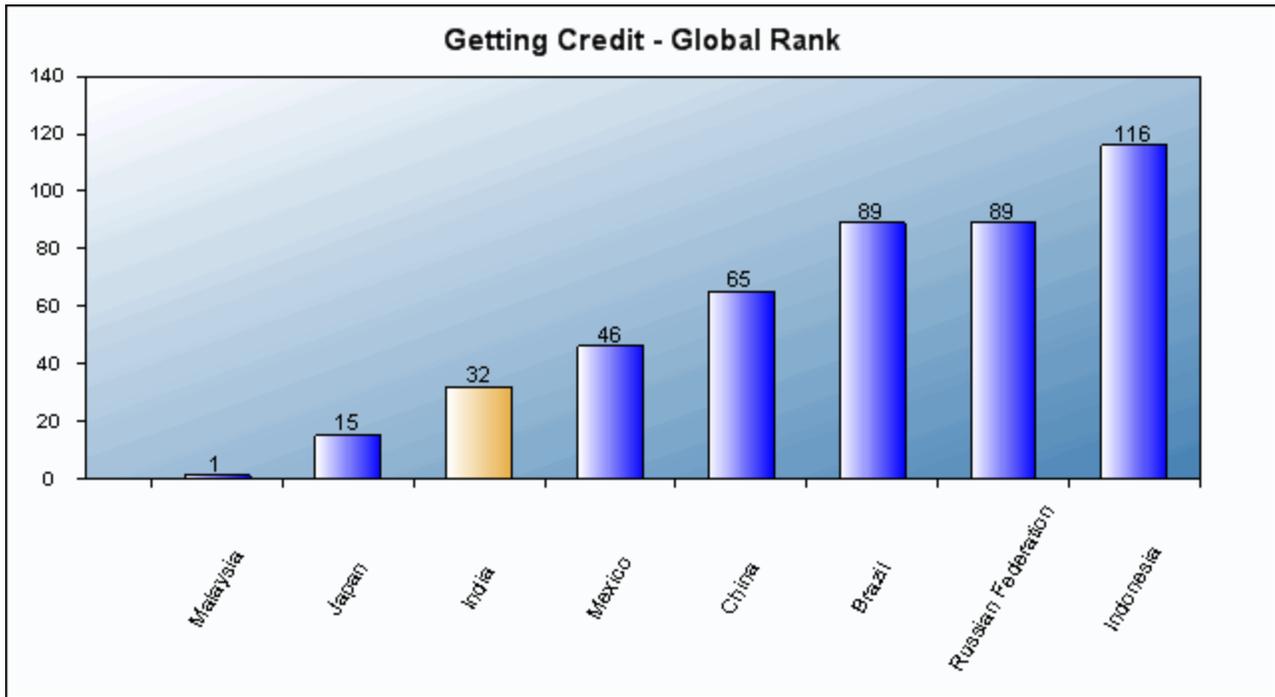
The Debtor

- is a Private Limited Liability Company
- has its Headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both creditor and debtor are 100% domestically owned.

1. Benchmarking Getting Credit Regulations:

India is ranked 32 overall for Getting Credit.

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



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

Good Practice Economies	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
New Zealand*				100.0
Portugal			67.1	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
India	8	4	0.0	10.0

<i>Comparator Economies</i>				
Brazil	3	5	26.9	53.5
China	6	4	63.9	0.0
Indonesia	3	4	25.2	0.0
Japan	7	6	0.0	76.1
Mexico	5	6	0.0	71.6
Russian Federation	3	5	0.0	14.4

* The following economies are also good practice economies for :

Strength of legal rights index (0-10): Hong Kong, China, Kenya, Kyrgyz Republic, Malaysia

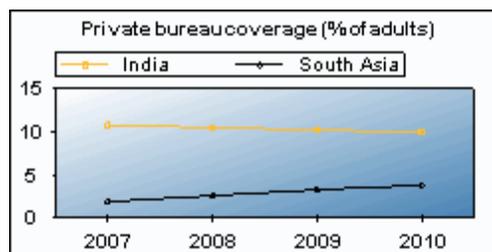
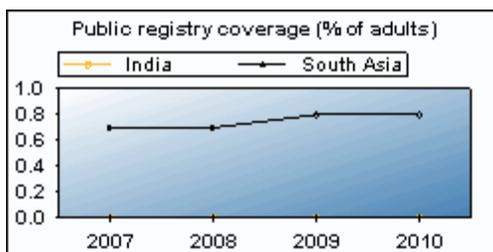
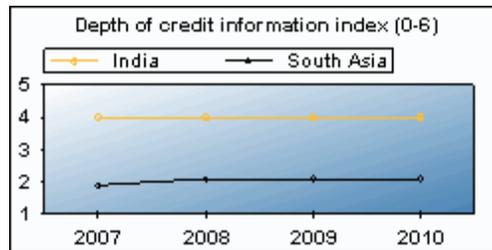
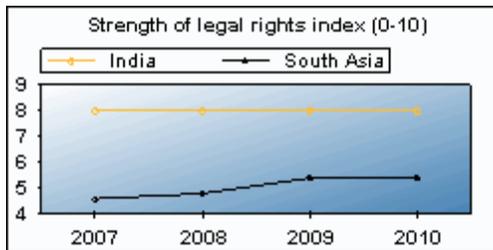
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

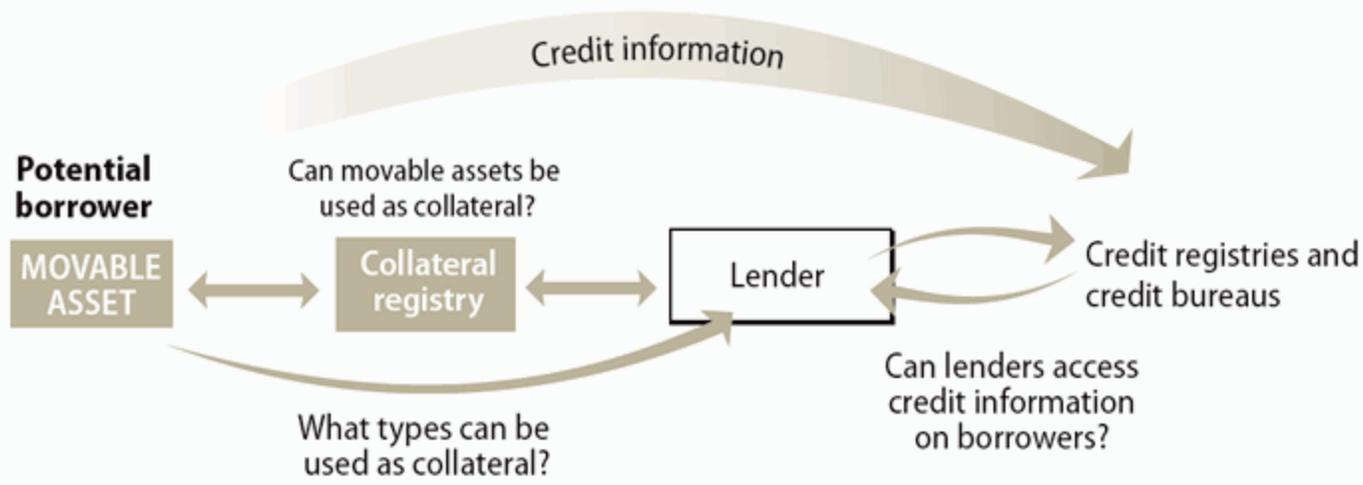
2. Historical data: Getting Credit in India

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	30	32
Strength of legal rights index (0-10)	8	8	8	8
Depth of credit information index (0-6)	4	4	4	4
Private bureau coverage (% of adults)	10.8	10.5	10.2	10.0
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Getting Credit sub indicators in India over the past 4 years:



**Do lenders have credit information on entrepreneurs seeking credit?
Is the law favorable to borrowers and lenders using movable assets as collateral?**



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

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of 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	10.0	0.0	
Number of individuals	78,208,300		0
Number of firms	1,030,910		0

Strength of legal rights index (0-10)**8**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?

