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BUSINESS ENVIRONMENT

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CHAPTER 1: ENTREPRENEURSHIP SCENARIO

INITIATIVES TAKEN BY THE GOVERNMENT OF INDIA TO STRENGTHEN ENTREPRENEURSHIP IN INDIA

Make in India



Stand Up India



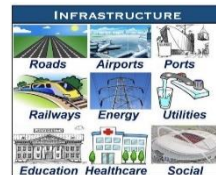
Start-up India



Skill India



Investment in physical infrastructure



As a national programme aimed at transforming India into a global manufacturing hub

to attract investments from both local and foreign corporate houses (in 25 key areas)

launched in September 2014

after the 'Modi' Government came to power

Under this, government has increased the FDI limit in various industries to attract foreign investment and participation

investor facilitation centre to assist to foreign businesses locate partners and sites

(a) Automobiles

(i) Hospitality

(b) Chemicals

(j) Wellness

(c) Information Technology

(k) Railways

(d) Pharmaceuticals

(l) Infrastructure

(e) Textiles

(f) Aviation

(g) Leather

(h) Tourism



Stand Up India :=> Introduction

- Promoting entrepreneurship among women and scheduled castes and tribes (Launched: 5/4/16)
- By Department of Financial Services (DFS), Ministry of Finance, Government of India
- Objective: facilitates bank loans between Rs 10 lakh and Rs 1 Crore
- to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a Greenfield enterprise (manufacturing, services, agri-allied activities or the trading sector)
- In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or woman entrepreneur
- <https://www.standupmitra.in/Home/SUISchemes>
- <https://www.paisabazaar.com/business-loan/stand-up-india-scheme/>

STAND UP INDIA :=> ELIGIBILITY

SC/ST and/or woman entrepreneurs, above 18 years of age

Loans available for only green field project (first time venture of the beneficiary in the manufacturing or services or trading sector)

In case of non-individual enterprises, at least 51% of the shareholding and controlling stake should be held by either SC/ST and/or Women Entrepreneur

Borrower should not be in default to any bank/financial institution

Stand Up India :=> Loan details

- **Nature of Loan:** Composite loan (inclusive of term loan and working capital)
- **Amount:** Between 10 lakh and 100 lakh
- **Purpose:** Setting up a new enterprise in manufacturing, trading or services
- **Size of Loan:** Composite loan of **85%** of the project cost (Exception: If borrower's contribution along with support from any other schemes exceeds **15%** of the project cost)
- **Interest Rate:** lowest applicable rate not to exceed (base rate (MCLR) + 3%+ tenor premium)
 - ✓ **MCLR:** Marginal cost of funds-based lending rate is an internal reference rate for banks fixed by the RBI.
 - ✓ The **MCLR** is determined by the current cost of funds, in contrast to the **base rate**, which is governed by the average cost of funds.
 - ✓ **Tenor Premium:** is the **premium** charged by the banks for the risk associated with lending for higher **tenors**

STAND UP INDIA :=> LOAN DETAILS

Security: Loan may be secured by collateral security or guarantee of Credit Guarantee Fund Scheme (CGFSIL)

Repayment: repayable in 7 years with a maximum moratorium period of 18 months

Working capital : For drawal of working capital upto INR 10 Lakh, the same may be sanctioned by way of overdraft. Working capital limit above INR 10 Lakh to be sanctioned by way of Cash Credit limit.

Margin Money: **15% margin money** (such schemes can be drawn upon for availing admissible subsidies or for meeting margin money requirements, in this cases required to bring in minimum of 10% of the project cost as own contribution) **Example:** Even If a state scheme supports borrower with 20% of project cost as subsidy then borrower shall be required to contribute 10% of project cost.

START-UP INDIA := INTRODUCTION

Initiative by the Government for generation of employment and wealth creation

Goal: development and innovation of products and services and increasing the employment rate

Benefit: Simplification of Work, Finance support, Government tenders, networking opportunities

launched by Prime Minister Shri. Narendra Modi on 16th January 2016 (First announced by PM N Modi: 15 August 2015)

START-UP INDIA :=> BENEFITS

Financial benefits:

- 80% rebate on the patent costs (Since most start-up patent based)
- process of patent registration and related is faster for them.
- government pays the fees of the facilitator to obtain the patent

Income Tax Benefits:

- exempts their 3 years income tax post the incorporation year (only after getting a certificate from the Inter-Ministerial Board)
- exemption from tax on Capital Gains if they invest money in specified funds

Registration Benefits:

- an application is there to facilitate registration. A single meeting is arranged to at the Start-up India hub (Single Doubt solving window)

Government Tenders:

- start-ups get priority in getting government tenders
- not required to have any prior experience

Huge Networking Opportunities:

- opportunity to meet with various Start-up stakeholders at a particular place and time
- by conducting 2 Start-ups fests annually (both at domestic as well as the international level)

SOME VITAL POINTS PERTAINING TO THE START UP INDIA

- (a) **Startup India Hub** : Is one dtop solution for Stakeholders in Startup ecosystem & can interact amongst each other, exchange knowledge & form successful partnerships in a highly dynamic environment.
- (b) **Investors (Like VC) adding value to the Startups in a lot of ways:**
 - (a) **Stakeholder Management:** Investors manage co's board and leadership & also their knowledge imparts vision & direction to company.
 - (b) **Raising Funds & aid in networking** to pitch their business to other investors.
 - (c) **Recruiting Talent** Help bridge the talent gap by recruiting the right set of people at the right time.
 - (d) **Marketing** : VCs assist with marketing strategy for your product/service.
 - (e) **M&A Activity** : M&A opportunities in local entrepreneurial ecosystem to enable greater value addition.
 - (f) **Organizational Restructuring** to increase capital efficiency, lower costs and scale efficiently.

