

Zero Incorporation Fee- A Gift or a Penalty

On the occasion of 69th Republic Day, Government of India makes starting a business easier by launching **RUN (Reserved Unique Name)** service with a surprise that there will be “**Zero Incorporation Fee**” for all Companies with Authorized Capital up to Rupees Ten Lakhs. An applicant seeking reservation of name for a proposed Company or an Existing Company seeking to change its name shall apply for reservation through **RUN** Service which shall then be processed by the Central Registration Centre (CRC).

Although this service has made incorporation easier and time saving but still it has its own pros and cons and professionals are still facing difficulties with this. Following are the pros and cons of newly introduced **RUN** Service.

Pros:

1. Time Saving
2. DIN is not required while using this service
3. DSC is not required while using this service
4. Cost Saving as no incorporation fee upto 10 Lakh
5. Applicants have an option to directly proceed with Spice Form, which also provides an option to enter a single name for approval.
6. Form INC-1, INC-7, INC-2, DIR-3 are no longer required.

Cons:

1. Only one name is allowed at the time of making application
2. No resubmission opportunity is provided
3. For every single application applicants will have to pay Rs. 1000 that too for proposing one name only (Earlier through INC-1, six names could be proposed)
4. Stamp Duty is still required to pay
5. Only one file is allowed to be uploaded as an attachment
6. Cases of name rejection has been increased, as approval and rejection is purely in the hand of Central Registration Centre (CRC)

For professionals like us, this surprise of Government has become a major penalty now because most of the names are getting rejected by CRC without quoting a solid reason and this makes the entire procedure lengthy again as after rejection applicants have to apply with a fresh application by paying reserving fee again.

Hence to avoid rejection of the name it is therefore advisable to read Companies (Incorporation) Rules, 2014 and to conduct their own name and Trade Mark research thoroughly.

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