May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?

Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?

Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?

Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?

Do secured creditors have absolute priority to their collateral in bankruptcy procedures?

During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?

Does the law authorize parties to agree on out of court enforcement?

Stronger investor protections matter for the ability of companies to raise the capital needed to grow, innovate, diversify and compete. This is all the more crucial in times of financial crisis when entrepreneurs must navigate through defiant environments to finance their activities. Using 3 indices of investor protection, *Doing Business* measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gains. Since 2005, 51 economies have strengthened investor protections as measured by *Doing Business*.

Some reform outcomes

In Indonesia, an economy that consistently improved its laws regulating investor protections, the number of firms listed on the Indonesia Stock Exchange increased from 331 to 396 between 2004 and 2009. Meanwhile, market capitalization grew from 680 trillion rupiah (\$75 billion) to 1,077 trillion rupiah (\$119 billion).

After Thailand amended its laws in 2006 and 2008, more than 85 transactions that failed to comply with the disclosure standards were suspended. Thirteen were deemed prejudicial and were therefore canceled, thus preventing damage to the companies involved and preserving their value. Companies were not deterred either, as more than 30 new companies joined the stock exchange since 2005 bringing the number of listed companies to 523.

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

- Who can approve related-party transactions
- Requirements for external and internal disclosure in case of related-party transactions

Extent of director liability index (0–10)

- Ability of shareholders to hold the interested party and the approving body liable in case of a prejudicial related-party transaction
- Available legal remedies (damages, repayment of profits, fines, imprisonment and rescission of the transaction)
- Ability of shareholders to sue directly or derivatively

Ease of shareholder suits index (0–10)

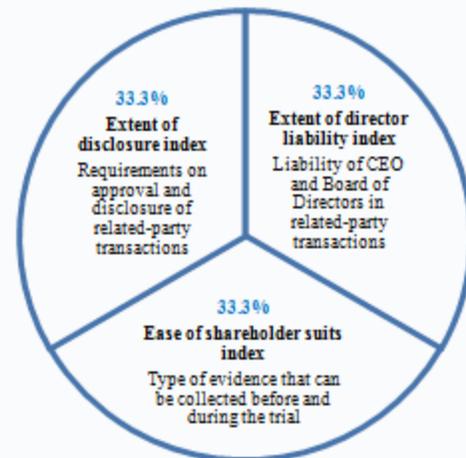
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

- Simple average of the extent of disclosure, extent of director liability and ease of shareholder suits indices

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange (or at least a large private company with multiple shareholders),
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.

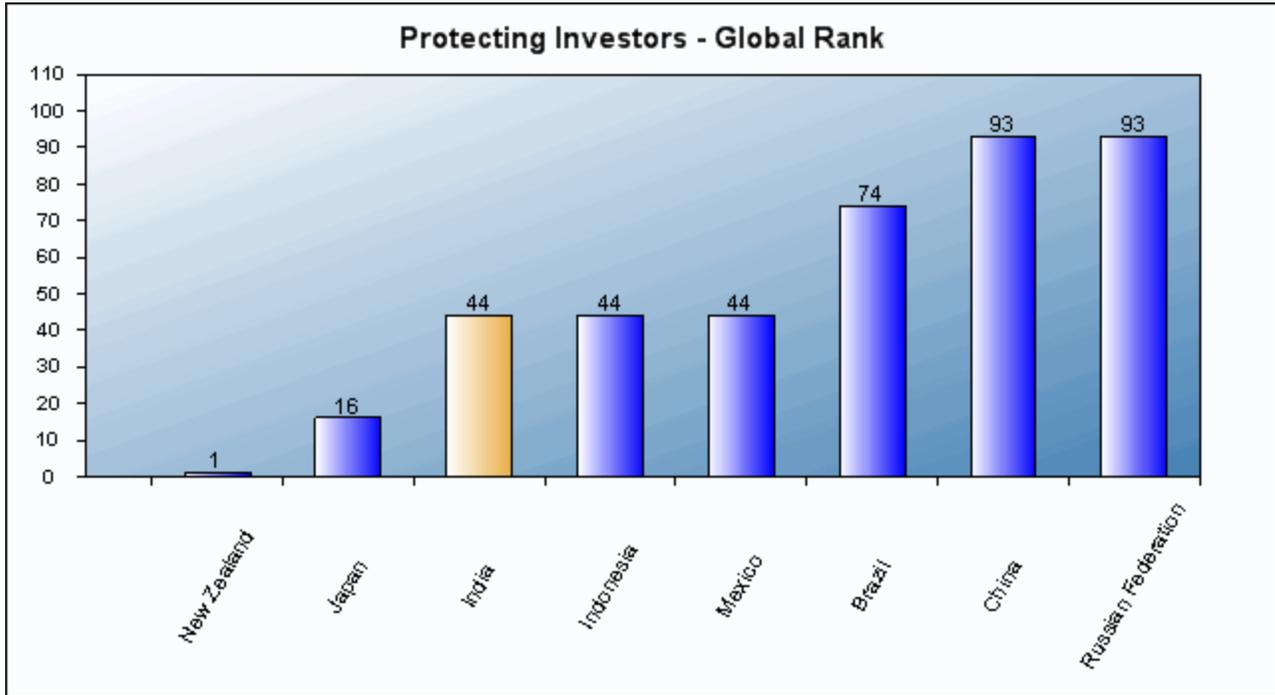
The transaction

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

1. Benchmarking Protecting Investors Regulations:

India is ranked 44 overall for Protecting Investors.

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



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

Good Practice Economies	Strength of investor protection index (0-10)
New Zealand	9.7

