



EASE OF DOING BUSINESS

Scaling New Heights



India has successively scaled greater heights in the World Bank's Ease of Doing Business rank, under the leadership of Prime Minister Shri Narendra Modi, the journey of India is moving closer to the global best practices. Take a look at some of the transformative reforms by the Modi government that impact EoDB.



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

- Prime Minister Narendra Modi



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Background

Under The leadership of Prime Minister Narendra Modi, The Government resolved to create a regulatory environment, which was comparable to the best in the world, for starting and running a company. The success of the measures undertaken by Government of India, starting from 2014, is reflected in the sharp upward movement in the World Bank's Ease of Doing Business ranking. Take a look at some of the transformative reforms by the Modi Government that impact Ease of Doing Business or EoDB.

There was a paradigm shift in the approach and strategy of India, soon after Hon'ble Prime Minister Shri Narendra Modi took over in 2014. In order to develop the country and ensure well-being of each citizen, PM gave the vision of "Make in India".

A key part of this strategy was to provide a conducive business environment to attract investments and creation of jobs, economic activity and wealth. Department for Promotion

of Industry and Internal Trade or DPIIT, in 2014, was tasked with the responsibility of improving Ease of Doing Business, on a mission-mode basis.

An intensive exercise of mapping the entire business life cycle and the regulatory and compliance requirements at each stage was carried out along with Ministries and States. An annual action plan was prepared in consultation with Nodal Ministries for implementation of planned reforms and progress in this regard is monitored closely at all levels in the Government.

Measures to Improve “Ease of Doing Business”



India has jumped to 63rd in World Bank's Ease of Doing Business rankings



IBC (2nd Amendment): Ring-fencing **successful bidders of stressed assets** from the risk of criminal proceedings



No need for Debenture Redemption Reserve (DRR) for debentures issued by **Listed companies, Banks, NBFCs and HFCs**



CSR violations de-criminalized and to be **treated as civil offence**



NBFCs permitted to use **the Aadhaar authenticated bank KYC**

Reforms implemented across business life cycle

Various reforms spanning entire business life cycle have been implemented by various Ministries. Focus of these reforms has been on reducing the time taken for starting a business, fast tracking various permissions required by businesses, facilitating faster imports and exports, speeding up resolution of commercial disputes. Important reforms implemented over last few years are listed below-

- **Starting a business-**

Introduction of SPICe+ and AGILE PRO form by Ministry of Corporate Affairs for Company Incorporation in February 2020, saves time and efforts required in Company Incorporation. This form combines various services like PAN/TAN/Director Identification Number/GSTN etc.

In most of the cases, company incorporation is being completed on the same day of filing SPICe+ form and other services like obtaining PAN, DIN etc take 2 to 3 days.

• Obtaining Construction Permits-

Online Building Permission System introduced by Ministry of Housing and Urban Affairs is a Single Window for obtaining building permissions. In Municipal Corporations of Delhi and Greater Mumbai, all agencies involved in granting clearance for construction have been integrated on the portal and the applicant is no longer required to visit each agency individually. OBPS has been completely implemented in 14 States/UTs. As on December 2020, OBPS has been implemented in 2195 Urban Local Bodies across the Country.

• Property Registration-

Digitization of land records has been one of the top priorities to bring efficiency and transparency in property related transactions. Land records

for past 30 years are being digitized in Delhi and Mumbai. Integrated Property Registration Portals have been launched in Mumbai and Delhi for search of title and encumbrance.

• Enforcing Contracts (Commercial Disputes Resolution)-

Faster resolution of commercial disputes is important to instil confidence among investors. The Commercial Courts Act, 2015 has been enacted to deal specifically with commercial disputes in India. The Act was amended in 2018, following changes have been brought by the Act and subsequent amendment-

- Providing for the constitution of commercial courts at the district level.
- The Monetary limit for commercial disputes has been reduced from Rs.1 Crore to Rs. 3 lakh to include a wider quantity of cases.
- Commercial Courts are being set up in the country in major towns/clusters along with special commercial Benches in various High Courts.
- IT services are being utilized for automation

of court processes and digitization of records. E-courts services are being utilized by Judicial officers as well as lawyers which is reducing time taken for court processes and helping in faster resolution of commercial disputes.

- Cases in commercial courts are assigned in an automatic and randomized manner thereby eliminating human intervention and increasing transparency in court operations.

• **Corporate Insolvency Resolution-**

Introduction of the Insolvency and Bankruptcy Code (IBC) of India in 2016 brought a paradigm shift in handling of corporate insolvency. The emphasis has been to ensure that instead of piecemeal sale of its asset, a viable unit is disposed of as a going-concern. IBC has been further amended wherein creditors can now initiate both liquidation and reorganization and continuation of essential goods or services critical to protecting and preserving the value of the debtor during the proceedings has been allowed. Once a long drawn, painful process of closure of business is now a faster and more efficient resolution process.

