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DIY COMPANY INCORPORATION VS. PROFESSIONAL SERVICES: COMPLIANCE OUTCOMES, COST DYNAMICS, AND EFFICIENCY EVIDENCE FROM AN INDIAN STARTUP CONTEXT

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ABSTRACT

The introduction of the SPICe+ system into India to incorporate companies has made it far more straightforward; however, entrepreneurs who choose to incorporate themselves without help (DIY) still face many practical difficulties. Using data collected from 30 respondents (15 incorporating themselves and 15 using the services of professionals), this research aims to compare DIY versus professional assistance with company incorporation. In particular, this study examines the incorporation time, the incorporation cost, the questions the MCA requires of these individuals, the compliance issues and challenges each group faced and the levels of overall satisfaction.

The research shows that those who conduct DIY incorporation experience longer total timeframes to complete incorporation, more questions from the MCA during the process and lower overall levels of satisfaction than individuals using the services of professionals. Even though DIY incorporation may look to be less expensive because of the fees charged by the authorizing agency, there are now numerous examples in which additional costs due to added time and corrections from mistakes often increase the total actual cost to individuals. Professional incorporators, on the other hand, usually process documents much quicker, have fewer errors and provide their customers with a greater sense of assurance that they will comply with all laws and regulations.

The research supports that digital platforms have made it easier to access the system to incorporate a new company; however, the level of complexity associated with completing the processes has not changed, meaning that there is still a need for individuals who would like to incorporate new companies to receive assistance from professionals. These findings provide some guidance to entrepreneurs to understand the various practical challenges in establishing new companies in India.

KEYWORDS – *company incorporation; DIY incorporation; SPICe+; compliance management; professional services;MCA queries; startup ecosystem; Companies Act 2013; regulatory compliance*

I. INTRODUCTION

Incorporation is the first step in starting any type of business and is the legal foundation for the entire lifecycle of a business. In India, incorporation provides a business entity with a legal identity apart from its owners, limits the liability of owners, and gives a business entity access to things such as formal financing, contracts and equity capital from investors. The Ministry of Corporate Affairs has made the incorporation process in India considerably less complicated through their introduction of the SPICe+ registration system. The SPICe+ registration system integrates name reservation, incorporation, PAN issuance, TAN issuance, and EPFO/ESIC registration in one single online application process. The use of digital technology to improve upon the registration process is part of a broader effort to expand the Startup India and Digital India initiatives. The simplification of the incorporation process under SPICe+ has reduced the average period of time to incorporate from 18 days under normal circumstances, to about 4 days under ideal conditions.

With the ease of access to the SPICe+ registration portal, many individuals who are creating new companies for the first time are attempting to have their new businesses incorporated without the assistance of a professional (i.e., independent DIY [Do-It-Yourself] incorporation). The features of the SPICe+ registration portal that are appealing to first-time entrepreneurs include: a minimal cost (i.e., the government fee required for SPICe+ registration), publicly available web portal for access, and a relatively simple process. For early stage startup businesses with limited financial resources, the potential of saving on professional fees is very appealing.

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However, the incorporation of a company under the Companies Act, 2013 is a complex legal and procedural process that requires significant navigation for founders, including obtaining a digital signature certificate (DSC), applying for a director identification number (DIN), drafting the MOA/AOA with the necessary object clauses, ensuring documentation regarding the registered office is accurate, and structuring share capital, all within a system in which formal queries are raised when a submission is incomplete or incorrect. A query raised by the Ministry of Corporate Affairs (MCA) delays issuance of the certificate of incorporation, and each delay results in a delayed operational readiness, such as the inability to open a current account, execute contracts, onboard investors, or begin billing.

As a result of these difficulties, there has been an increase in parallel ecosystems comprised of professional incorporation and compliance firms. These firms provide full-service incorporation support (drafting documents, pre-verifying documents, filing forms, managing queries, and ensuring post-incorporation compliance); while their fees are greater than the fees established by legislation, they expect to provide a better cost-to-benefit ratio (in terms of cost of incorporation, time taken for incorporation, no errors made during incorporation, and lower overall compliance risk).