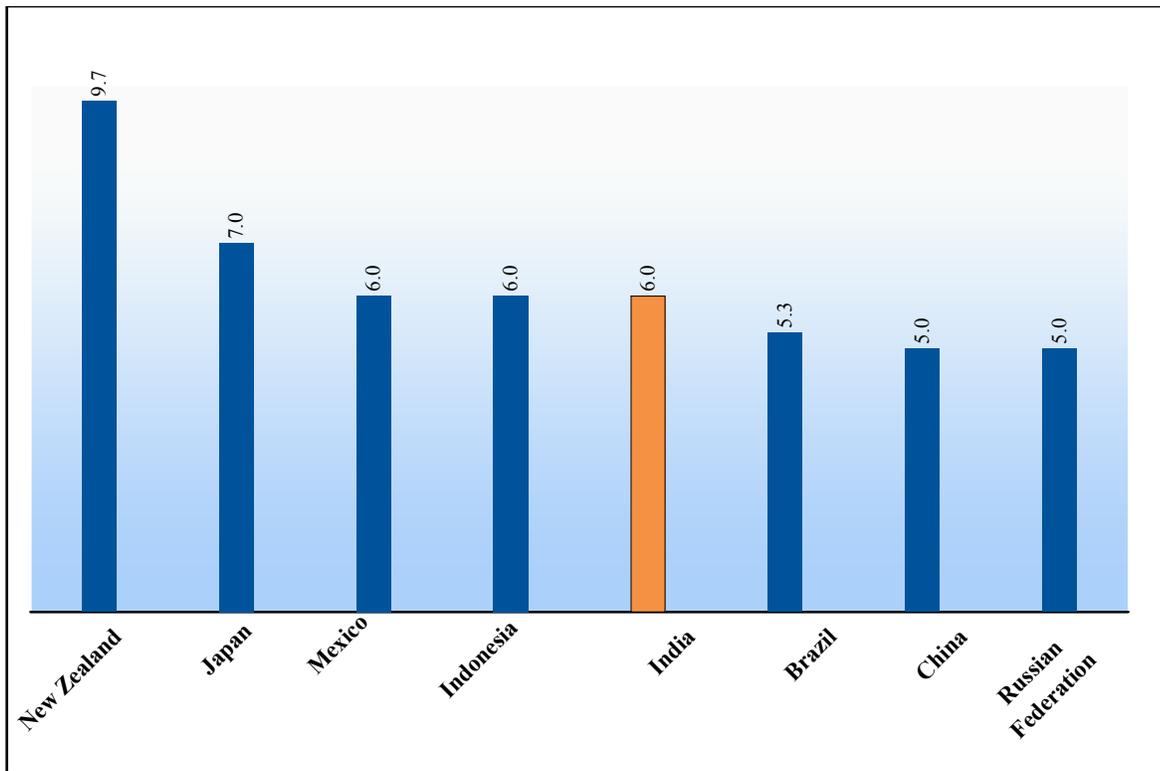
<i>Selected Economy</i>	
India	6.0

<i>Comparator Economies</i>	
Brazil	5.3
China	5.0
Indonesia	6.0
Japan	7.0
Mexico	6.0
Russian Federation	5.0

2. Historical data: Protecting Investors in India

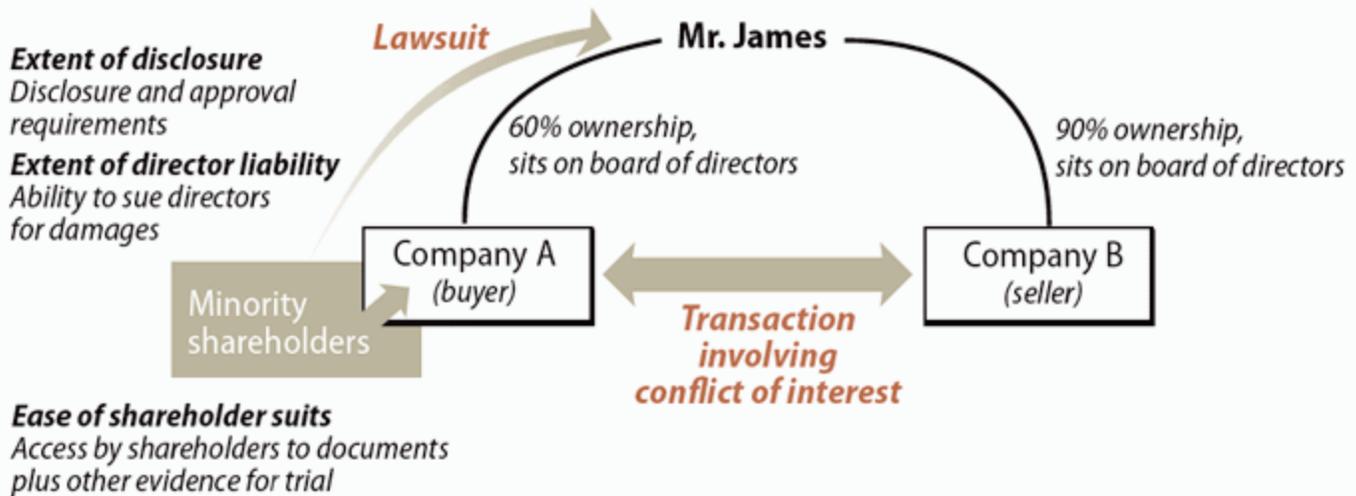
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	41	44
Strength of investor protection index (0-10)	6.0	6.0	6.0	6.0

3. The following graph illustrates the Protecting Investors index in India compared to best practice and selected Economies:



Note: The higher the score, the greater the investor protection.

How well are minority shareholders protected against self-dealing in related-party transactions?



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

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	7
What corporate body provides legally sufficient approval for the transaction?	2
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	1
Extent of director liability index (0-10)	4
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	1
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	0

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	7
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	0
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	6.0

Taxes are essential to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. *Doing Business* data show that economies where it is more difficult and costly to pay taxes have larger shares of informal sector activity. More than 60% of economies have reformed in the last 6 years and are starting to see concrete results.

Some reform outcomes

Colombia introduced a new electronic system for social security and labor taxes in 2006 and by 2008 the social security contributions collected from small and medium-size companies rose by 42%, to 550 billion pesos.

Mauritius reduced the corporate income tax rate from 25% to 15% and removed exemptions and industry-specific allowances in 2006 and saw their corporate income tax revenue grow by 27% in the following year, and in 2008/09 it increased by 65%.

What do the Paying taxes indicators measure?

Tax payments for a manufacturing company in 2009
(number per year adjusted for electronic or joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

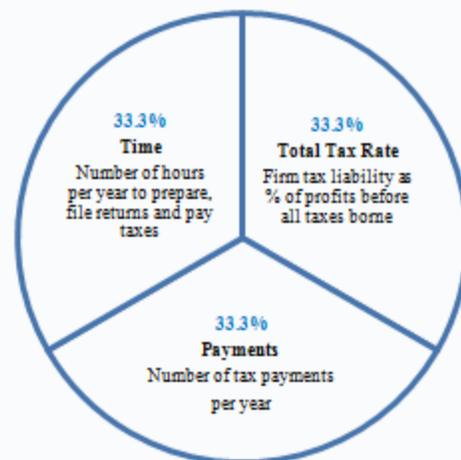
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

- Profit or corporate income tax
- Mandatory social contributions and labor taxes paid by the employer
- Property and property transfer taxes
- Dividend, capital gains and financial transactions taxes
- Waste collection, vehicle, road and other taxes