- (a) **Investors investing in Startups:** Investing in startups is a risky proposition, but the low requirement for overhead capital combined with high upside potential, makes it lucrative for investors to put their bets on startups.
- (b) **Foreign company registering in registering under Startup India hub:** Any entity having at least one registered office in India is welcome to register on the hub as location preferences

START-UP INDIA :=> REGISTRATION

Can be done only from following types of companies-

1. Partnership Firm
2. Limited Liability Partnership Firm
3. Private Limited Company.

SKILL INDIA :=> INTRODUCTION

Launched by: Prime Minister Shri Narendra Modi on 15 July 2015

MISSION: to train over 40 crore people in India in different skills by 2022

At Vocational training (instructional programs or courses related to career) and certification of Indian youth for a better livelihood

improve the overall scope and space for underdeveloped sectors

It does so with assistance from the [National Skill Development Corporation](#) or NSDC.

NATIONAL SKILL DEVELOPMENT CORPORATION (NSDC)

[HTTPS://NSDCINDIA.ORG/TITP-HOME](https://NSDCINDIA.ORG/TITP-HOME)

NSDC is a not-for-profit public limited company (July 31, 2008)

Incorporated under sec. 25 (Now **Sec. 8** of Co. Act 2013)

was set up by Ministry of Finance as Public Private Partnership (PPP) model

Government of India through Ministry of Skill Development & Entrepreneurship (MSDE) holds 49% of the share capital of NSDC rest by private sector

aims to promote skill development by catalysing creation vocational institutions

providing funding to enterprises, companies and organizations that provide skill training

focus on 21 sectors under NSDC's purview (**Details of various schemes – next slide**)

PRADHAN MANTRI KAUSHAL KENDRA (PMKK)

Vocational training to transform India into the skill capital of the world

Ministry of Skill Development and Entrepreneurship (MSDE) intends to establish visible and aspirational Model Training Centres (MTCs) in every district of the country

NSDC is the implementation agency for the project

Funding Support:

NSDC will provide a concessional secured loan funding per centre

up to 75% of the project investment

to cover expenditure: Training infrastructure, Training aid and other associated items & Civil work

Operations Support:

sustainability of the centres will be assured against dedicated training numbers under PMKVY

Each PMKK will be assured a training mandate for three years

INTERNATIONAL SKILL TRAINING

A country's ability & potential for growth is determined by the size of its youth population, India has a relative advantage at present over other countries (China and Indonesia). Youth today need to be harnessed, motivated, skilled and streamlined to bring rapid progress for a country.

NATIONAL POLICY ON SKILL DEVELOPMENT & ENTREPRENEURSHIP 2015

Objective is to meet the challenge of skilling at scale with speed and standard (quality).

It aims to provide an umbrella framework to all skilling activities being carried out within the country, to align them to common standards and link the skilling with demand centres.

This policy will also provide clarity on how skill development efforts across the country can be aligned within the existing institutional arrangements.

This policy will link skills development to improved employability and productivity

THE VISION, MISSION AND OBJECTIVES OF THE NATIONAL POLICY ON SKILL DEVELOPMENT AND ENTREPRENEURSHIP 2015 ARE

Vision : “To create an ecosystem of empowerment by Skilling on a large Scale at Speed with high Standards and to promote a culture of innovation based entrepreneurship which can generate wealth and employment so as to ensure Sustainable livelihoods for all citizens in the country.”

Mission : The mission is to

- Create a demand for skilling across the country;
- Correct and align skilling with required competencies;
- Connect the supply of skilled human resources with sectoral demands;
- Certify and assess in alignment with global and national standards; and
- Catalyse an ecosystem wherein productive and innovative entrepreneurship germinates, sustains and grows leading to creation of a more dynamic entrepreneurial economy and more formal wage employment.

OBJECTIVES: NATIONAL POLICY ON SKILL DEVELOPMENT & ENTREPRENEURSHIP 2015

The core objective of the Policy is to empower the individual, by enabling her/ him to realize their full potential through a process of lifelong learning where competencies are accumulated via instruments such as credible certifications, credit accumulation and transfer, etc. As individuals grow, the society and nation also benefit from their productivity and growth. This will involve:

- i. Make quality vocational training aspirational for both youth and employers.
- ii. Ensure both vertical (Training) and horizontal (Education) pathways to skilled workforce.
- iii. Focus on an outcome-based approach towards quality skilling to increased employability
- iv. Increase capacity & quality of training infrastructure and trainers.
- v. Aligning supply of skilled workers with sectoral requirements of industry
- vi. Establish an IT based information system for aggregating demand and supply of skilled workforce

- i. Active involvement of employers in setting occupational standards, helping develop curriculum
- ii. Operationalize a well-defined framework aligned with global standards to facilitate mobility of labour.
- iii. Leverage modern technology to ensure scale, access and outreach
- iv. Recognise the value of on-the-job training, by making apprenticeships in actual work
- v. Ensure that the skilling needs of the socially and geographically disadvantaged and marginalized groups (like the SCs, STs, OBCs, minorities, differently abled persons etc.) are appropriately taken care of.
- vi. Promote increased participation of women in the workforce through appropriate skilling
- vii. Promote commitment and ownership of all stakeholders towards skill development and create an effective coordination mechanism.

THUS; THE CORE OBJECTIVE OF THE ENTREPRENEURSHIP FRAMEWORK IS TO COORDINATE & STRENGTHEN FACTORS ESSENTIAL FOR GROWTH OF ENTREPRENEURSHIP ACROSS THE COUNTRY.

- Promote entrepreneurship culture and make it aspirational
- Encourage entrepreneurship as a viable career option through advocacy.
- Enhance support for potential entrepreneurs through mentorship and networks.
- Integrate entrepreneurship education in the formal education system
- Foster innovation-driven and social entrepreneurship to address the needs of the population at the bottom of the pyramid.
- Ensure ease of doing business by reducing entry and exit barriers.
- Facilitate access to finance through credit and market linkages.
- Promote entrepreneurship amongst women.
- Broaden the base of entrepreneurial supply by meeting specific needs of both socially and geographically disadvantaged sections of the society including SCs, STs, OBCs, minorities, differently-abled persons.

