DOING BUSINESS (2018) – PAKISTAN

Lahore and Karachi

Starting a Business

Introduction

1. This briefing paper considers the current position of the DB topic of Starting a Business in Pakistan.
2. Specific commentary is made herein only to data relating to Karachi in Sindh province and Lahore in Punjab.
3. Pakistan ranks overall 144 out of 190 countries, as measured by the Doing Business 2017 report with a Distance to Frontier (DTF) of 51.77%[1].
4. In relation to Starting a Business, Pakistan ranks 141/190 in 2017, with a DTF of 77.88.
5. It takes 12 procedures - 18 days; 12.4% of income per capita and no (0.0%) paid-in minimum capital to register a business in Karachi and Lahore. Statistics for men and women are the same.
6. The reasons for Pakistan's comparative low score on this indicator may be explained by the following factors:
    a. Lack of automated systems at various provincial departments such as Excise & Taxation (E&T), Social Security (PESSI, SESSI), and Labor Departments of Sindh and Punjab. All applications are processed physically, adding to time and procedures.
    b. No integration between provincial and federal government departments.
    c. IT issues at the Virtual One Stop Shop (VOSS), prevent entrepreneurs to register efficiently.
7. The balance of this paper highlights both short-term solutions (to be considered capable of implementation within 100 days) and long-term goals to improve and benefit federal and provincial authorities on Starting a Business indicator.

Table A - Steps to be considered to improve the DTF score within 100 days

It is suggested that measures are considered and adopted to allow short-term goals to be introduced within the course of 100 days.

Indicator/Authority	Suggested measure
Federal	

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[1] The Distance to Frontier score captures the gap between an economy's performance and 100 – a measure of best practice.

SECP to merge procedures	Reserving company name online; paying the name reservation and company incorporation fee; complete online reservation processes to be merged in one
	The various filing requirements post incorporation to start business merged as a part of Company Incorporation; i.e. appointment of directors, chief executive and nominee in case of single member company to be merged with incorporation process to reduce time for start-up of business
	Include business startup procedures, time and cost on the SECP website
	Translate existing and new forms, procedures, cost and guidelines in Urdu language
FBR to merge procedures	Merge NTN and STN numbers by establishing a single taxpayer ID
Data sharing	Establish data sharing mechanism between federal agencies (SECP, FBR and EOBI)
VOSS	Resolve IT issues
	Enhance visibility and implement public awareness campaign
	Produce troubleshooting manuals, Q&A, and a VOSS helpline
Provincial	
Operationalize the Punjab Business Registration Portal	Resolve e-payment issues, including amending all relevant laws, enable online transactions and payments, BRU unit to receive payment on behalf of other agencies
	Develop SOPs for the portal
	Establish and operationalize helpline
	Design and implement public awareness campaign
	Publish registration statistics, including processing time

Table B - Steps to be considered to improve the DTF score within one year

It is suggested that measures are considered and adopted to allow long-term goals to be introduced within the course of one year.

Indicator/Authority	Suggested measure
Provincial	

Establish the Sindh Provincial Electronic One Stop Shop (PEOSS)	Sign MoUs with SESSI, E&T, Labor and Industries Departments
	Develop SOPs for the portal
	Establish and operationalize helpline
	Design and implement public awareness campaign
	Publish registration statistics, including processing time
	Establish a single e-payment system enabling online transactions by consolidating all payments for registration with the Government of Sindh departments. PEOSS unit to receive payment on behalf of other agencies. Amend relevant laws.
Federal	
Create linkages	Link VOSS to BRU and PEOSS by integrating software and portals