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



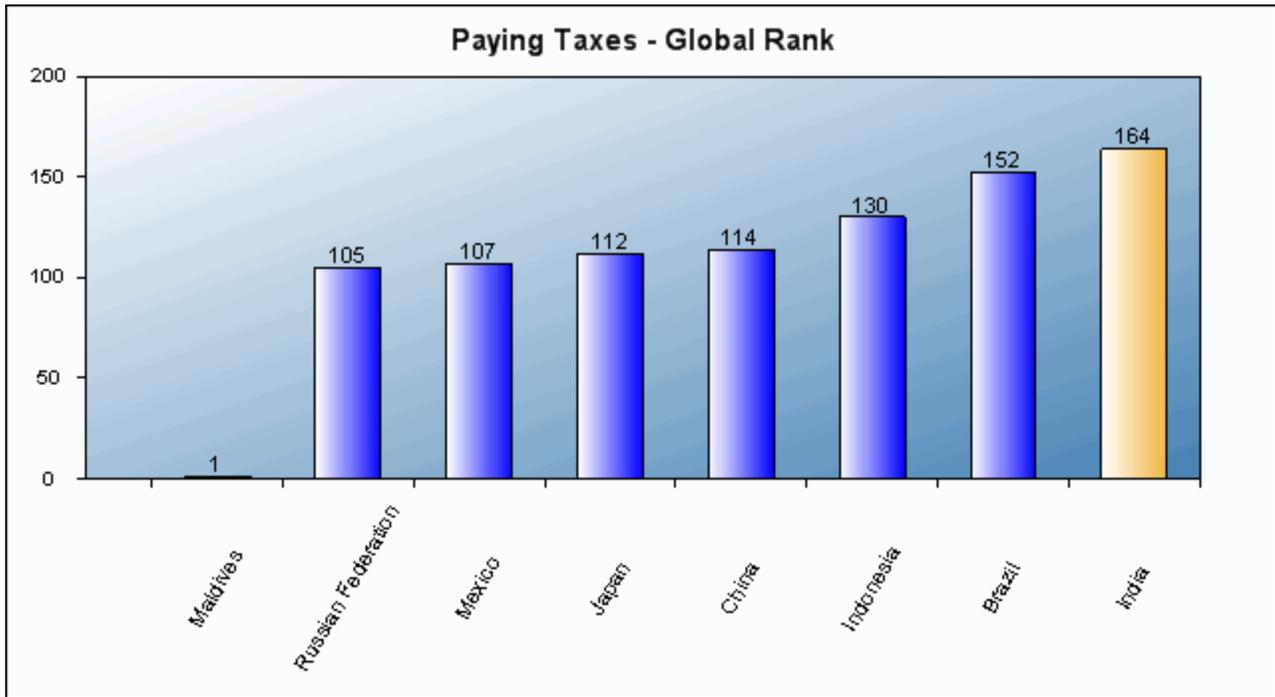
Case Study Assumptions

- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as a standard list of transactions that the company completed during the year.
- Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government
- Taxes and mandatory contributions include corporate income tax, turnover tax, all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

1. Benchmarking Paying Taxes Regulations:

India is ranked 164 overall for Paying Taxes.

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



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

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives*	3	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
India	56	258	63.3

<i>Comparator Economies</i>			
Brazil	10	2600	69.0
China	7	398	63.5
Indonesia	51	266	37.3
Japan	14	355	48.6
Mexico	6	404	50.5
Russian Federation	11	320	46.5

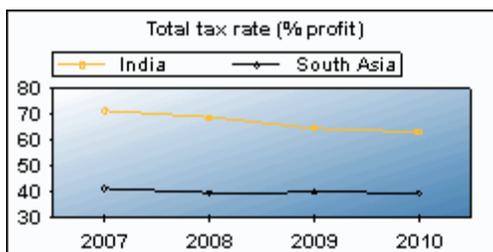
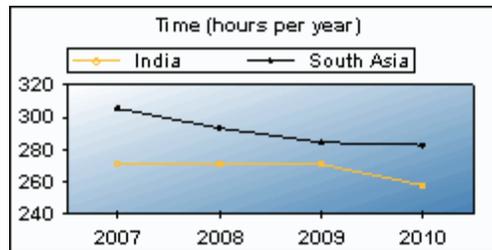
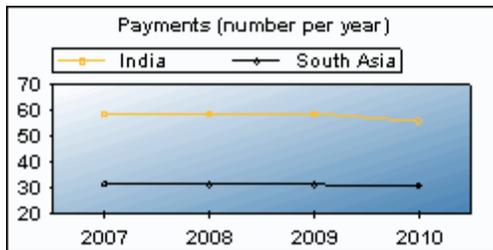
* The following economies are also good practice economies for :

Payments (number per year): Qatar

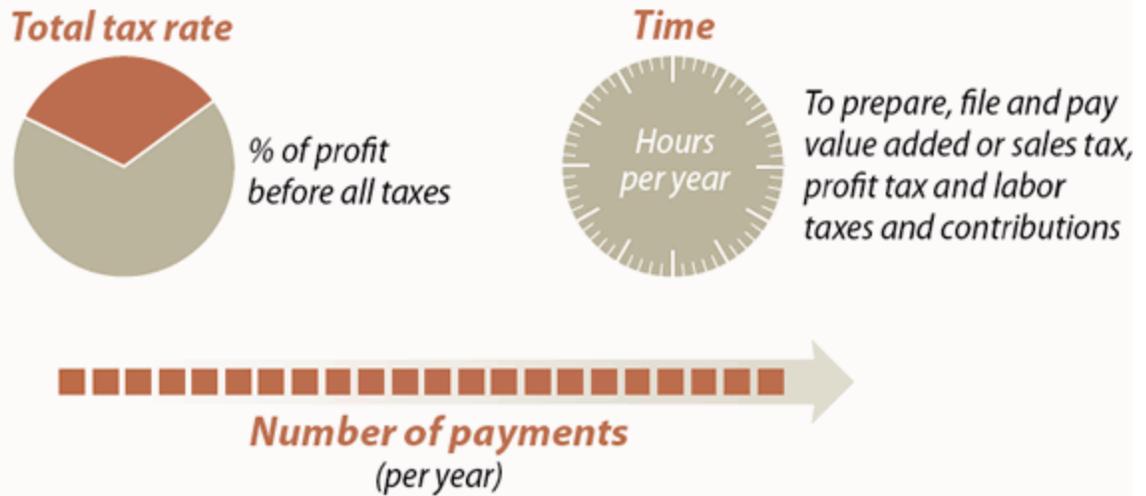
2. Historical data: Paying Taxes in India

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	168	164
Total tax rate (% profit)	71.5	69.0	64.7	63.3
Payments (number per year)	59	59	59	56
Time (hours per year)	271	271	271	258

3. The following graphs illustrate the Paying Taxes sub indicators in India over the past 4 years:



What are the time, total tax rate and number of payments necessary for a local medium-sized company to pay all taxes?



The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in India, 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
State VAT	12			12.5%	value added		
Tax on interest	0	withheld		10.0%	interest income		
CENVAT (Excise Duty)	1	online filing		10.3%, as of Feb 2009 8.24%	value added		
Income surcharge	0	paid jointly		10.0%	on all federal taxes		
Education cess	0	paid jointly		2.0%	all federal taxes including the surcharge		
Secondary & Higher education cess	0	paid jointly		1.0%	all federal taxes including the surcharge		
Vehicle tax (pollution tax)	1			fixed fee (Rs 75)	per vehicle in use	0.00	

Fringe Benefit Tax	1		30.0%	value of specified corporate expenses (usually 20%)	0.10
Tax on insurance contracts	1		10.0%	insurance premium	0.20
Fuel tax	1		INR 4.75/- per liter (CENVAT) from 7.7.2009 to 31.12.2009 and INR 3.25 + 6% of the Value from 1.1.2009 to 6.7.2009 + 26% VAT	fuel consumption	0.40
Property tax	1		10.0%	assessed value	3.30
Dividend tax	1		15.0%	dividend distributions	3.80
Employee's state insurance contribution	12		4.8%	gross salaries	4.60
Social security contributions	12	96	12.0%	gross salaries	13.50
Central Sales Tax	12	116	2.0%	purchase price	17.10
Corporate income tax	1	online filing 46	30.0%	taxable profits	20.10
Totals	56	258			63.3

Making trade between countries easier is increasingly important for business in today's globalized world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

Some reform outcomes

In Georgia, reducing customs clearance time by a day has led to operational savings of an estimated \$288 per truck, or an annual \$133 million for the country's whole trading community given the growing amount of cross-border trade in recent years.

In Korea, predictable cargo processing times and rapid turnover by ports and warehouses provide a benefit to the Korean economy of some \$2 billion annually.