This study's central question asks whether the higher upfront costs of professional incorporation when compared (over time) to DIY options are justified by the following: overall costs and time spent on compliance-related issues, frequency of use of MCA queries, compliance-related difficulties encountered, and overall user satisfaction. The answer to this question will have direct implications for entrepreneurs, policymakers and the compliance services market.

II. LITERATURE REVIEW

The literature surrounding the business registration process and regulatory framework provides a great deal of support for the study conducted here. Djankov et al. [1] showed that, over many countries, increased regulatory complexity for entering into business has increased both the amount of time and money it requires to get registered to a greater degree than it affects large businesses as compared to small businesses. The research conducted by Bruhn [2] in Mexico also supported this. Bruhn showed that simplifying the registration process has resulted in more businesses being formed formally in Mexico. Klapper and Love [3] showed that many simultaneous regulatory reform measures will produce more new business registrations than would occur with many incremental regulatory reforms that have been implemented, which supports the approach being pursued under India's SPICe+ changes.

Mason and Brown [4] and Stam [5] both contend that institutional support structures, such as advisory and compliance services, are essential for lowering uncertainty among early-stage founders in entrepreneurial ecosystems. This encourages businesses to play the role of intermediaries rather than just service providers.

The literature on digital governance is especially pertinent in the context of SPICe+. Heeks [6] noted that even with well-designed digital interfaces, users who are not familiar with legal and administrative norms may encounter substantial friction due to mismatches between e-government system design and deployment context. Digital platform governance, according to Janssen and Estevez [7], lessens the administrative burden but necessitates additional capacity-building. While pointing out that regulatory complexity still exists beneath digital simplicity, Li [8] and Mangla [9] both discovered that digital government systems increase business formation speed and reduce transaction costs.

Another part of corporate compliance literature is the study conducted by Parker and Nielsen [10] that indicated compliance outcomes are based on both formal systems as well as manager commitment and proper expert resources, which is a common gap experienced by many DIY startup founders. Pathak [11] specifically examined the SPICe + and Indian startup legal framework and found that even though there have been regulatory changes that have simplified the incorporation of companies, there is still procedural complexity preventing many founders without legal/corporate law backgrounds from establishing their new business. Sarkar [12] identified both procedural challenges and gaps in awareness as ongoing issues affecting Indian start-ups.

The literature does not provide an empirical comparison of firm-level outcomes between DIY incorporations and professional incorporations in India. This research will provide data to close this gap by analysing changes between two different paths of incorporation using concrete outcome variables.

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III. METHODOLOGY

Using a structured primary survey, the study uses a descriptive and analytical research design to investigate the incorporation experiences of startups and SMEs in India. The purpose of this exploratory study is to offer initial empirical insights into the comparative results of professionally assisted and do-it-yourself company incorporation in India. The results are indicative rather than generalizable due to the small sample size.

A. Data Collection

Primary data was collected via a structured questionnaire administered through Google Forms over a three-week period. The sample consists of 30 respondents, divided equally between 15 who completed incorporation through the DIY route and 15 who used professional incorporation services. Respondents include founders, business owners, and employees involved in incorporation decisions at firms incorporated between 2020 and 2025 under the Companies Act, 2013. Non-probability sampling combined purposive, convenience, and snowball methods.

The questionnaire covered five domains: (A) demographic and firm information; (B) incorporation route and timeline experience; (C) cost of incorporation including government fees, professional fees, and re-filing charges; (D) compliance challenges and role of professionals; and (E) overall satisfaction and recommendations. Perceptual variables were measured on a five-point Likert scale. Secondary data was drawn from MCA publications, Startup India reports, and academic literature.

B. Analytical Tools

Descriptive statistics (frequency, percentage, mean, standard deviation) and comparative analysis between the two incorporation groups were used in the data analysis. Relationships between incorporation mode and important outcome variables were investigated through cross-tabulations. Bar charts, pie charts, and comparative summary tables are used to display the results. SPSS and Microsoft Excel were used for the analysis.

