FAQ s OF EVERY SERVICE IN CAPITAL FLOW

REGISTRATIONS FAQs

1. **What is a Company and what are different types of Companies?**

According to the Companies Act, 1956, a Company is an association of people which is formed and registered under this Act or any previous company laws. A company is a separate legal entity which is different from its shareholders. It is an important feature of Company that there is a difference between people who have control over the affairs of a Company and the people who actually own it.

Different types of Companies are as follow:

- Private Limited Company
- Public Limited Company
- Limited Liability Company
- Unlimited Liability Company
- Non-Profit Organizations (which are also known as Sec.25 Companies)

2. **What are the types of Companies that I can register in India?**

Here are the various types of companies you can register in India:

- One Person Company (OPC)
- Private Limited Company
- Public Limited Company
- Limited Liability Partnership (LLP)
- Non-Profit Organizations (Sec. 25 Companies)

3. **What is MOA and AOA?**

MOA stands for Memorandum of Association whereas AOA means Articles of Association. Both these documents act as important source of information for various shareholders and other stakeholders associated with a Company.

MOA reveals the name, aims, objectives, registered office address, clause regarding limited liability, minimum paid up capital and share capital of a Company. In short, it explains the relationship of a Company with outside world.

AOAs are the necessary documents to be submitted when the company is incorporated with the registrar of Companies (ROC). When AOAs are in conjunction with the MOA, they are called the Constitution of the Company.

4. What is DSC?

DSC stands for Digital Signature certificate. DSC is the digital equivalence of physical papers or certificates. It is needed to file the form electronically with the concerned department. For the purpose of Company Registration of a private company, DSC for one of the Directors is required.

5. What is a Directors Identification Number (DIN)?

DIN, Directors Identification Number, is actually an identification number issued to a Director or a prospective Director of a Company by the Ministry of Corporate Affairs, Government of India. The concept of DIN was introduced for the first time when Sections 266A and 266G were inserted in Companies Act.

To obtain a DIN, one needs to make an online application to the Ministry of Corporate Affairs and submit the required documents related to Identity and Address Proof. Once the Ministry verifies these documents, the DIN will be allotted to the person.

6. What is DPIN?

The DPIN (Designated Partner Identification Number) used for identifying a designated partner in a Limited Liability Partnership (LLP) firm, is equivalent to the DIN (Director Identification Number) of a director of a private or public limited company. Both of these identifying numbers are issued by the Ministry of Corporate Affairs (MCA), Govt. of India.

7. What is a One Person Company (OPC)?

The concept of One Person Company is the new vehicle of doing business introduced by the Companies Act, 2013. The old Companies Act, 1956, required at least two directors and shareholders to form a private limited company. In OPC, there is only one person who will act in the capacity of a Director and a shareholder as well. Such type of a company is formed as a Private Limited Company.

More FAQ about One Person Company at http://www.company-registration.in/faq/one-person-company-opc.php

8. What is a Private Limited Company?

A Private Limited Company has a minimum of two members and two Directors. Maximum number of members that a Private Limited Company can have is 50. Total capital of such a company is formed with shares and every shareholder is a partner. Directors of a Pvt Limited Company should meet at regular intervals and all its transactions should be audited. The name of such a company ends with the words 'Private Limited'.

More FAQ about Private Limited Company Registration at http://www.company-registration.in/faq/private-limited-company.php

9. What is a Public Limited Company?

A Public Limited Company is a Company which is limited by shared and has no restrictions on the maximum numbers of shareholders. It can be formed with minimum of seven members and three Directors. It should be registered with the Registrar of Companies of the particular State under the Companies Act, 1956.

Such type of Company can offer its shares to the Public, accept deposits from it and there is no restriction on transference of shares.However, minimum share capital requirement for such a Company is Rs.50, 000.

Complete FAQ about Public Limited Company at http://www.company-registration.in/faq/public-limited-company.php

10. What is a Limited Liability Company?

A Limited Liability Company is governed by the Limited Liability Partnership Act, 2008. It is a corporate structure that encapsulates flexibility of a partnership and benefits of limited liability to the owners at a low cost. In other words, it's a combination of a Company and Partnership where one partner is not liable for misconduct or negligence of another partner.

