

Creation of Enterprise

Executive Summary

In this session, various types of organizational structures have been explained in detail. To start your business, the first step is to “**CREATE IDENTITY OF YOUR DREAMS**”.

So, to accomplish the purpose, following points need to be considered during Session: -

- ✓ What are the basic requirements to fulfill
- ✓ What are the different types of organisations in India?
- ✓ How to select as per your perception
- ✓ Where to proceed for the formation of Enterprise
- ✓ What are the other registrations which are required by Enterprise?

To better understand the whole concept, Topic has been divided into four segments: -

- I. Understanding Basic Ingredients for Business**
- II. Types of Organisation Structures in India**
- III. Other Legal registrations –To Start Business**
- IV. Practical Session- Online Demo with Your Query – Our Solution**

In present scenario of Digital India concept, many Govt. Departments have already converted their registration procedure through online mode, even some are still continuing on Physical mode basis especially on district/ State Level.

Latest information's for related websites of registration have also been inserted in last page of this Write-Up.

I. Understanding Basic Ingredients For Business

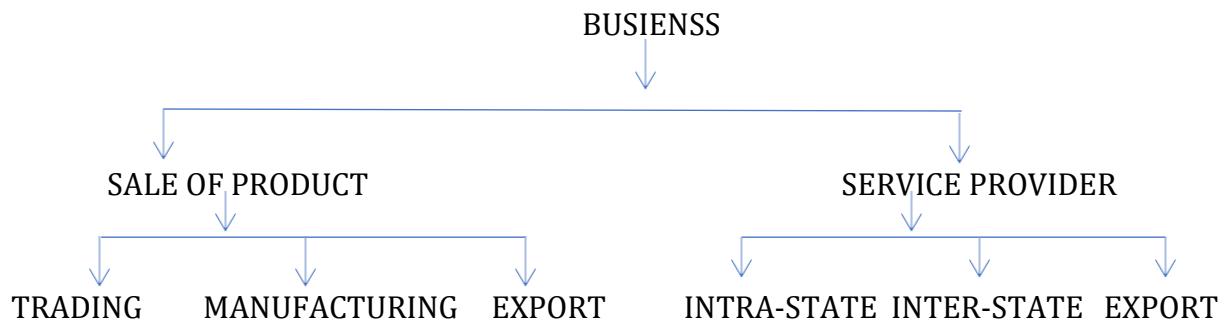
“I MET MONEY ONE DAY.... I SAID – YOU ARE JUST A PIECE OF PAPER

MONEY SMILED & SAID- YES, I AM JUST A PIECE OF PAPER, BUT I HAVE NEVER SEEN MYSELF IN A DUSTBIN IN MY LIFETIME. “

This is the importance of money, which can never be denied. Earning money through a proper way is main objective for better upliftment of life. A person needs to analyses on

various factors like – Risk Taking Capacity / Own Financial Sources/ Experience in particular area etc. When a person becomes mentally prepared to do business, role of basic requirements to start come into the picture, which are illustrated below:-

- i. **Product/ Service Selection:** To start business, the very first step is to decide about Product/ Service.



- ii. **Selection of Name of proposed Enterprise:** While deciding name of Enterprise, it is required to check with specific trademark class (and in case of formation of Company/ LLP, need to be check with Ministry of Corporate Affairs, Govt. of India)
- iii. **Place & Main Business Object of Enterprise:** Next step is to decide on registered office address of proposed Enterprise. There are some check points while selection of place in case of manufacturing business like White/ Green/ Orange category Enterprises. (Supporting Documents required- Latest Utility Bill at selected place/ Rent Agreement or Registry Copy of proposed place of business)

Also to finalise clear business objects of Enterprise whether to trade/ manufacture/ export-import etc. (Note- Not more than one business objects should be selected to form an Enterprise)

- iv. **Capital Amount to Invest into Business:** A ruff idea should be taken about availability of own funds which can be introduced into business as Seed Capital to start the Enterprise. ***Capital is the Blood for any kind of business.*** However, for different- different organization structures- minimum capital contribution

changes accordingly. Its largely depends upon the Vision of Entrepreneur about his/ her Business.