PRE-DEPARTURE ORIENTATION TRAINING (PDOT)

to orient potential migrant workers with regards to **language, culture, do's and don'ts** in the destination country, the emigration process and welfare measures, PDOT program has been launched

MEA in collaboration with MSDE is conducting the PDOT program

NSDC is the implementing agency for this program

A longer variant of PDOT i.e. 160 hours was offered at all IISCs which consisted of country orientation, language and digital literacy.

A shorter variant of PDOT program i.e. 1 Day (ongoing) for migrant workers who are likely to depart soon and register for the training through registered recruitment agents.

PDOT program is **delivered by trainers** who have undergone Training of Trainers (ToT) program organized by MEA. So far, 52 trainers from existing IISCs and NSDC Training Partners have undergone the PDOT (ToT).

TECHNICAL INTERN TRAINING PROGRAM (TITP)

It promotes international **collaboration** through the transfer of skills, technology, and knowledge among the participating countries.

It offers **training to the workers** for a specific period (**3 – 5 years**) in **Japan's industrial society**.

To ensure that the most **competent youth is selected and sent** to Japan to participate in TITP.

Ministry of Skill Development & Entrepreneurship (**MSDE**), Government of India **and** the **Ministry of Justice**, Ministry of Foreign Affairs and Ministry of Health, Labour and Welfare **of Japan signed a Memorandum of Cooperation** initiating the Technical Intern Training Program (TITP) in India in **October 2017**.

INVESTMENT IN PHYSICAL INFRASTRUCTURE :=> INTRODUCTION

As infrastructure is one of the key imperatives for turning the “Make in India” vision into reality

Achieving a manufacturing-led transformation would necessitate addressing the bottlenecks across infrastructure.

Government has started taking initiatives: To start with, public spending on infrastructure such as roads, railways, irrigation and urban infrastructure, need for stepping up the scale and scope of private investment in infrastructure by allowing 100% FDI in some areas of railway infrastructure and by easing of FDI rules in construction. Development of smart cities is likely to bridge the gap in infrastructure development in the country.

D&B’s estimates, physical infrastructure investment is expected to surge to 10.4% of GDP by FY 25 from around 7.5% (Estimated) of GDP in FY 15

MAJOR INITIATIVES OF THE GOVERNMENT OF INDIA (UNION BUDGET 2022) FOR PHYSICAL INFRASTRUCTURE

1. Under PM GatiShakti the seven engines that have been identified that will drive PM GatiShakti are Roads, Railways, Airports, Ports, Mass Transport, Waterways and Logistics Infrastructure. The projects pertaining to these 7 engines in the National Infrastructure Pipeline will be aligned with PM GatiShakti framework.
2. Road Transport (a) National Highways Network to be expanded by 25000 Km in 2022-23. (b) Rs 20000 Crore to be mobilized for National Highways Network expansion.
3. Multimodal Logistics Parks- Contracts to be awarded through PPP mode in 2022-23 for implementation of Multimodal Logistics Parks at four locations.

4. Railways- (a) One Station One Product concept to help local businesses & supply chains. (b) 2000 Km of railway network to be brought under Kavach, the indigenous world class technology and capacity augmentation in 2022-23. (c) 400 new generation Vande Bharat Trains to be manufactured during the next three years. (d) 100 PM GatiShakti Cargo terminals for multimodal logistics to be developed during the next three years.
5. Prime Minister's Development Initiative for North-East Region (PM-DevINE) (a) New scheme PM-DevINE launched to fund infrastructure and social development projects in the North-East. (b) An initial allocation of Rs. 1,500 crore made to enable livelihood activities for youth and women under the scheme.
6. Vibrant Village Programmes Vibrant Villages Programme for development of Border villages with sparse population, limited connectivity and infrastructure on the northern border.
7. Mobilising Resources Data Centres and Energy Storage Systems to be given infrastructure status.
8. Sovereign Green Bonds to be issued for mobilizing resources for green infrastructure.

NEED FOR ENTREPRENEURSHIP IN INDIA

Are considered 'change agents' (spark plugs) in the process of industrial and economic development

promote capital formation by mobilising the idle saving of the people

create immediate and large-scale employment

promote balanced regional development by establishing small-scale enterprises in rural area

help reduce the concentration of economic power, equitable redistribution of wealth, income and even political power

encourage effective resource mobilization of capital and skill

also promote country's export business

BOTTLENECKS IN ENTREPRENEURIAL GROWTH

Inefficient time management: Most entrepreneurs think on infinite time scales, as though they have plenty of time to achieve their goals. Time is the most valuable resource, yet most entrepreneurial leaders don't use it effectively. It is very important to analyze the business flow metrics and identify time-wasting processes.

Lack of money: As the company expands, there is a need to scale up the technology, invest in sales enablement and direct resources to a number of other critical areas. Money is needed to achieve all of that.

Too much noise: noise generated through social media, marketing, apps and vendors. It's enough to make entrepreneurs think they need to chase down the "next big thing" But limelight doesn't guarantee success.

A small (or non-existent) network

Growing too much too soon: With the objective of growing production, the problems also compound at the same rate. One needs to pay attention and switch gears when that's needed

ICSI MCQ

1. According to a / an _____, 300 mn youth will enter the labour force by 2025.

- (a) RBI Report
- (b) Central Statistical Office Report
- (c) World Bank Report
- (d) Indian Labour Report**

2. The Stand up India scheme is managed by which of the following ministry? **(a) Ministry of Finance**

- (b) Ministry of Human Resource Development
- (c) Ministry of Statistics and Programme Implementation
- (d) Ministry of Labour

3. "Most entrepreneurs think on infinite time scales, as though they have eons to achieve their goals". The mentioned phrase relates to which of the following bottleneck?

