



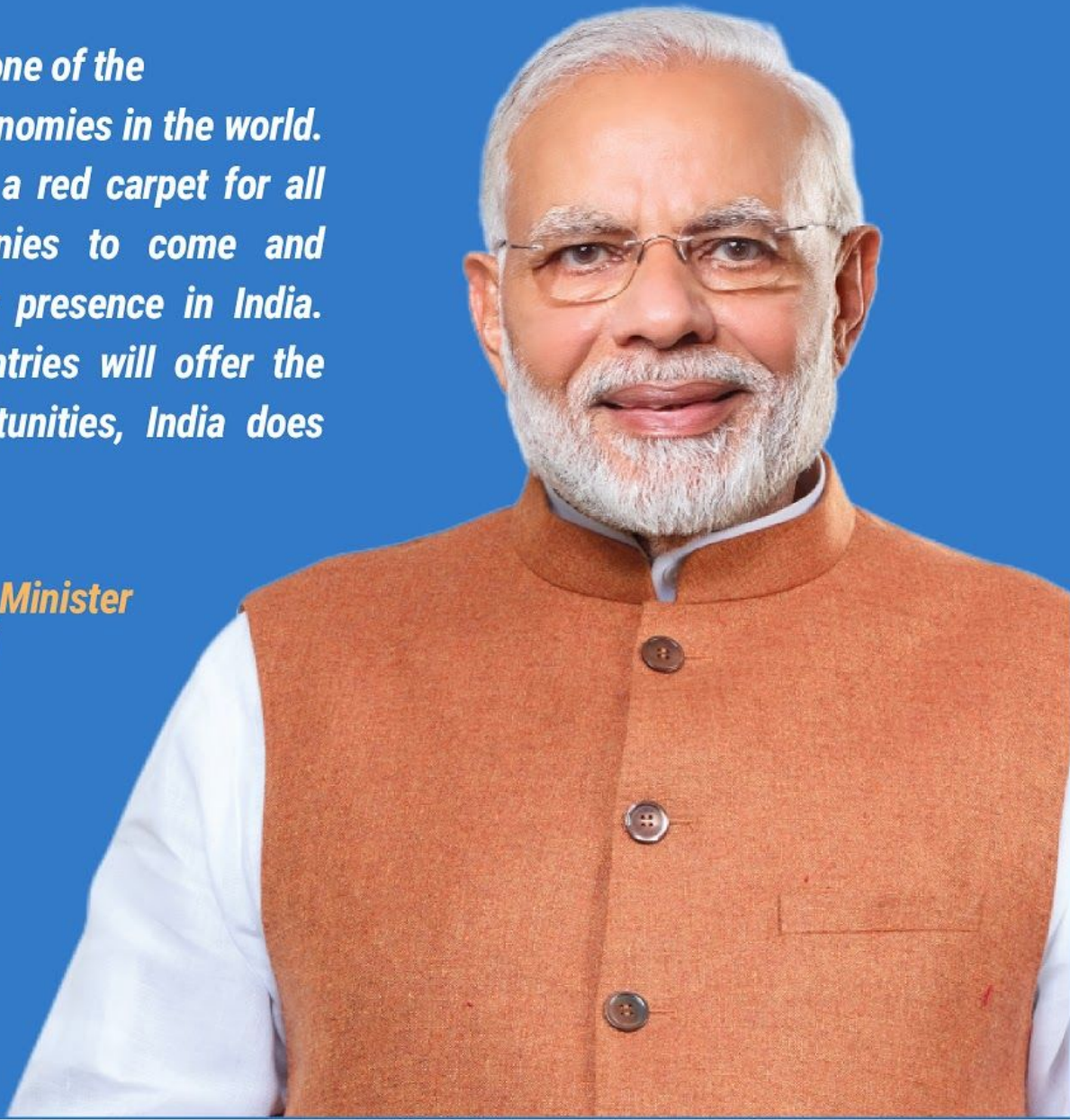
उद्योग संवर्धन और आंतरिक व्यापार विभाग
DEPARTMENT FOR
**PROMOTION OF INDUSTRY
AND INTERNAL TRADE**

January 2021

Ease of Doing Business In India

“India remains one of the
most open economies in the world.
We are laying a red carpet for all
global companies to come and
establish their presence in India.
Very few countries will offer the
kind of opportunities, India does
today.”

**Hon'ble Prime Minister
Narendra Modi**



Introduction

Regulatory burden on a business has a significant impact on its performance. To ensure compliance, regulations impose both time and cost and affect competitiveness of business. Regulations are an important tool for ensuring that markets work effectively and conform to trust among its participants. They bring in the minimum threshold of acceptability and make markets work. The Government's approach is that the time and costs imposed by the regulations should be minimum. Low regulatory burden means that entrepreneurs devote their time on productive activities.