II. Types Of Organisation Structures In India

In India, Enterprise can be formed in any of the following organisational Entities as mentioned below:-

- ✓ **SOLE PROPRIETORSHIP/ INDIVIDUAL**
- ✓ **PARTNERSHIP FIRM**
- ✓ **COMPANY**
- ✓ **LIMITED LIABILITY PARTNERSHIP**

OTHER NOT FOR PROFIT ORGANISATION SET-UPS:-

- ✓ **NGO---- SOCIETY/ CO-OPERATIVE SOCIETY/ TRUST/ SECTION 8 COMPANY**
- ✓ **ASSOCIATION OF PERSONS**
- ✓ **BODY OF INDIVIDUALS**
- ✓ **ARTIFICIAL JUDICIAL PERSON**

Above bifurcation of business entities has been given on the basis of Definition of Person under Income Tax Act, which earns income in India. Except them, no other legal business entity exists in India, let us understand each business formation in detail:-

1. **SOLE PROPRIETORSHIP- Following** are main characteristics to consider to form an Enterprise as Sole Proprietorship-

SR. NO.	CHECK- POINT	SOLE-PROPRIETORSHIP
1.	Governing Act	Shop & Establishment Act 1958
2.	Registration	Not Mandatory
3.	Concerned Department	Labour Department
4.	Mode of registration (online/offline)	State-wise
5.	No. of Persons reqd.	Only 1

6.	Minimum Capital reqd.	Not specified
7.	Documents reqd.	KYC, Latest Utility Bill of proposed address/ rent agreement or registry copy

- 2. PARTNERSHIP FIRM-** Following are main characteristics to consider to form an Enterprise as Partnership Firm-

SR. NO.	CHECK- POINT	PARTNERSHIP FIRM
1.	Governing Act	Indian Partnership Act 1932
2.	Registration	Not Mandatory
3.	Concerned Department	Registrar of Firms of related State
4.	Mode of registration (online/offline)	State-wise
5.	No. of Persons reqd.	Min. 2 – Max- 20
6.	Minimum Capital reqd.	Not specified
7.	Informations reqd.	P&L Ratio between partners/ Capital contribution by each partner/ Authorised partner for registration process
8.	Documents reqd.	Draft of Partnership Deed/ KYC, Latest Utility Bill of proposed address/ rent agreement or registry copy

- 3. COMPANY-** Following are main characteristics to consider to form an Enterprise as Company-

SR. NO.	CHECK- POINT	COMPANY
1.	Governing Act	Indian Companies Act 2013
2.	Registration	100% Mandatory
3.	Concerned Department	Registrar of Companies of related State
4.	Mode of registration (online/offline)	www.mca.gov.in
5.	Type of Company	<ul style="list-style-type: none"> ✓ One Person Company ✓ Private Limited ✓ Public Limited
6.	No. of Persons reqd.	For OPC- Min.- 1 Only Max.- N.A. For Pvt Ltd- Min.- 2 Max- 200 For Public Ltd Min- 7 Max- No-limit

7.	No. of Directors reqd.	For OPC- For Pvt Ltd- For Public Ltd	Min.- 1 Only Max.- 15 Min.- 2 Max- 15 Min- 3 Max- 15
8.	Minimum Capital reqd.	Not specified for OPC & Pvt Company Rs. 5,00,000/- in case of Public Company	
9.	Informations reqd.	No. of shares to be held by each shareholder/ 2 proposed name of Company/ Objects of company/ minimum authorized capital/ Authorised partner for registration process	
10.	Documents reqd.	Draft of MOA & AOA/ KYC, Latest Utility Bill of proposed address/ rent agreement or registry copy/ Latest utility bill of proposed directors and so on	