- (a) Growing too much too soon
- (b) A small (or nonexistent) network
- (c) Too much noise
- (d) Inefficient time management**

4. 'Make in India' programme that was launched in _____.

- (a) September 2015
- (b) September 2017
- (c) September 2014**
- (d) September 2018

5. Registration of the Start-up cannot be done for which of the following type of company?

- (a) Partnership Firm
- (b) Limited Liability Partnership Firm
- (c) Private Limited Company.
- (d) Public Limited Company**

CHAPTER 2: BUSINESS ENVIRONMENT

BUSINESS ENVIRONMENT MEANING

- ❑ Business environment consists all those **factors that affect a company's operations** and includes customers, competitors, stakeholders, suppliers, industry trends, regulations other government activities, social and economic factors and technological developments.
- ❑ **According to Keith Davis**, "Business environment is the aggregate of all conditions, events and influence that surrounds and affect it"
- ❑ According to **Andrews**, "The environment of a company as the pattern of all external influences that affect its life and development".
- ❑ It is always **changing** and is **uncertain**
- ❑ **Business and Environment** are totally **interrelated** (Environment refers surroundings business enterprise)

FEATURES & FACTORS INFLUENCING BUSINESS ENVIRONMENT

1. **All the external forces** : It includes all the forces, institutions and factors affect the Business directly or indirectly
2. **Specific and general forces** : It includes specific forces such as investors, customers, competitors & suppliers. Non-human or general forces are Social, Legal, Technological, Political, etc. which affect Business indirectly.
3. **Inter-relation** : All the forces and factors of Business Environment are inter-related to each other. For example with inclination of youth towards western culture, the demand for fast food is increasing.
4. **Uncertainty** : It is very difficult to predict the changes of Business Environment. As environment is changing very fast for example in IT, fashion industry frequent and fast changes are taking place.

5. **Dynamic** : Business environment is highly flexible and keep changing. It is not static or rigid that is why it is essential to monitor and scan the business environment continuously

6. **Complex** : Difficult to understand impact of BE on the companies. Although it is easy to scan the environment but it is very difficult to know how these changes will influence Business decisions. Some-time change may be minor but it might have large impact.

7. **Relativity** : Impact of BE may differ from company to company or country to country.

Types Of Environment

- Political environment
- Social Factors
- Economic environment
- Technological Factors
- Legal Factors

1. **Political environment** : Affects economic environment of businesses. Example, if a political body states that a company must include a certain chemical in its product, the cost of the product differs. The company passes those costs on to the customer in the form of higher prices. If he does not purchase the product, then the company does not receive the revenue.

2. **Economic environment** : Economic environment can affect a company's business environment. During a recession, consumers spend less on optional items such as cars and appliances. As a result, the business environment suffers. Vice versa

3. **Social Factors** : are the cultural influences of the time. For example, a fashion designer that creates bell bottom, striped pants will not succeed in an environment where straight-leg, solid colored pants are desired.

4. **Technological Factors** : Businesses that do not keep up with technology risk increased costs of production and higher prices.

5. **Legal Factors** : Often, a business will need to change how it operates for legal reasons.



EASE OF DOING BUSINESS

“The ease with which an entity can start & run a business to earn profit”

OR

“Refers to the Regulatory environment in the respective country, related to setup & operate a business”

Ease of doing business index

- The **ease of doing business index** is an index formulated by the World Bank Group which indicates the ease of doing business in a country.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- Empirical research funded by the World Bank to justify their work show that the effect of improving these regulations on economic growth is strong.
- The index is based on the study of laws and regulations, with the input and verification by more than 9,600 government officials, lawyers, business

.... EASE OF DOING BUSINESS



PARAMETERS TO BE CONSIDERED IN EDB

The following parameters are considered:



EASE OF DOING BUSINESS INDEX BY WORLD BANK FOR INDIA (EDB) (AMONG 190 COUNTRIES)



World Bank acknowledges India's Reform Trajectory under PM Modi



EASE OF DOING BUSINESS INDEX BY WORLD BANK FOR INDIA

1. The World Bank released its latest Doing Business Report (DBR, 2020) on 24th October 2019. India has recorded a jump of 14 positions against its rank of 77 in 2019 to be placed now at 63rd rank among 190 countries assessed by the World Bank
2. India's leap of 14 ranks in the Ease of Doing Business ranking is significant considering that there has been continuous improvement since 2015 and for the third consecutive year India is amongst the top 10 improvers.
3. The Doing Business assessment provides objective measures of business regulations and their enforcement across 190 economies on ten parameters affecting a business through its life cycle. The DBR ranks countries on the basis of Distance to Frontier (DTF), a score that shows the gap of an economy to the global best practice. This year, India's DTF score improved to 71.0 from 67.23 in the previous year
4. India has improved its rank in 6 out of 10 indicators and has moved closer to international best practices (Distance to Frontier score) on 7 out of the 10 indicators:
5. (6 Indicators):- Construction Permits; Trading Across Borders; Starting a Business; Access to Credit & Access to Electricity

The eight indicators in which India has improved its rank over last four years:

S. No.	Indicator	2014	2018	Change
1	Construction Permits	184	52	+132
2	Getting Electricity	137	24	+113
3	Trading across Borders	126	80	+46
4	Paying Taxes	156	121	+35
5	Resolving Insolvency	137	108	+29
6	Enforcing Contracts	186	163	+23
7	Starting a Business	158	137	+21
8	Getting Credit	36	22	+14

THE IMPORTANT FEATURES OF INDIA'S PERFORMANCE:

1. The World Bank has recognized India as one of the top 10 improvers for the third consecutive year.
2. Recovery rate under resolving insolvency has improved significantly from 26.5% to 71.6%.
3. The time taken for resolving insolvency has also come down significantly from 4.3 years to 1.6 years.
4. India continues to maintain its first position among South Asian countries. It was 6th in 2014.