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

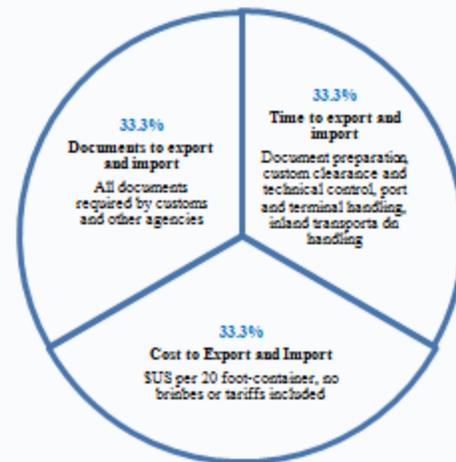
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

- Obtaining all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include ocean transport time

Cost required to export and import (US\$ per container)

- All documentation
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Official costs only, no bribes



Case Study Assumptions

The Business

- Has at least 60 employees and is located in the economy's largest business city
- Is a private, limited liability company, which exports more than 10% of its sales. It is fully domestically owned and does not operate in an export processing zone or an industrial estate with special export or import privileges

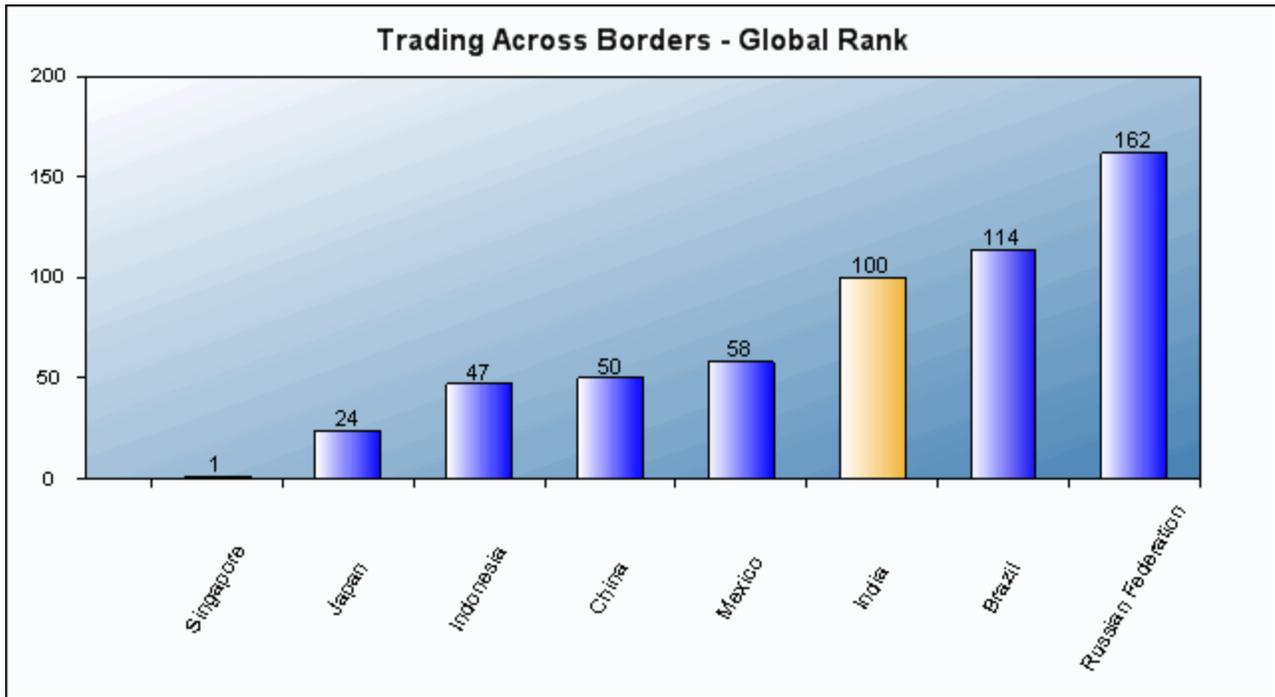
The traded product

- Is transported in a dry-cargo, 20-foot full container load; weighs 10 tons and is valued at \$20,000
- Is not hazardous or include military items; it does not require special phytosanitary or environmental safety standards, refrigeration or any other special environment
- Is one of the economy's leading export or import products

1. Benchmarking Trading Across Borders Regulations:

India is ranked 100 overall for Trading Across Borders.

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



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

Good Practice Economies	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Denmark*		5				
France	2			2		
Malaysia			450			
Singapore					4	439

<i>Selected Economy</i>						
India	8	17	1055	9	20	1025

<i>Comparator Economies</i>						
Brazil	8	13	1790	7	17	1730
China	7	21	500	5	24	545
Indonesia	5	20	704	6	27	660
Japan	4	10	1010	5	11	1060
Mexico	5	12	1420	4	12	1880
Russian Federation	8	36	1850	13	36	1850

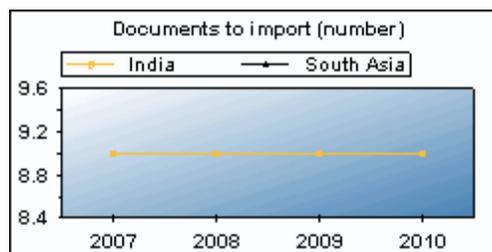
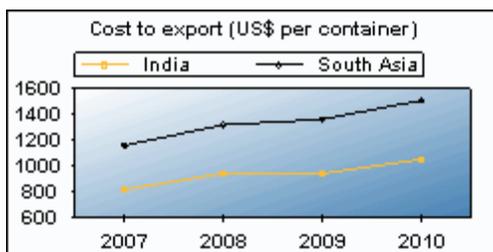
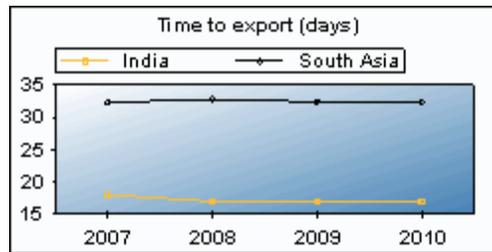
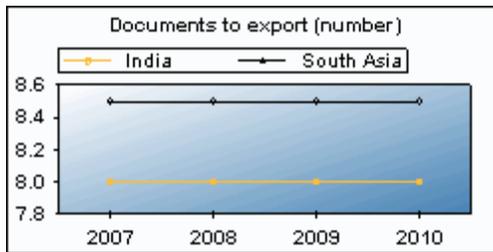
* The following economies are also good practice economies for :

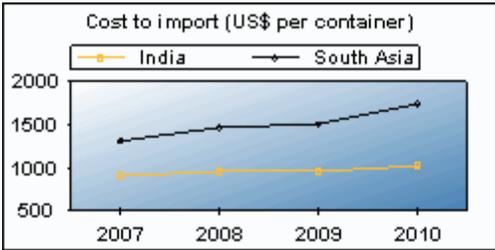
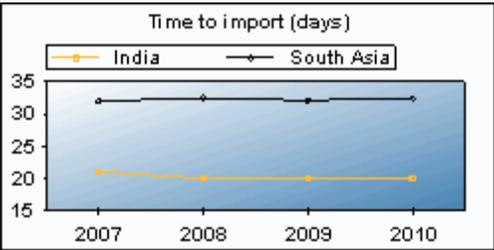
Time to export (days): Estonia