4. LIMITED LIABILITY PARTNERSHIP- Following are main characteristics to consider to form an Enterprise as LLP-

SR. NO.	CHECK- POINT	LIMITED LIABILITY PARTNERSHIP
1.	Governing Act	Limited Liability Partnership Act 2008
2.	Registration	100% Mandatory
3.	Concerned Department	Registrar of Companies of related State
4.	Mode of registration (online/offline)	www.mca.gov.in
5.	No. of Persons reqd.	Min. 2 – Max- No Limit
6.	Minimum Capital reqd.	Not specified
7.	Informations reqd.	P&L Ratio between designated partners/ Capital contribution by each partner/ Authorised partner for registration process / objects of LLP
8.	Documents reqd.	Draft of LLP Agreement/ KYCs, Latest Utility Bill of proposed address/ rent agreement or registry copy

IV. Other Legal registrations –To Start Business

Just after completing formation process of Enterprise, there are certain mandatory/ recommended registrations with other concerned departments to Start business in India, which are summarized as below:-

1. Registration with Tax Authorities-

✓ Income Tax Department-

In any formation of business, this is the essential requirement to obtain PAN Card from concerned department. It can be easily applied directly through Income Tax website through online mode.

✓ Goods & Service Tax Department-

From 1st July, 2017- GST registration is required to do business subject to specified limit as mentioned below:-

- For Inter- State Supply of Goods or Services
- For every business – where turnover of Supply of Goods amount exceed Rs. 40 Lakhs / Supply of Services amount exceeds Rs. 20 Lakhs

2. Obtaining Registration/ License from concerned Trade- Ministry-

There are around 51 Ministries in Govt. of India mechanism, which specially deal with a particular Segment, (For example: Ministry of Ayush specially deals with medical sector, Ministry of Steel specially deals with Steel industry as well as Ministry of Food Processing Industries specially deals with food and related stuff segment).

As per specific business, some specific requirements may be there as per related Laws, which can be easily checked from concerned ministry website.

For Example- To Start A Food Restaurant business- FSSAI is mandatory. Specially, if alcohol is also served- Bar & Liquor License is compulsory.

3. Obtaining MSME Registration (UDYAM Registration) for value addition-

It is not mandatory to take, but is highly recommended for ease of doing business (like Finance preference from Banks & Financial Institutions/ Product, Marketing, Technical Assistance/ Subsidised business opportunities etc.) to get registered as MSME Unit, in whatever business (Manufacturing & Service Enterprises Only) you are into. Specific Criteria-

MICRO	SMALL	MEDIUM
Investment upto 1 Cr.	Investment upto 10 cr.	Investment upto 50 Cr.
Turnover upto 5 Cr.	Turnover upto 50 Cr.	Turnover upto 250 Cr.

4. Obtaining IEC Code for International Business-

In case of Business is proposed to be started across India, it is mandatory to obtain IEC Code (Import-Export Code) from Director General of Foreign of Trade under Ministry of Commerce & Industry. It's the entry gate for Import & export transactions, which can be applied through online mode.

Important Website Links for Registrations

✓ TRANSACTION	○ LINK
✓ For Trademark ✓ Search of Name	✓ https://ipindiaonline.gov.in/tmrpublicsearch/frmmain.aspx
✓ For Company ✓ Registration	✓ http://www.mca.gov.in/
✓ For LLP ✓ Registration	✓ http://www.mca.gov.in/
✓ For PAN Card ✓ application	✓ https://tin.tin.nsdl.com/pan/index.html ✓ https://www.pan.utiitsl.com/PAN/index
✓ For Food License	✓ https://foodlicensing.fssai.gov.in/index.aspx
✓ For MSME ✓ Registration	✓ https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm
✓ For IEC Code	✓ https://www.dgft.gov.in/CP/

Let's Create Enterprise... let's Fly with your Dreams...