EASE OF DOING BUSINESS INDEX BY DEPARTMENT FOR PROMOTION OF INDUSTRY & INTERNAL TRADE (DPIIT) FOR STATES

- Department for Promotion of Industry and Internal Trade (DPIIT),
 - in coordination with Central Ministries/Departments and Governments of States/Union Territories (UTs),
 - has taken several reform measures
 - with an aim to improve regulatory environment and
 - facilitate doing business in India
- DPIIT leads dynamic reform exercise called Business Reforms Action Plan, which ranks all the States and UTs in the country based on implementation of designated reform parameters.
 - The focus of the reforms is streamlining the existing regulations and processes and eliminating unnecessary requirements and procedures.
 - The Action Plan covers number of reform areas such as Investment Enablers, Online Single Window System, Land administration and Transfer of Land and Property, Construction Permits Enablers, Labour Regulation Enablers, Environment Registration Enablers, Inspection Enablers, Paying Taxes, Obtaining Utility Permits, etc
 - The Ministry of Labour and Employment has taken several initiatives towards simplification of Labour Laws for ease of doing business.
 - Through Labour Codes provisions have been made for one registration for an establishment instead of multiple registrations, one license & one return in place of multiple licenses and returns Shram Suvidha Portal (SSP) is a major IT initiative of the Ministry, towards ease of doing business and reducing the complexities in labour law compliance`

Department of Justice (DoJ) and Department of Legal Affairs have taken following measures for timely disposal of commercial cases which promote Ease of doing Business:

1. The Commercial Courts Act, 2015 enacted to deal with commercial disputes in India. To streamline their functioning, the pecuniary value of cases reduced to Rs. 3 lakh from earlier Rs. 1 crore. Above act is administered by the Department of Legal Affairs.
2. Designated Special Courts for hearing Infrastructure projects related disputes have been set up in 23 High Courts along with Special Commercial Benches in High Courts for dealing with high value commercial disputes i.e. above Rs. 500 crores have been set up in 8 High Courts.
3. Alternate Dispute Resolution Mechanism by way of Pre-Institution Mediation & Settlement (PIMS) has been provided in the Act. It provides an opportunity to the parties to resolve commercial disputes outside the ambit of the courts at the very outset which has reduced the clogging of cases in Commercial Courts.
4. The Act mandates holding of Case Management Hearing (Pre-Trial Conference) to complete the trial in a time bound manner. This has been institutionalized leading to speedier resolution of commercial cases.
5. Commercial cases are now randomly and automatically assigned to Judges using Case Information System (CIS) software eliminating human intervention this enhancing judicial transparency. To ensure compliance of three adjournment Rule a facility of colour banding in CIS software has been created which provides information regarding the number of adjournments in a case and facilitates speedy decision making.
6. Electronic filing of commercial cases (E-Filing) has been operationalised in most Commercial Courts to reduce the time taken to file cases. Electronic service of Summons (E-Summons) of commercial cases has been operationalised in few commercial courts which reduces the delay in sending summons to parties. Electronic Case management tools (ECMT) for Judges and Advocates have been integrated into one single CIS Software, which has enhanced judicial productivity and made the justice delivery system more accessible, reliable and transparent. Dedicated Websites have been started for Commercial Courts.
7. The Government has notified the Commercial Courts (Statistical Data) Rules, 2018 for making available detailed data points on various aspects of commercial cases for effective monitoring of time taken in case disposal by these courts.

DPIIT, in coordination with Central Ministries/Departments, States and UTs, leads the exercise of reducing compliance burden for improving overall business regulatory environment in the country. Objective is to improve Ease of Doing Business and Ease of Living and Government to Business and Citizen interface hassle-free.

Key focus areas of the exercise are:

- Rationalization/Auto-renewal of licenses/certificates/permissions
- Risk-based / Third-party Inspections and Audits
- Standardized and simplified return filing
- Rationalized maintenance of registers
- Minimize / eliminate display requirements
- Digitization and simplification of manual forms and records
- Decriminalization of minor technical and procedural defaults
- Repeal or amendment of redundant laws

Ministry of Micro, Small and Medium Enterprises also undertaken various steps towards improving the ease of doing business that include, introduction of Online Registration – Udyam Registration (completely online and no fees), constitution of Review Committee to monitor the progress of the implementation of the Policy, opening of a grievance cell to redress the Grievances of MSEs & launch of “MSME Sambandh Portal” to monitor the progress of procurement by the CPSEs from MSEs, etc.

ICSI Imp MCQ

1. The World Bank released the Doing Business Report (DBR), 2019 on _____.
(a) **31st October, 2018** (b) 31st August, 2018 (c) 31st July, 2018 (d) 31st May, 2018
2. The DBR is an assessment of _____ and covers 10 indicators which span the lifecycle of a business.
(a) 200 economies (b) **190 economies** (c) 180 economies (d) 170 economies
3. In the World Bank's latest Doing Business Report(DBR, 2019), India has recorded a jump of 23 positions to be placed at _____ among 190 countries
(a) **63rd rank** (b) 87th rank (c) 97th rank (d) 107th rank
4. Who gave the following definition, "Business environment is the aggregate of all conditions, events and influence that surrounds and affect it"?
(a) FW Taylor (b) Henry Fayol (c) **Keith Davis** (d) Maslow
5. According to Ease of Doing Business Index by Department for Promotion of Industry and Internal Trade (DPIIT) for States, what is the rank of India with reference to starting a business?
(a) 140 (b) 157 (c) 167 (d) **137**

CHAPTER 3 :KEY GOVERNMENT INSTITUTIONS

Key Government Institutions

NITI AAYOG (Replacement of Yojana Aayog / Planning Commission)

SUSTAINABLE ACTION FOR TRANSFORMING HUMAN CAPITAL (SATH)

MINISTRY OF CORPORATE AFFAIRS

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

RESERVE BANK OF INDIA (RBI)