Complete FAQ about Limited Liability Company at http://www.company-registration.in/faq/limited-liability-company-llp.php

11. What is Sec. 8 Company? (Earlier Known as Section 25 Company)

A non-profit organisation in India can be registered as a Trust or as Society under the Registrar of Societies as a private limited non-profit company under Section 8 of the Companies Act, 2013.

Earlier, this Section 8 was popularly known as Section 25 of the old Companies Act, 1956. Now, according to the Section 8 (1a, 1b, 1c) of the new Companies Act, 2013, a Section 8 Company can be incorporated to promote commerce, art, science, research, sports, social welfare, education, charity, religion, protection of environment or any such object. The condition is that such a Company should use its profits (if any) for promoting its objects and should not pay any dividends to its members.

Complete FAQ about Section 8 Company at http://www.company-registration.in/faq/section-8-25-company.php

12. What is the Company Law Act 2013?

The Companies Act, 2013, passed by the Indian Parliament consolidates and amends the law relating to the companies. The new Act has introduced several concepts. For instance, the Companies Act 2013 Act has introduced a new concept of class action suits which can be initiated by shareholders against the company and auditors.The provisions of Companies Act, 1956 are still in force.

Complete FAQ about Company Law Act 2013 at http://www.company-registration.in/faq/company-law-act-2013.php

13. What are key Highlights of Companies (Amendment) Act, 2015?

To promote ease of doing business and make India an investor-friendly country, the Government of India has amended the old Companies Act and has come up with new Companies (Amendment) Act, 2015. Let's look at the highlights of this new Act.

- No minimum paid-up capital required to start a Private Limited Company in India.
- The need to obtain the Commencement of Business Certificate post registration has been withdrawn in the new Act.
- Common seal has become optional now and signatures of the Directors are acceptable.
- Now there is stringent penalty for Companies that invite or accept deposits from Public with any approval from the Regulatory Authorities.
- The holding Company can provide loans or guarantees to the subsidiary Company.
- Company having losses or negative reserves cannot declare dividends.
- Board Resolutions will be confidential from now.

Complete FAQ about Companies (Amendment) Act, 2015 at: http://www.company-registration.in/faq/companies-amendment-act-2015.php

14. What is Authorized Capital and what should be the minimum authorized capital for registering my company?

When you register a Private limited Company, the promoters of your Company need to decide on the amount of authorised capital and the share value they will get in return if they invest in your Company.

Authorised Capital or Registered Capital is the maximum ceiling limit of the capital up to which a Company can issue shares and collect money from its shareholders. The authorised capital can also be enhanced by passing a resolution at a meeting of the shareholders.

The minimum Authorised Capital of a Private Limited Company is Rs. 1 lakh and the Ministry of Corporate Affairs charges an amount of Rs 5,000/- as fee for allotting this minimum authorised capital.

15. Is it possible for two foreign nationals to register a company in India?

Yes, two foreign nationals can register a Company in India.

16. What is Start-Up India initiative?

On 69th Independence Day of India, the Prime Minister of India Mr. Narendra Modi proposed a programme called Start-Up India to encourage entrepreneurship in the country. Later on January 16, 2016, the Government of India formally launched the Start-Up India initiative celebrating the entrepreneurship spirit of country's youth to unveil the Start-Up Action Plan.

Start-Up India programme ensures government's support to the people who want to revolutionize India's massive consumer industry with creative ideas and products promoting Make in India policy of the government. The programme will promote bank financing for start-ups in order to boost entrepreneurship and job creation.

Complete FAQ about Start-Up India initiative at: http://www.company-registration.in/faq/start-up-india-stand-up.php

17. WHAT IS A NIDHI COMPANY?

A Nidhi Company is different from a regular finance investment company or a non-banking financial company (NBFC), as it deals only with its members or shareholders, for the main purpose of mutual benefits of its all members. A nidhi company accepts deposits only from its members, and lends funds only to them on demand. Again, a Nidhi company is not entitled to carry out businesses/activities related with hire purchase financing, insurance, leasing finance, chit funds, acquisition of securities issued by any corporate body, etc., or issue any debt instruments (such as preference shares, debentures, etc.) in any form.