C. Variables and Scope

Incorporation mode (DIY = 0 , Professional = 1) is the independent variable. Time to Certificate of Incorporation (days), total cost (statutory plus professional fees plus additional charges), number of MCA queries/resubmissions, perceived compliance risk (Likert scale), and satisfaction level (Likert scale) are examples of dependent variables. Entity type, industry sector, year of incorporation, firm size, and the founder's prior business experience are examples of control variables. Long-term operational performance and funding outcomes are outside the study's scope, which is restricted to initial incorporation and early-stage compliance.

IV. RESULTS AND DISCUSSION

A. Sample Profile and Incorporation Method Distribution

In order to allow for a balanced comparison without statistical weighting, DIY and professional service users were split equally 50/50. Most of the businesses were incorporated as Private Limited Companies and were spread across the technology, services, and trading sectors. The majority of the founders in both groups were first-time business owners, which is crucial background information because neither group includes seasoned repeat incorporators.

B. Time Taken for Incorporation

The most obvious finding is the difference in time between the two groups. The majority of DIY respondents' incorporation timelines fell between 10 and 20 days, with a few exceeding 20 days. Incorporation was regularly finished by professional service users in 5–10 days. The comparative results across the five important dimensions measured are summarized in Table I.

Table I: Comparative Outcome Summary — DIY vs. Professional Incorporation

Factor	DIY Incorporation	Professional Services
Time to Certificate	10–20+ days	5–10 days
MCA Queries/Resubmissions	2–4 average	Near zero
Initial Cost	Low (govt. fees only)	Higher (incl. prof. fees)
Total Effective Cost	Medium to High	Moderate
Compliance Risk (Perceived)	High	Low
Satisfaction Level	Moderate / Low	High

The three overlapping factors causing a delay in DIY cases are the applicant unfamiliarity with the SPICe+ system, errors in the application documentation, and the associated cycle between the MCA's queries and resubmission to the MCA. Each query raised by the MCA will have to have a response with a clarifying response filed within the deadline specified; if the applicant fails to respond within the deadline, the "clock" on the query starts again. Professional users, by having their documents pre-verified prior to submission, eliminate most of the potential triggers for queries, and when there are queries raised by the MCA, responding firms typically can respond quickly.

C. MCA Queries and Compliance Challenges: The Hidden Cost of Errors

When compared to people who use professional assistance to help them incorporate a company, do-it-yourself (DIY) survey respondents reported having to re-submit their articles of incorporation two to four times for every article filed . In contrast, professional assistance was required for near-zero incidences of correction on their articles of incorporation. Errors that were most frequently identified as sources of queries included: incorrect entries of director details; documentation for the registered office and incorrect descriptions of the company's objectives in the article of association and mistaking the requirements for how shares should be structured.

The most significant operational finding of this research project is that the SPICe+ product has made the experience of incorporating a business simpler through the online interface; however, the legal complexity involved in creating a corporation has not changed. Object clauses will determine the extent to which a corporation can operate; thus, understanding at least the fundamentals of corporate law is important prior to selecting an object clause for an article of incorporation. If an object clause is drafted incorrectly, it will either restrict the activities of the corporation going forward or will result in questioning and denying the validity of the corporation's status. Likewise, drafting the memorandum of association and articles of association are not just templates; they define how a corporation will be governed and the structure of the corporation's capital and will do so for an extended period of time. The data gathered from the survey suggests that to the extent founders who are new to creating a corporation underestimate the complexity of creating a corporation, they are consistently inaccurate.

Professional incorporation firms fill this gap by implementing a pre-submission verification check that ensures that all documentation is complete and properly filed prior to submitting the article of incorporation for processing. This activity is a primary reason for the large disparity in the proportion of individuals using DIY incorporation methods when compared with individuals who used a professional incorporation firm to incorporate their business.

D. Cost Analysis: Initial Savings vs. Total Effective Cost

In order to accurately interpret the disparity in costs, it's necessary to disaggregate each alternative. The DIY approach includes only the statutory government fees at the beginning of the process, which are generally less than the total of fees charged by professionals for the same services. However, the initial cost benefit of this approach is often diminished or reversed by additional or indirect costs.