Since 2014, the Government of India has worked on creating a conducive environment by streamlining the existing regulations and processes and

“In the last four years, under his (PM's) relentless, untiring and proactive leadership and guidance, continuous monitoring, the endeavour (to improve ease of doing business) has proceeded with the greatest energy and vigour.”



Rakesh Bharti Mittal
Vice - Chairman & MD,
Bharti Enterprises

eliminating unnecessary requirements and procedures. Delivery of government services has been improved in several areas to help businesses grow. A detailed plan of regulatory reforms is being implemented not only in the Central Government's Ministries/Departments but also in the States through the active engagements with State Governments.

As a result of the efforts, India's ranking on the World Bank's Doing Business Report (DBR) of 190 countries, has improved from 142nd position in 2014 to 63rd position in 2020. It has earned a place among the world's top 10 improvers for the third year in a row. Within ease of doing business, the focus now is on reduction in compliance burden by using technology, third party assessment and faceless human intervention.

“India is probably one of the places in the world where the entrepreneurial energy is able to scale up, not just start.”



Satya Nadella
CEO, Microsoft

Approach till 2014

The World Bank Group has been ranking economies annually since 2003 on the prevailing regulatory environment in terms of 10 indicators to publish its analysis in the Doing Business Report (DBR).

India's rank on (EoDB) during 2010-14 was in the range of 131 to 142. Hardly any effort was undertaken by the government to engage with the key stakeholders and implement a plan for improving the country's ranking. Prior to 2014, India was accepting the World Bank's ranking of countries on EoDB as an annual academic exercise, without any specific plan for improving performance on the indicators which

were relegating our country's comparative position.

India was ranked very low on trading across borders, starting a business, getting construction permits, resolving insolvency, enforcing contracts etc. The half hearted measures to address the challenges by the Government were not bearing any significant results or alternatively, the steps taken by other countries were substantive to be recognized in the ranking arrangement. Consequently, India's ranking among the 190 countries continued to stagnate in the bottom 25% to 30% of the countries.

Transformation Since 2014

To achieve the vision of the Hon'ble Prime Minister of bringing India within the top 50 countries in the Doing Business rankings, the current Government has improved the existing business regulatory environment. An analysis of leading comparable countries was undertaken to understand the global best practices. A detailed strategy (roadmap) was developed and 7 Ministries/ Departments were appointed as nodal Ministries / Departments across 10 indicators.

Since 2014, the aim is to create a conducive business environment by streamlining the existing regulations and

processes and eliminating unnecessary requirements and procedures. Three major initiatives are being pursued focusing on – World Bank's Ease of Doing Business, State & District Reform Action Plan and systematic approach to minimize regulatory compliance burden on businesses. Technology has been identified as the key driver for improving efficiency. Multitude of regulatory reforms have been implemented by Central and State Governments after an extensive Government Process Re-engineering exercise to deliver seamless services to the businesses.



MAJOR REFORMS

- Launch of web-based **SPICe+ and AGILE-PROform** has enabled new company incorporation in 3-steps as compared to the 14 steps process in 2014. It acts as a single form for company details.
- One stop shop portal has been launched in Mumbai (mahabhunakasha.mahabhumi.gov.in) & Delhi (doris.delhigovt.nic.in).
- The process of obtaining **building permits** and occupancy cum completion certificates has become simpler and faster in Mumbai and Delhi.
- Number of days required for **getting electricity connection** reduced from 105 days in 2014 to 53 days in 2019 in India.
- **Trading across borders** has been made easier by Electronic delivery of customs clearance copy. Machine based automated clearance of imported goods and Use of ICETAB (handheld device) for on-the-spot clearances.
- **Dedicated Commercial Courts** with modern facilities in Delhi and Mumbai have been established for early redressal of commercial disputes.
- Introduction of **Insolvency and Bankruptcy Code 2016** is a major step forward in Corporate Insolvency Resolution Process (CIRP).

Indicator Wise Improvements

The indicator wise ranking improvement by India in the DBR since 2016 are in the Table

INDICATOR	DBR 2016	DBR 2017	DBR 2018	DBR 2019	DBR 2020	IMPROVEMENT IN THE LAST 5 YEARS
OVERALL RANK	130	130	100	77	63	+67
Starting a Business	155	155	156	137	136	+19
Construction Permits	183	185	181	52	27	+156
Getting Electricity	70	26	29	24	22	+48
Getting Credit	42	44	29	22	25	+17
Paying Taxes	157	172	119	121	115	+42
Trading Across Borders	133	143	146	80	68	+65
Enforcing Contracts	178	172	164	163	163	+15
Resolving Insolvency	136	136	103	108	52	+84



Engaging the States

The World Bank's DBR is based on an assessment in Mumbai and Delhi. To make EoDB a reality for the entire country, the Government is working with the States to improve the business environment and striving to make India an attractive investment destination.