2. Historical data: Trading Across Borders in India

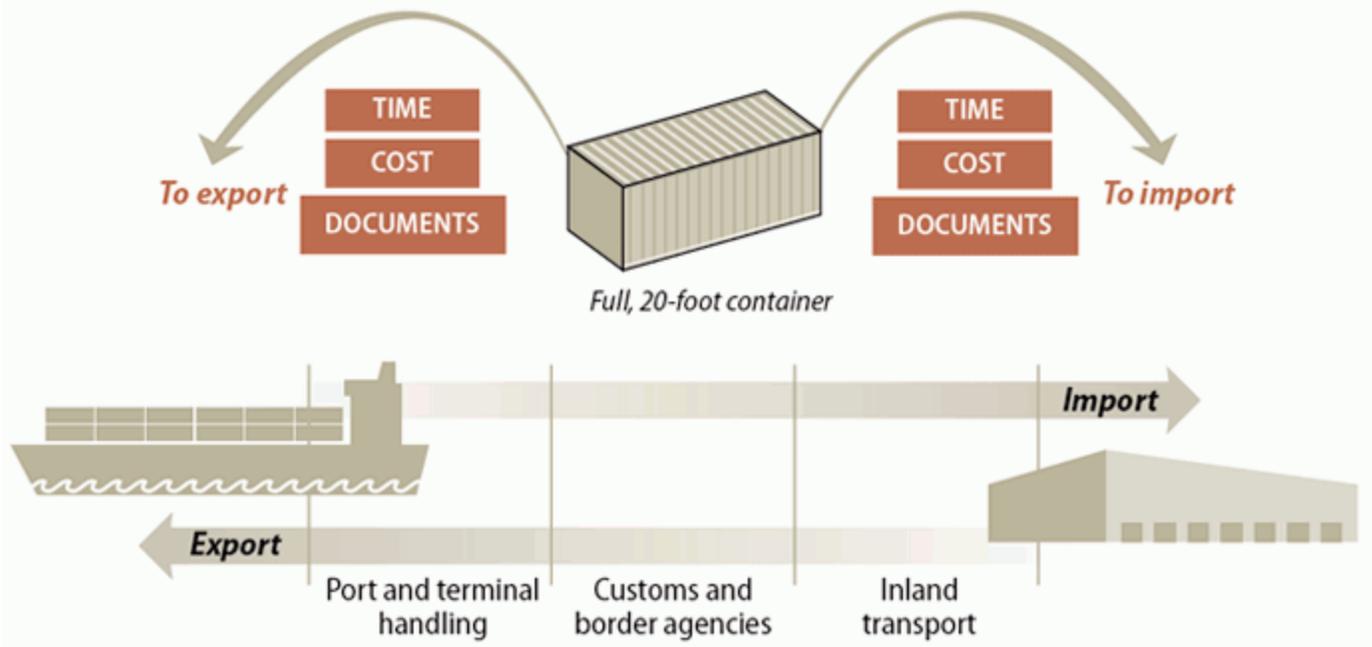
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	93	100
Cost to export (US\$ per container)	820	945	945	1055
Cost to import (US\$ per container)	910	960	960	1025
Documents to export (number)	8	8	8	8
Documents to import (number)	9	9	9	9
Time to export (days)	18	17	17	17
Time to import (days)	21	20	20	20

3. The following graphs illustrate the Trading Across Borders sub indicators in India over the past 4 years:





How much time, how many documents and what cost to export and import across borders by ocean transport?



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

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	8	400
Customs clearance and technical control	2	130
Ports and terminal handling	3	175
Inland transportation and handling	4	350
Totals	17	1055

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	8	430
Customs clearance and technical control	4	120
Ports and terminal handling	5	200
Inland transportation and handling	3	275
Totals	20	1025

Documents for Export and Import

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

Well functioning courts help businesses expand their network and markets. Where contract enforcement is efficient, firms have greater access to credit and are more likely to engage with new borrowers or customers. *Doing Business* measures the efficiency of the judicial system in resolving a commercial sale dispute before local courts. Following the step-by-step evolution of a standardized case study, data relating to the time, cost and procedural complexity of resolving a commercial lawsuit are collected through study of the codes of civil procedure and other court regulations, as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

Some reform outcomes

In Rwanda the implementation of specialized commercial courts in May 2008 resulted in a significant decrease of the case backlog, and contributed to reduce the time to resolve a commercial dispute by nearly 3 months.

In Austria a "data highway" for the courts that allows attachments to be sent electronically has produced savings of €4.4 million in postage alone.

What do the Enforcing Contracts indicators measure?

Procedures to enforce a contract (number)

- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

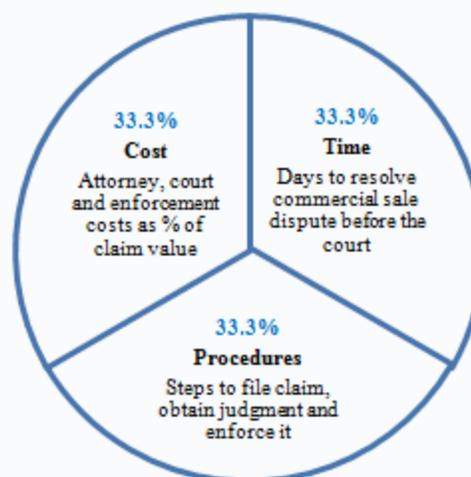
- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

Cost required to complete procedures (% of claim)

- No bribes
- Average attorney fees
- Court costs, including expert fees
- Enforcement costs

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators



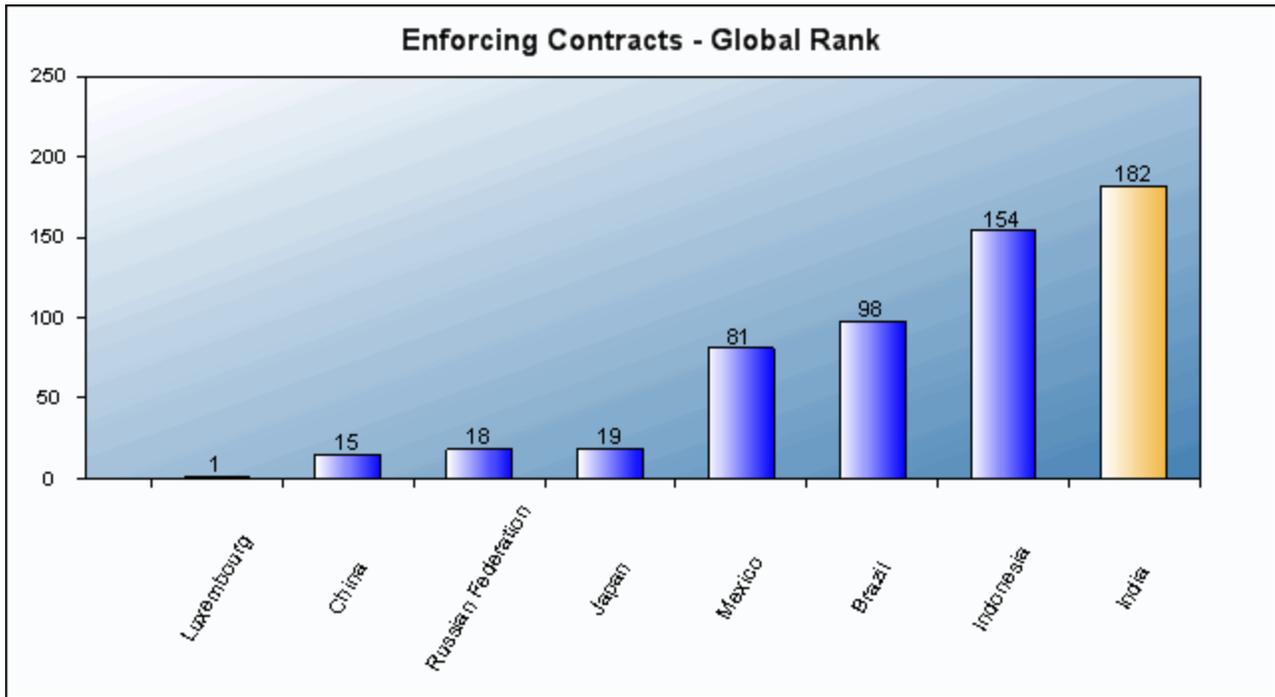
Case Study Assumptions

- Seller and Buyer are domestic companies
- Buyer orders custom-made goods, then does not pay
- Seller sues Buyer before competent court
- Value of claim is 200% of GNI per capita
- Seller requests pre-trial attachment to secure claim
- Dispute on quality of the goods requires expert opinion
- Judge decides in favor of Seller, no appeal
- Seller enforces judgment through a public sale of Buyer's movable assets.