Table II: Cost Component Comparison — DIY vs. Professional Incorporation

** Professional fees offset by avoided re-filing and delay costs*

Cost Component	DIY Incorporation	Professional Services
Statutory Govt. Fees	Paid directly	Paid (included in total)
Professional Fees	Nil	Applicable
Re-filing Charges	Common (per resubmission)	Rare to none
Time Cost / Opportunity Cost	High — delayed operations	Low — faster readiness
Total Effective Cost	Medium to High	Moderate

If an MCA query results in a need for a corrective submission, there will be an additional cost associated with the re-filing of charges. However, the biggest expense associated with such a delay is in the form of opportunity cost. For example, if it takes an applicant 10-20 days to obtain a certificate of incorporation (which must be obtained before opening a current account), then the capital inflow from investors and co-founders gets delayed until the applicant is able to open their account. All contracts with potential clients requiring a registered entity as a counterparty will also be delayed since no contracts can be signed until the applicant receives their certificate of incorporation. For funded startups, this translates into an additional day of burn without having a formal corporate entity available to receive funding. The costs associated with these additional days do not show up on an invoice, but they are significant and have material consequences for early-stage businesses.

The results of the cost data analysis illustrate that although professional services provide greater savings, when compared to the total costs associated with DIY incorporation (i.e., hidden/indirect costs), it is likely that the total cost of DIY incorporation will be equal to or greater than that of professional fees in most cases where there are errors associated with the incorporation process.

E. Compliance Risk and Satisfaction: The Confidence Premium

The longer that respondents have been doing Do It Yourself Incorporations, the greater the amount of perceived compliance risk they experience: uncertainty regarding whether their documentation meets regulatory requirements; whether selected clauses are appropriate; and whether the incorporation is fully compliant with the norms established by the Act. This perception of risk is not only psychological; it is also supported by extensive research and professional evidence indicating that there are significant legal risks associated with errors in early incorporation documents which will later lead to complications in the due diligence process, funding rounds or through audits by regulators.

Respondents who have used professional services indicate that they experience lower levels of compliance risk, primarily because they received professional support in preparing their documentation, selecting clauses and managing interactions with regulators. This is also evident in the level of satisfaction reported by professional clients compared to Do-It-Yourself clients. The vast majority of respondents who used professional services were highly satisfied with their experience, whereas Do It Yourself clients were primarily located in the moderate and low satisfaction range. Professional clients consistently ranked their professional experience based on speed of completion, fewer errors and the comfort of receiving verification that their incorporation was compliant.

V. CONCLUSION

The main focus of this research is simple even though it contradicts many first-time startup founder's presumed idea that DIY incorporation is a cheaper option than using a professional to help them set up their business (even though DIY costs appear less on the surface). The finding is not about sophistication of the SPICe+ system, although it is a good example of how digital technology can be useful in transforming government organisations. The primary difference lies between how easily people can access information digitally and their knowledge about legal procedures (the Companies Act in this case) associated with business formation. Even though SPICe+ has made filling out the incorporation application a simple process, it has not simplified the Companies Act and, therefore, a lot of first-time startup founders may think the incorporation process to simply be a form-filling exercise when it should actually be viewed as a legal structuring process. Many first-time startup founders who view their incorporation process as simply filling out forms experience multiple queries, have to re-submit their applications, and get delayed in establishing their business. As a result, first-time startup entrepreneurs who have incorporated should therefore view professional incorporation services (and particularly providers with comprehensive end-to-end compliance management) as an investment in risk management rather than as a luxury expenditure. The professional fee is a definite cost, whereas DIY incorporation has the potential to be a higher cost than initially expected depending on the number of times the person has to fix errors in their business formation.For policymakers, the findings point to a specific intervention opportunity: guidance design within the SPICe+ system could be substantially improved to address the specific failure points identified here — object clause selection, MOA/AOA drafting assistance, and director detail consistency checks before submission.

This research should be conducted with larger samples, and across a variety of states and incorporating the use of a longitudinal analysis of compliance history as well as to determine the level of due diligence performed by investors in firms that were self-incorporated and those that have been professionally incorporated.

The study is limited by its small sample size and reliance on self-reported data, which may limit the generalizability of the findings. It is recommended that additional research should be conducted to validate and expand upon these findings with larger sample sizes and through a broader geographic area.

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