Complete FAQ about NIDHI COMPANY at: http://www.company-registration.in/faq/nidhi-company-registration.php

18. What are Authorized Capital and Paid-up Capital?

Both these categories of Capital are required to be specified in the Capital clause of the Memorandum of Association (MOA) of a company, at the time of incorporation of the company. In general, the Capital of a company is the sum of money which has been received from its shareholders, to carry on its activities and business.

The main differences between the authorized capital and the paid-up capital of a company are described below.

The Authorized Capital is the maximum value of the securities, which the concerned company is legally authorized to issue to the shareholders. This authorized share capital should be more than the paid-up share capital. Again, the authorized capital can be augmented anytime with prior permission of the shareholders and passing a resolution.

On the other hand, **The Paid-up Capital** is the amount of money actually paid/funded/invested by the shareholders of the company. The authorized capital encompasses the paid-up capital of the company. Here, it may also be added that the Companies Amendment Act of 2015 has removed the requirement of having a minimum prescribed paid-up share capital at the time of incorporation of the company anywhere in India.

ESI REGISTRATIONS

Q. What is ESI Scheme?

A. Employees State Insurance scheme of India is the multidimensional Social Security System, to provide social security protection to workers employed in the organized sector in conceivable contingencies like sickness, maternity and death due to disablement due to employment injury.

Q. What is its applicability?

A. ESI Act 1948 applies to factories and commercial establishments by employing 10 or more persons operating in entire state of Goa. All employers including casual and contractors employees who are drawing wages up to Rs. 21,000/- per month (excluding over time)are entitled for the comprehensive social security protection under ESI Act by registering the factories/establishments under ESI Act and paying contribution on wages @4.75% as employers share and 1.75% as employees share.

Q. What are the benefits of registering the factories/establishments under ESI Act?

A. ESI Scheme provides total social security protection to the employees of a covered factory/establishment. Employers are absolved of the liabilities of workmen compensation Act and Maternity Benefit Act. Once covered under ESI Act, employers are protected from the liabilities of sickness, employment injury and accidental death of their workmen including commuting accident. ESI Scheme aims for a healthy workforce to contribute to the productivity of the nation.

Q. What are the benefits available under ESI Scheme?

A. Apart from providing medical benefits including super specialty treatment, Insured Persons and their family members, ESI Scheme also provides cash compensation to insured persons for loss of wages or earning capacity in times of physical distress arising out of sickness or employment injury. Maternity benefit to Insured women, family pension to the Dependants in case of death due to employment injury, unemployment allowance, physical/vocational rehabilitation etc. are available under ESI Scheme. Commuting accidents are also covered under ESI Act at present.

Q. How the benefit can be made available to the workmen?

A. It is the primary responsibility of the employer to get the factory/establishment registered under ESI Scheme. Employer has to register all workmen including contract labours immediately on entering the insurable employment, which is very helpful in case of any unexpected industrial accidents. (Please note that employees cannot be registered posthumously.)

Q. How to develop a healthy relationship between ESIC and Employers?

A.ESIC values a healthy relationship between its stake holders, principal employers/owners should personally ensure that monthly ESI contribution submitted and employees are registered. Even if consultants are engaged for looking after ESI matters, it is in the interest of the principal employer to personally confirm the timely ESI compliance to avoid unnecessary burden of interest, i.e. 12% and penal damages of up to 25% for the delayed remittance of ESI contribution as well as to avoid contribution assessment proceedings and criminal prosecutions.

Q. What are the recent initiatives of ESI Corporation ?

A. ESI Corporation has empanelled leading in hospital in Goa as well across India to provide cashless super-specialty treatment to lacks of Insured Persons and their family members. ESI Corporation has also rolled out computerization of its services by enabling online payments of ESI contribution and issued biometric identity cards for availing ESI services any where any time.

