

ABSTRACT

REGISTRATION LAWS AND CHALLENGES IN INCORPORATION OF FIRMS

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India in the earlier times was a closed economy and the dominant businesses that were carried out were handicrafts, agriculture, industries and various small firms. The firm's play an important role in the economic development of any country but in the 80's the economic growth rate of the country had been stagnant around 3.5% and per capita income was at an average of 1.3%. There existed the system of License Raj and thus any firm prior to setting up their business had to take license from the government. After the policy of 1991, the licenses were reduced to only certain sectors and the economy was thrown open to all the private individuals. This was due to the poor performance by the public-sector enterprises that India went into losses and thus had to borrow from the World Bank to cover the debts. Thus, the year 1991 saw the emergence of many firms out in the economy leading to the growth of the economic sector. Due to the increasing number of the firms a check had to be kept on them so that they do not harm the society while carrying out their business or they would not indulge in any illegal activities. Therefore, certain registration laws had to be enforced on the different firms to regulate their functioning. These laws led to certain advantages and brought with them various challenges in the incorporation of the firms. This research paper would focus on the registration laws that are prevalent in India, the Challenges faced by the firms and the appropriate Solutions for the same.