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (IBBI)

NATIONAL COMPANY LAW TRIBUNAL (NCLT)

NATIONAL COMPANY LAW APPELLATE TRIBUNAL (NCLAT)

NITI AAYOG (REPLACEMENT OF YOJANA AAYOG / PLANNING COMMISSION)

- The **Planning Commission** was an institution formed in **March 15 1950** by Nehru Government of India,

- **Function 1:** which formulated India's Five-Year Plans
- **Function 2:** Finance distributions among states
- 1951 to 2017 (**12 Five Year's Plans**)



Now these functions have withdrawn & NITI Aayog works like a think tank

- NITI Aayog is **Non-Constitutional Body**
- Established **1st January 2015**
- **Head quarter:** Delhi
- Indian Government's **Think Tank**
- Primary Objective: Suggestion on Social & Economic matters to Govt. so that govt. could build policies in favour of people



सत्यमेव जयते

नीति आयोग

National Institution for Transforming India

NITI Aayog's entire activities is divided into two main hubs/divisions: **Team India and Knowledge and Innovation**. The two hubs are at the core of NITI Aayog's efficient functioning. The Team India Hub carries out the mandate of fostering cooperative federalism and designing policy and program frameworks.

OBJECTIVES

- To evolve a shared vision of national development priorities, sectors & strategies with active involvement of States.
- To foster cooperative federalism
- To formulate credible plans at village level.
- Areas in the interests of national security are incorporated in economic strategy and policy.
- To pay special attention to the sections of our society that not benefiting adequately from economic progress.
- To design strategic and long term policy and programme frameworks & monitor & take corrections.
- To encourage partnerships between key stakeholders and like-minded Think tanks, educational institutions.
- To create a knowledge, innovation and entrepreneurial support system.
- To maintain a state-of-the-art Resource Centre (Most recent stage of development)
- To focus on technology upgradation and capacity building for implementation of programmes and initiatives.

FEATURES

NITI Aayog is developing itself as a State-of-the-art Resource Centre, with the necessary resources, knowledge and skills,. NITI Aayog's entire scope of activities can be divided into four main heads (Or Functions):

1. Design Policy & Programme Framework
2. Foster Cooperative Federalism
3. Monitoring & Evaluation
4. Think Tank and Knowledge & Innovation Hub

NITI Aayog is based on the 7 pillars of effective governance

- (1) Pro-People
- (2) Pro-Activity
- (3) Participation
- (4) Empowering
- (5) Inclusion of all
- (6) Equality
- (7) Transparency.

NITI Aayog

- Bottom Top Approach
- States Involvement
- No Finance Distribution

Planning Commission

- Top to Bottom Approach
- States Not Involved
- Finance Distribution by Planning commission

SDG (SUSTAINABLE DEVELOPMENT GOAL) VERTICAL (DIVISION)

Vision and Mission

The SDG Vertical, in collaboration with Union Ministries and States/ UTs, is the agency for coordinating & monitoring the Sustainable Development Goals. Through cooperative and competitive federalism. The Vertical works closely with key stakeholders—including the Government, civil society, private sector, academia, think tanks, research organisations, and multilateral organisations—to fast-track the achievement of SDGs in the country

Core Functions

- Progress Monitoring
- SDG Localisation (State and District level capacity building)
- Private Sector Engagement
- SDG Costing and Financing (Cost to achieve goal & related Finance)
- Multidimensional Poverty Measurement and Reduction (Paisa/Education/Basic Infrastructure)

SUSTAINABLE ACTION FOR TRANSFORMING HUMAN CAPITAL - Education (SATH-E)

Was launched in 2017 to identify and build three (3) 'role model' States for the school education sector.

After an elaborate selection process, Jharkhand, Odisha and Madhya Pradesh were chosen.

The first phase of SATH-E was completed in March 2020. 2nd phase commenced on Oct 2020 for 2 years terms.

A few of the achievements are as follows:

1. Learning enhancement programme/remedial teaching with workbook support for approximately 2.3 crore students implemented.
2. Academic monitoring of schools and students streamlined, with nearly 1.5 lakh inspections carried out every month.
3. Comprehensive rewards and recognition programmes, including external certifications, initiated.
4. Assessment reforms, including spot testing and learning tracking formats, introduced.
5. Multiple rounds of teacher training undertaken.
6. In Madhya Pradesh, 30% of the students moved from lower-level foundational literacy, numeracy learning cohorts to the highest learning level for grades 3–8 in two years of the 'Dakshta Unnayan' learning enhancement programme.
7. In Odisha, average improvement of 10–15% observed in learning outcomes due to the 'UjjwalUtthan' learning enhancement programme.
8. In Jharkhand, 12% improvement across most competencies was recorded through the 'Gyan Setu' learning enhancement programme.
9. With the onset of the Covid-19 pandemic, SATH-E adapted itself as 'Digi-SATH' to provide undeterred support via digital mediums.
10. Under the Digi-SATH initiative, MP's 'Hamara Ghar Hamara Vidyalaya' and 'Digi-LEP' (or 'Digital Learning Enhancement Programme'), Odisha's 'Shiksha Sanjog' and 'Shiksha Sampark', and Jharkhand's 'Hamara Doordarshan Hamara Vidyalaya' have been providing online education and teacher training

MINISTRY OF CORPORATE AFFAIRS

1. primarily concerned with administration of the
2. Companies Act 2013,
3. the Limited Liability Partnership Act, 2008
4. other allied Acts
5. rules & regulations framed there-under
6. Competition Act, 2002

to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interests of consumers, also exercise supervision on ICAI, ICSI & ICMAI

Also carry out function of CG relating to administration of:

- Partnership Act
- the Companies (Donations to National Funds) Act, 1951 and
- Societies Registration Act, 1980

The affiliated offices of Ministry of Corporate Affairs are as under

- Serious Fraud Investigation Office
- Competition Commission of India
- Indian Institute Of Corporate Affairs