1. Benchmarking Enforcing Contracts Regulations:

India is ranked 182 overall for Enforcing Contracts.

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



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

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		150	

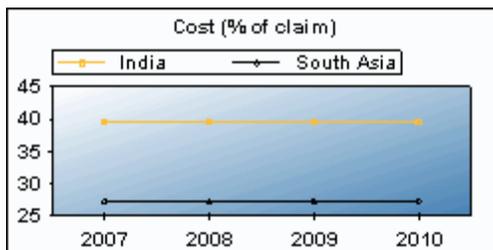
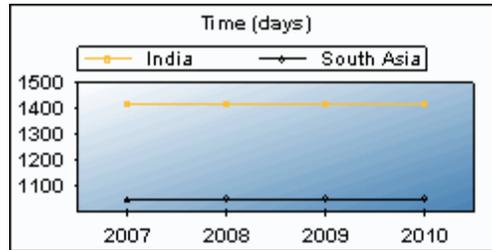
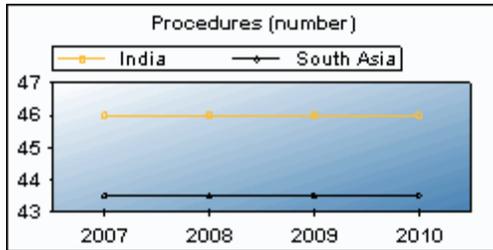
<i>Selected Economy</i>			
India	46	1420	39.6

<i>Comparator Economies</i>			
Brazil	45	616	16.5
China	34	406	11.1
Indonesia	40	570	122.7
Japan	30	360	22.7
Mexico	38	415	32.0
Russian Federation	37	281	13.4

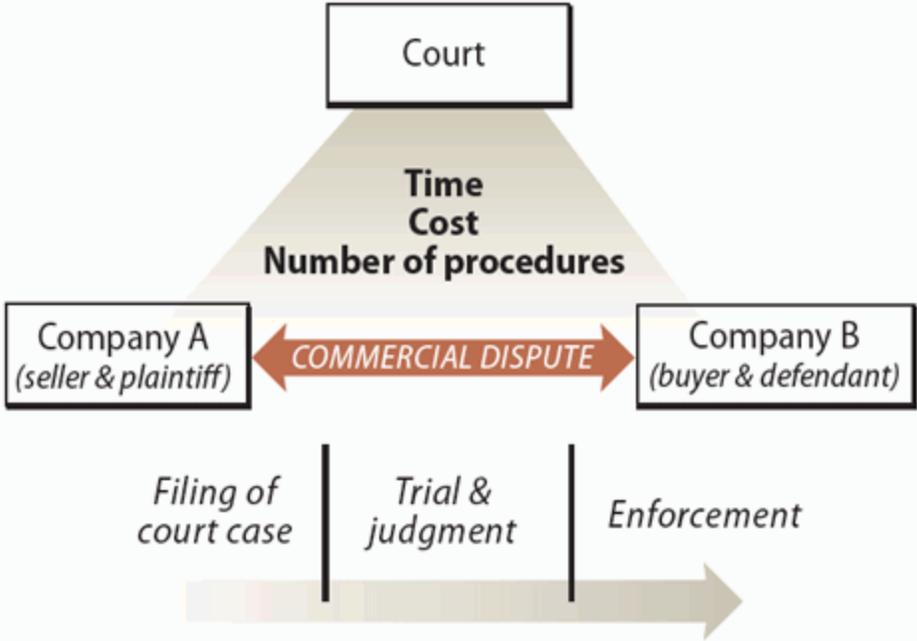
2. Historical data: Enforcing Contracts in India

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	182	182
Procedures (number)	46	46	46	46
Time (days)	1420	1420	1420	1420
Cost (% of claim)	39.6	39.6	39.6	39.6

3. The following graphs illustrate the Enforcing Contracts sub indicators in India over the past 4 years:



What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



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

Nature of Procedure (2010)	Indicator
Procedures (number)	46
Time (days)	1420
Filing and service	20.0
Trial and judgment	1,095.0
Enforcement of judgment	305.0
Cost (% of claim)*	39.60
Attorney cost (% of claim)	30.6
Court cost (% of claim)	8.5
Enforcement Cost (% of claim)	0.5

Court information: Bombay High Court

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

A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones. Fast and cheap insolvency proceedings result in businesses' speedy return to normal operation and increase returns to creditors. By improving the expectations of creditors and debtors about the outcome of insolvency proceedings, well-functioning insolvency systems can facilitate access to finance, save more viable businesses, and thereby improve growth and sustainability in the economy overall.

Some reform outcomes

A study of the 2005 bankruptcy reform in Brazil found that it had led to an average reduction of 22% in the cost of credit for Brazilian companies, a 39% increase in overall credit and a 79% increase in long-term credit in the economy. The purpose of the reform was to improve creditor protection in insolvency proceedings.

Following the introduction of debtor-in-possession reorganizations in Korea in 2006, the number of reorganization filings increased from 76 in 2006 to 670 in 2009.

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

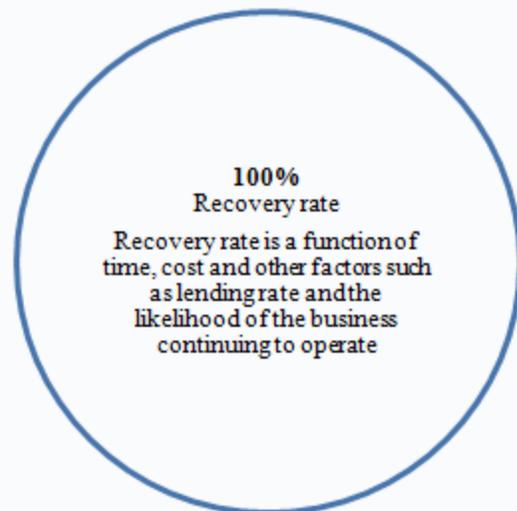
- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate value)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- All other fees and costs

Recovery rate for creditors (cents on the dollar)

- Measures the cents on the dollar recovered by creditors
- Present value of debt recovered
- Costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Outcome for the business (survival or not) affects the maximum value that can be recovered