Q. Whom to approach in case of any grievances/complaints?

Answers :

For any complaints related to cash benefits or Branch Offices, contact

Deputy Director (Complaint Officer), Benefits Branch, RO. Goa

Phone No. 0832-2438857 , VOIP : 20832003, E-mail : dk.chourasiya@esic.in

For any complaints related to Medical side/medical benefits contact

1. Administrative Medical Officer, ESI Scheme, Panchdeep Bhawan, EDC Plot No. 23, Patto-Panaji.

   Phone No. 0832-2437024, Fax : 0832-2437085, VOIP : 30832010, E-mail : esisgoa@gmail.com

2. SSMC, ESI Corporation, 108, N.M. Joshi Marg, Lower Parel, Mumbai-400013

   Phone No. : 022-61209716, VOIP : 20022107, E-mail : ssmc-maha@esic.nic.in

3. Sr. Ortho Surgeon, ESI Hospital, Near Rajendra Prasad Stadium, Margao, Goa

   Phone No. : 0832-2710093, VOIP : 48342020, E-mail : esih-margao.goa@esic.in

MSME REGISTRATION

Q.1. What is the definition of MSME?

The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under:

- Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:
  - A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;
  - A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore;
  - A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore. In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No.S.O.1722(E) dated October 5, 2006 .
- Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and

other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006 are specified below.

- A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh;
- A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs. 2 crore;
- A medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 crore.

Q.2. What is the support available for collateral free borrowing?

The Ministry of MSME, Government of India and SIDBI set up the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) with a view to facilitate flow of credit to the MSE sector without the need for collaterals/ third party guarantees. The main objective of the scheme is that the lender should give importance to project viability and secure the credit facility purely on the primary security of the assets financed.The Credit Guarantee scheme (CGS) seeks to reassure the lender that, in the event of an MSE unit, which availed collateral- free credit facilities, fails to discharge its liabilities to the lender, the Guarantee Trust would make good the loss incurred by the lender up to 85 per cent of the outstanding amount in default. The CGTMSE would provide cover for credit facility up to Rs. 100 lakh which have been extended by lending institutions without any collateral security and /or third party guarantees. A guarantee and annual service fee is charged by the CGTMSE to avail of the guarantee cover. Presently the guarantee fee and annual service charges are to be borne by the borrower. For further details please visit Download The file (bytes) .

Q.3. What is the support available for technology upgradation?

Ministry implements a scheme called Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation of Micro and Small enterprises in the country. Under the scheme, 15 per cent capital subsidy, limited to maximum of Rs 15 lakh (12 per cent prior to 29.09.2005 limited to maximum of Rs 4.8 lakh) is provided to the eligible MSEs for upgrading their technology with the well-established and improved technology as approved under the scheme. 48 products/sub-sectors have been approved under the CLCSS till date. If you are an MSE manufacturing a product and want to upgrade the technology of manufacturing the product with the well established and improved technology as approved under the Scheme, then you may have to approach to the nodal agencies/eligible financial institution for sanction of term loan for purchase of eligible machinery. For further details please visit Download The file (bytes) .

Q.4. What is the support available for cluster development?

The Ministry is implementing the Micro and Small Enterprises – Cluster Development Programme (MSE-CDP) wherein support is provided for Diagnostic Study; Soft Interventions like general awareness, counseling, motivation and trust building, exposure visits, market development including exports, participation in seminars, workshops and training programmes on technology upgradaion etc; Hard Interventions ilike setting up of Common Facility Centers (Common Production/Processing Centre, Design Centre, Testing Centre etc.) and creation/upgradation of infrastructural facilities in the new/existing industrial areas/ clusters of MSEs. For further details please visit Download The file (bytes) .

Q.5. What is the support available for Skill Development?

The Ministry conducts various types of training programme through its various organisations for self employment as well as wage employment. The training programmes are primarily focused to promote self employment in the country. Thus all type of programmes have input which provide necessary information and skills to a trainee to enable him to establish his own micro or a small enterprises. The programmes include two week Entrepreneurship Development Prorgamme (EDP), Six Week Entrepreneurship Skill Development Programme (ESDP). One weak Management Development Prorgamme (MDP), One Day Industrial Motivation Campaign(IMC) etc. For Monitoring of the programme a web based system has been developed where coordinator of the programme is bound to feed all details of trainees including his photo and phone no. on the website. The same will be linked to the call centre of Ministry where real time feedback is obtained from trainees. For further details please visitDownload The file (bytes) .

Q.6. What benefits do the Tool Rooms of Ministry of MSME provide to MSMEs?