Serious Fraud Investigation Office (SFIO)(Established on 1.10.03)

- For Failure of NBFC
- Companies Vanishing
- Stock Market Scam

COMPETITION COMMISSION OF INDIA

was established under the Competition Act, 2002

for the administration, implementation and enforcement of the Act,

was duly constituted in March 2009

objectives of the Commission

- prevent practices having adverse effect on competition
- To promote and sustain competition in markets
- To protect the interests of consumers
- To ensure freedom of trade

INDIAN INSTITUTE OF CORPORATE AFFAIRS:

- IICA has been established by the Indian Ministry of Corporate Affairs
- For capacity building and training in various subjects and matters relevant to corporate regulation and governance such as corporate and competition law, accounting and auditing issues, compliance management, corporate governance, business sustainability through environmental sensitivity and social responsibility, e-Governance and enforcement etc.
- One of the wings of IICA, the ICLS Academy, has the responsibility for conducting the Induction & Advanced Training for Probationary Officers (POs) belonging to the Indian Corporate Law Service recruited through the Common Exam of Civil Services Examination conducted by UPSC
- The Institute has been designed with an eye on the future to provide a platform for dialogue, interaction and partnership between governments, corporate, investors, civil society, professionals, academicians and other stakeholders in the emerging 21st century.

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

1. is a statutory regulatory body
2. to regulate the Indian capital markets
3. SEBI was founded on April 12, 1992, under the SEBI Act, 1992
4. Headquartered in Mumbai, India, SEBI has regional offices in New Delhi, Chennai, Kolkata and Ahmadabad
5. other local regional offices across prominent cities in India
6. objective of SEBI is to ensure that the Indian capital market works in a systematic manner and provide investors with a transparent environment for their investment
7. Preamble: “...to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto.”

FUNCTIONS OF SEBI

Protective Function (Protecting the investor interest)

- Prohibits insider trading: Is the act of buying or selling of the securities by the insiders of a company (directors, employees & promoters)
- Check price rigging: Is the act of causing unnatural fluctuations in the price of securities by either increasing or decreasing the market price of the stocks that leads to unexpected losses for the investors
- Promoting fair practices: SEBI promotes fair trade practice and works towards prohibiting fraudulent activities related to trading of securities.
- Financial education provider: SEBI educates the investors by conducting online and offline sessions

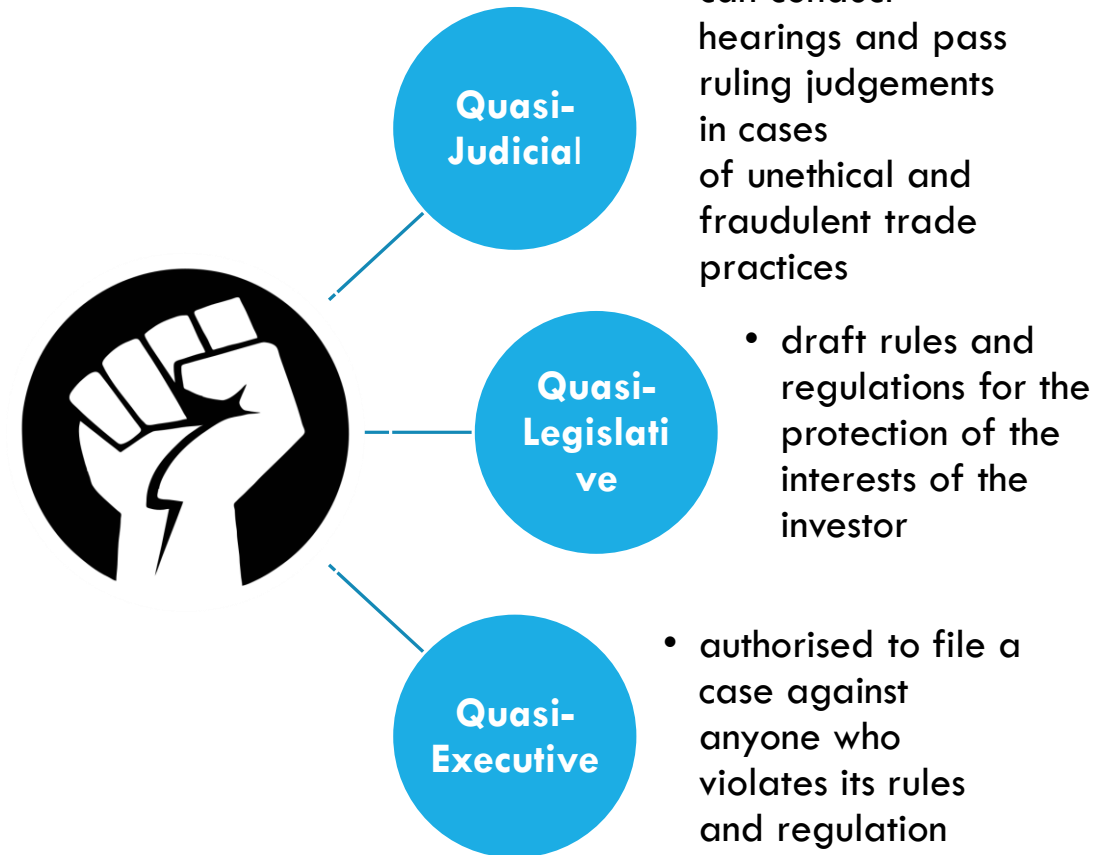
Regulatory Function: (Involve establishment of rules and regulations for financial intermediaries along with corporates)

- SEBI has defined the rules and regulations and formed guidelines and code of conduct for this
- Regulating the process of taking over of a company.
- Conducting inquiries and audit of stock exchanges.
- Regulates the working of stock brokers, merchant brokers.

Developmental Function: Steps taken to provide the investors knowledge of the trading & market function.