A significant portion of the regulatory environment experienced by a business falls within the sphere of State Governments. In consultation with the State Governments, since 2015 the DPIIT is annually ranking the States and UTs on the comprehensive reforms being implemented by them under the **State Reform Action Plan (SRAP)**. This plan includes recommendations on 58

regulatory processes and policies spread across reform areas spanning the lifecycle of a typical business. The ranking of States with reference to implementation of reforms has promoted cooperative federalism among States. To incentivize the State Governments, in 2020, the implementation of EoDB reforms has been linked to additional borrowing by the States.

District level functionaries are key touch points for an entrepreneur and hence a 213-point district level reform exercise in the form of a **District Reform Action Plan, 2020** has been shared with the States/UTs.

Impact

The marked improvement in India's ranking in ease of doing business parameters has had a very positive impact on the country's business ecosystem. Potential investors are able to set up their business and get electricity connection in a transparent manner very quickly, as burdensome procedures have been removed. The significant improvements in the efficiency of the ports and the transparency and accountability in the processes and procedures of customs ecosystem have eased the trading across borders for the

exporters and importers. The transformative achievement in resolution of insolvency of business under the new Code on the subject has led to the unlocking of capital, streamlining banking and credit channels and offers a new lease of life to business. States are constantly engaged in attracting investments by making their regulations and procedures hassle free. The EoDB reforms have instilled a spirit of competition among the States to make life as easy as possible for potential investors to set up business in the their



regions which would eventually provide employment to its people. Potential international investors base their decision on locating their future investments on the

country's ranking on EoDB. The country's steady improvement in EoDB rank in a short time span is leading to renewed interest in setting up business in India.

Future Plan

To translate the Atmanirbhar Bharat vision into a reality, the next generation of reforms relating to Minimizing Regulatory Compliance Burden on businesses and citizens are being taken up by Central Ministries and States/UTs on a mission mode. Making Government to Business and Government to Citizen interfaces online, transparent and time bound are among the key priorities .

A systematic exercise across Central Ministries/Departments and States/UTs is being undertaken to eliminate or reduce compliances which have an adverse impact on time and cost of businesses. This exercise is divided into two phases:

Phase-I (till March 31st 2021) reducing regulatory burden across the following six areas:

- Renewals of licenses/certificates /permissions to be removed altogether or their periodicity to be increased.
- Inspections to be assigned randomly to Risk-based inspections/ Third-party inspections/ Joint Inspections by concerned government authorities
- Returns/Filings to be standardized and simplified and number of filings to be reduced
- Registers & Records maintenance to be rationalized or removed.
- Display requirements for licenses/permissions to be minimized or eliminated
- Digitization and Simplification of all manual records or procedures.

Phase-II (till August 15th 2021) focuses on the following four areas:

- Regulatory Impact Assessment: Regulations to be evaluated in terms of time & cost to business; 'One-in One-out' policy
- Decriminalization: Identify and decriminalize regulations which prescribe imprisonment as punishment for minor civil offences



- Redundancy: Identify and repeal archaic laws and rules
- Intensive use of New-Age Digital Technologies: Usage of blockchain (land registry), analytics (sentiment analysis of public services), artificial intelligence (detection of discrepancies/fraud), chat-bots (grievance redressal through chat-bots), DigiLocker (Central Data Repository) and Single Business Identity.

A Regulatory Compliance Portal has been launched by the DPIIT on 1st January 2021. The portal is to act as an online repository of all Central and State-level compliances and to minimize Regulatory Compliance burden.

The overall objective of the regulatory reforms exercise is to bring India among the top 50 countries in the DBR.

BQ BloombergQuint

India Streamlines Patent Rules To Promote Ease Of Doing Business

... submission requirements regarding the working of a patented invention on a commercial scale in India, a move aimed at promoting ease of doing business.

Oct 28, 2020

Perfect ecosystem for startups in India after ESOPs tax relaxation: CBDT

Perfect ecosystem for startups in India after ESOPs tax relaxation: CBDT. CBDT Chairman P C Mody said most of the issues pertaining to startups were already ...



सत्यमेव जयते

**DEPARTMENT FOR PROMOTION OF
INDUSTRY AND INTERNAL TRADE**
MINISTRY OF COMMERCE AND INDUSTRY
GOVERNMENT OF INDIA