Tool Rooms are equipped with state-of-the-art machinery & equipment. They are engaged in designing and manufacturing of quality tools, which are necessary for producing quality products, and improve the competitiveness of MSMEs in national and international markets. They also conduct training programmes to provide skilled manpower to industries specially MSMEs. The placement of trainees trained in Tool Room is more than 90%. There are 18 Autonomous Bodies (10 MSME Tool Rooms and 8 Technology Development Centres) under DC (MSME), a list of Tool Rooms and Technology Development Centres is available in the website Download The file (bytes) .

Q.7. What support is provided by the Ministry for improving manufacturing competitiveness?

The National Manufacturing Competitiveness Programme (NMCP) is the nodal programme of the Government to develop global competitiveness among Indian MSMEs. The Programme was initiated in 2007-08. This programme targets at enhancing the entire value chain of the MSME sector through the following schemes:(a) Lean Manufacturing Competitiveness Scheme for MSMEs;(b) Promotion of Information & Communication Tools (ICT) in MSME sector;(c) Technology and Quality Up gradation Support to MSMEs;(d) Design Clinics scheme for MSMEs;(e) Enabling Manufacturing Sector to be Competitive through Quality Management Standards (QMS) and Quality Technology Tools (QTT);(f) Marketing Assistance and Technology Up gradation Scheme for MSMEs;(g) Setting up of Mini Tool Room under PPP Mode;(h) National campaign for building awareness on Intellectual Property Rights (IPR);(i) Support for Entrepreneurial and Managerial Development of SMEs through Incubators.(j) Bar Code under Market Development Assistance (MDA) scheme. For further details please visit Download The file (bytes) .

Q.8. What support is provided by the Ministry to promote energy conservation in the manufacturing process for SMEs?

The Ministry implements the "Technology and Quality Upgradation Support to Micro, Small and Medium Enterprises (TEQUP)" which focuses on two important aspects, namely, enhancing competitiveness of MSME sector through Energy Efficiency and Product Quality Certification. The basic objective of this scheme is to encourage MSMEs in adopting energy efficient technologies and to improve product quality of manufacturing in MSMEs. It is a well known fact that energy consumption is a significant component in the cost structure of almost any manufacturing/ production activity. Adopting energy efficient technologies curtails the cost of energy there by reducing production cost and increasing competitiveness. Under this scheme, a capital subsidy of 25% of the project cost subject to a maximum of Rs. 10.00 lakh shall be provided to the registered MSME units. While 25% of the project cost will be provided as subsidy by the Government of India, the balance amount is to be funded through loan from SIDBI/banks/financial institutions. The minimum contribution as required by the funding agency will have to be made by the MSME unit. For further details please visit Download The file (bytes) .

Q.9. What support is provided by the Ministry to improve quality of products produced in MSME sector?

The TEQUP scheme envisages another activity, namely, Product Quality Certification. The main objective of this scheme is to encourage MSMEs to Acquire Product Certification Licenses from National / International Bodies , thereby improving their competitiveness. The primary objective of this activity is to provide subsidy to MSME units towards the expenditure incurred by them for obtaining product certification licenses from National / International standardization Bodies. Under this Activity, MSME manufacturing units will be provided subsidy to the extent of 75% of the actual expenditure, towards licensing of product to National/International Standards. The maximum GOI assistance allowed per MSME is Rs.1.5 lakh for obtaining product licensing /Marking to National Standards and Rs. 2.0 lakh for obtaining product licensing /Marking to International standards. One MSME unit can apply only once under the scheme period. For further details please visit Download The file (bytes) .

Q.10. What support is provided by the Ministry to improve design of products produced in MSME sector?

The Ministry implements the Design Clinic Scheme for Design Expertise to Micro, Small and Medium Enterprises (MSME) Sector is to improve the design of the product to meet global challenges and compete with similar products domestically and internationally. It is launched to benefit MSMEs by creating a dynamic platform to provide expert solutions to real time Design problems and add value to existing products. The goal of this scheme is to help MSME manufacturing industries move up the value chain by switching the production mode from original equipment manufacturing to original design manufacturing and hence original brand manufacturing. In the Design Clinic scheme, the value additions to an idea or a concept are imparted through interaction at a lesser cost to a specific industry/sector.