Case Study Assumptions

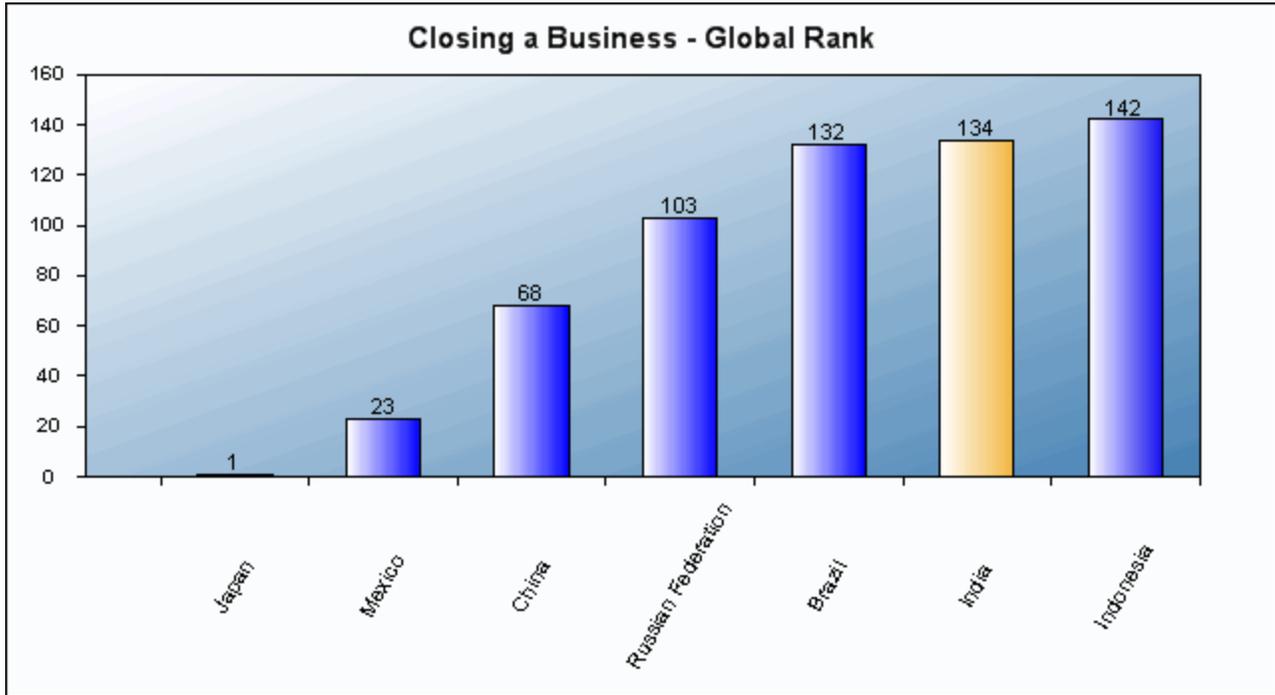
The Company

- is domestically owned
- is a limited liability company operating a hotel
- operates in the economy's largest business city
- has 201 employees, 1 secured creditor and 50 unsecured creditors
- has a higher value as a going concern and a lower value in a piecemeal sale of assets

1. Benchmarking Closing Business Regulations:

India is ranked 134 overall for Closing a Business.

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



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

Good Practice Economies	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)
Ireland		0.4	
Japan	92.7		
Singapore*			1

<i>Selected Economy</i>			
India	16.3	7.0	9

<i>Comparator Economies</i>			
Brazil	17.1	4.0	12
China	36.4	1.7	22
Indonesia	13.2	5.5	18
Japan	92.7	0.6	4
Mexico	66.7	1.8	18
Russian Federation	25.3	3.8	9

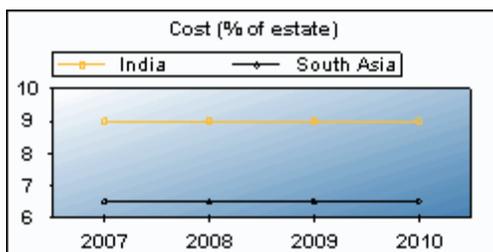
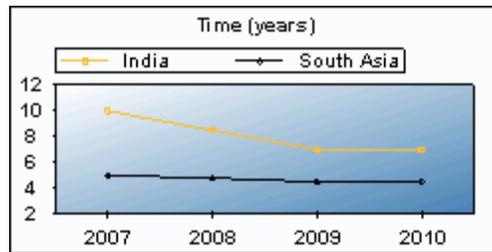
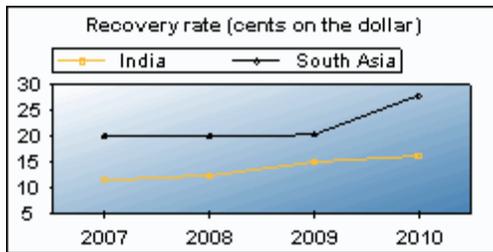
* The following economies are also good practice economies for :

Cost (% of estate): Colombia, Kuwait, Norway

2. Historical data: Closing Business in India

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	137	134
Time (years)	10.0	8.5	7.0	7.0
Cost (% of estate)	9	9	9	9
Recovery rate (cents on the dollar)	11.6	12.5	15.1	16.3

3. The following graphs illustrate the Closing Business sub indicators in India over the past 4 years:



Since 2004 Doing Business has been tracking reforms aimed at simplifying business regulations, strengthening property rights, opening access to credit and enforcing contracts by measuring their impact on 10 indicator sets . * Nearly 1,000 reforms have had an impact on these indicators. *Doing Business 2011*, covering June 2009 to June 2010, reports that 117 economies implemented 216 reforms to make it easier to start a business. 64% of economies measured by Doing Business have reformed this year, focusing on easing business start-up, lightening the tax burden, simplifying import and export regulations and improving credit information systems.

The top 10 most-improved in Doing Business 2011

Economy	Indicator									
	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Employing Workers
Kazakhstan	✓	✓				✓	✓			
Rwanda		✓		✓			✓			
Peru	✓	✓	✓				✓			
Vietnam	✓	✓		✓						
Cape Verde	✓		✓				✓			
Tajikistan	✓				✓	✓				
Zambia	✓						✓	✓		
Hungary		✓	✓				✓			✓
Grenada	✓		✓				✓			
Brunei Darussalam	✓						✓	✓		

 Positive Change
 Negative Change

* For *Doing Business 2011* the Employing Workers indicator is not included in the aggregate ease of doing business ranking.

Summary of changes to business regulation in top 10 most improved economies in *Doing Business 2011* and selected comparator economies.

Brazil	Brazil eased business start-up by further enhancing the electronic synchronization between federal and state tax authorities.
Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
China	China's new corporate income tax law unified the tax regimes for domestic and foreign enterprises and clarified the calculation of taxable income for corporate income tax purposes.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
India	India eased business start-up by establishing an online VAT registration system and replacing the physical stamp previously required with an online version. India reduced the administrative burden of paying taxes by abolishing the fringe benefit tax and improving electronic payment.
Indonesia	Indonesia eased business start-up by reducing the cost for company name clearance and reservation and the time required to reserve the name and approve the deed of incorporation. Indonesia reduced its corporate income tax rate. Indonesia reduced the time to export by launching a single-window service.
Japan	Japan made it easier to deal with insolvency by establishing a new entity, the Enterprise Turnaround Initiative Corporation, to support the revitalization of companies suffering from excessive debt but professionally managed.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Mexico	Mexico launched an online one-stop shop for initiating business registration. Mexico improved construction permitting by merging and streamlining procedures related to zoning and utilities. Mexico increased taxes on companies by raising several tax rates, including the corporate income tax and the rate on cash deposits. At the same time, the administrative burden was reduced slightly with more options for online payment and increased use of accounting software.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.

Russian Federation	Russia eased construction permitting by implementing a single window for all procedures related to land use. Russia introduced a series of legislative measures in 2009 to improve creditor rights and the insolvency system.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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