- Training of intermediaries who are a part of the security market.
- Introduction of trading through electronic means or through the internet by the help of registered stock brokers.
- By making the underwriting an optional system in order to reduce cost of issue

POWERS OF SEBI



RESERVE BANK OF INDIA (RBI)

- Banker's Bank (Central Bank of India)
- established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934
- Central Office: initially established in Calcutta but was permanently moved to Mumbai in 1937 (Governor sits and where policies are formulated)
- Originally privately owned, since nationalisation in 1949, the Reserve Bank is fully owned by the Government
- Has 27 regional offices
- Most of them in state capitals and 04 Sub-offices



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

MAIN FUNCTIONS OF RBI

Monetary Authority

Regulator and supervisor of the financial system

Manager of Foreign Exchange

Issuer of currency

Developmental role

Regulator and Supervisor of Payment and Settlement Systems

Related Functions: like banker to; govt. & Banks

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (IBBI)

Established on 1st October, 2016 under the Insolvency and Bankruptcy Code, 2016 (Code). It is a key pillar of the ecosystem responsible for implementation of the Code that consolidates and amends the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of the value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders.

It is a unique regulator: regulates a profession as well as processes. It has regulatory oversight over the Insolvency Professionals, Insolvency Professional Agencies, Insolvency Professional Entities and Information Utilities. It writes and enforces rules for processes, namely, corporate insolvency resolution, corporate liquidation, individual insolvency resolution and individual bankruptcy under the Code. It has recently been tasked to promote the development of, and regulate, the working and practices of, insolvency professionals, insolvency professional agencies and information utilities and other institutions, in furtherance of the purposes of the Code

NATIONAL COMPANY LAW TRIBUNAL (NCLT)

Central Government has constituted NCLT under section **408** of the Co. Act, 2013 w.e.f. 01st June 2016.

Ministry of Corporate Affairs have set up **eleven Benches**, **one Principal Bench at New Delhi** and **ten Benches** at New Delhi, Ahmadabad, Allahabad, Bengaluru, Chandigarh, Chennai, Guahati, Hyderabad, Kolkata and Mumbai.

These Benches will be **headed by the President and 16 Judicial Members and 09 Technical Members** at different locations.

NCLT is the outcome of the **Eradi Committee**.

NCLT **was intended to be introduced in the Indian legal system in 2002** under the framework of Companies Act, 1956 however, due to the litigation with respect to the constitutional validity of NCLT which went for over 10 years, therefore, it was notified under the Companies Act, 2013.

It is a quasi-judicial authority incorporated for dealing with corporate disputes that are of civil nature arising under the Companies Act. However, a difference could be witnessed in the powers and functions of NCLT

NCLT works on the lines of a normal Court of law in the country and is obliged to fairly and without any biases determine the facts of each case and decide with matters in accordance with principles of natural justice

MAJOR FUNCTIONS OF NCLT

Registration of Companies: empowered in taking several steps, from cancelling the registration of a company to dissolving any company. The Tribunal could even render the liability or charge of members to unlimited. With this approach, NCLT can de-register any company in specific situations when the registration certificate has been obtained by wrongful manner or illegal means

Transfer of shares: NCLT empowered to hear grievances of rejection of companies in transferring shares and securities

Deposits: Unhappy depositors now have a remedy of class actions suits for seeking remedy for the omissions and acts on part of the company that impacts their rights as depositors.

Power to investigate: investigation about the affairs of the company could be ordered with the help of an application of 100 members whereas previously the application of 200 members was needed for the same. Moreover, if a person who isn't related to a company and is able to persuade NCLT about the presence of conditions for ordering an investigation then NCLT has the power for ordering an investigation. An investigation which is ordered by the NCLT could be conducted within India or anywhere in the world

Freezing assets of a company

Converting a public limited company into a private limited company

NATIONAL COMPANY LAW APPELLATE TRIBUNAL (NCLAT)

Constituted under Section 410 of the Companies Act, 2013 for hearing appeals against the orders of National Company Law Tribunal(s) (NCLT), with effect from 1st June, 2016

Also the Appellate Tribunal for hearing appeals against the orders passed by NCLT(s)

With effect from 1st December, 2016. NCLAT is also the Appellate Tribunal for hearing appeals against the orders passed by Insolvency and Bankruptcy Board of India under Section 202 and Section 211 of IBC.

Also the Appellate Tribunal to hear and dispose of appeals against any direction issued or decision made or order passed by the Competition Commission of India (CCI)

DISSATISFACTION WITH TRIBUNAL ORDERS

If a group or an individual is to be dissatisfied with the orders passed by the Tribunal Court it is obvious to move on to the next, only, option, that is filing an appeal to the Appellate Court where the decisions of NCLT are reviewed and checked from the point of law and facts.

The Tribunal Court is in charge of finding and gathering evidence while the Appellate Court decides cases based on the already collected evidence. If the outcome is not satisfactory even then, one should approach the Supreme Court.

ICSI – Module Que

1. The Insolvency and Bankruptcy Board of India was established on_____.
(a) **1st October, 2016** (b) 1st October, 2017 (c) 1st October, 2015 (d) 1st October, 2018
2. Which of the following is not the affiliated office of Ministry of Corporate Affairs?
(a) Serious Fraud Investigation Office (b) Competition Commission of India
(c) Indian Institute of Corporate Affairs **(d) Central Statistics Office**
3. National Company Law Tribunal is the outcome of the _____.
(a) Srikrishna Committee (b) NL Mitra Committee
(c) Eradi Committee (d) Uday Kotak Committee
4. National Company Law Appellate Tribunal (NCLAT) was constituted under _____of the Companies Act, 2013
(a) Section 310 **(b) Section 410**
(c) Section 510 (d) Section 610
5. The Reserve Bank of India was established on _____
(a) April 1, 1940 (b) April 1, 1950
(c) April 1, 1935 (d) April 1, 1960

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