“Since its implementation, more than 2,000 companies have used the new law. Of these, about 470 have commenced liquidation and more than 120 have approved reorganization plans..... Reorganization has become the most likely procedure for viable companies as measured by Doing Business, increasing the overall recovery rate from 27 to 72 cents on the dollar.”

DBR 2020

“The Insolvency and Bankruptcy Code, financial sector policies, and amendments to the regulatory systems added immensely to the economic framework”

Mr. Vikram Kirloskar, President, CII (2019-20) and Chairman and MD, Kirloskar Systems Ltd and Vice Chairman, Toyota Kirloskar Motor

• Trading across Borders-

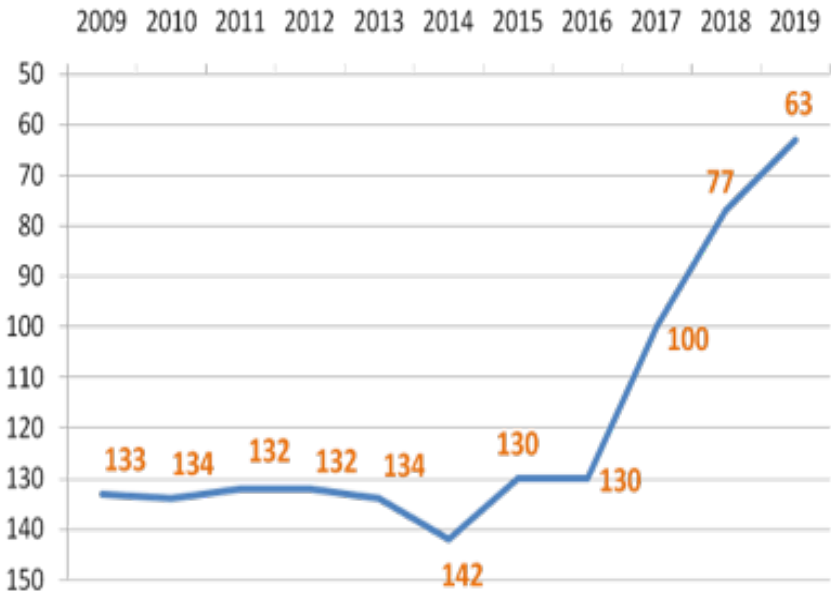
Import and Export activities are important for economies like India. Efforts are being made to improve port infrastructure, reduce time and cost of export and import. Measures like electronic sealing of containers, electronic submission of supporting documents with digital signatures, machine based automated clearance of imported goods and use of ICETAB (handheld device) for on-the-spot clearance have been taken to bring transparency and efficiency in port operations.

“Integrated Risk Management System and Direct Port Delivery are some of the crucial reforms undertaken by the Government”

- **Mr. Milon K Nag, Co-Chairman, CII Task Force on EoDB**

Scaling Greater Heights

The systematic and targeted efforts to reduce processes, reduce time, rationalize costs yielded rapid results. This was reflected in World Bank's EoDB ranking. India's rank improved to 63 in Doing Business Report 2020 (Published in October 2019) from 142 in Doing Business Report 2015 (Published in October 2014). As a result of continued efforts by the Government, India has improved its rank by 79 positions in last five years [2014-19]. India continues to maintain its first position among South Asian countries. It was at the 6th position in 2014.



india's Growth in EoDB Ranking

- **Engaging the States and UTs towards Co-operative Federalism-**
- All the States and UTs have been involved in the exercise of improving business environment. In the true spirit of competitive and cooperative federalism, ranking of States on the basis of implementation of Business Reform Action Plan was instituted in 2014.

- Every year, an Action Plan consisting of various reform action points is prepared in consultation with States/UTs, Industry Associations and shared with States for implementation in a time bound manner.
- Reform Action Plan for states follows a broad structure of World Bank assessment, however factors specific to Indian States are included in the Reform Action Plan to make it more relevant in the Indian context.
- No reforms are successful unless they are recognized and appreciated by users. Keeping this in mind, States are being ranked on the basis of feedback from users of various services. Ranking of States now involves 2 steps, Step 1 consists of submission of reform evidence by States on a portal created for this purpose. Step 2 consists of feedback obtained from users. Feedback is conducted by a Third Party Agency.
- The exercise of ranking the States is

conducted in consultation with the World Bank. India is one of the few countries to conduct an exercise of sub-national rankings.

- Various Capacity Building Programs are conducted for handholding States/UTs in the process of reform implementation. Best practices by certain States are also shared with all States.
- **Significant Achievements at State Level-**
- Department for Promotion of Industry and Internal Trade (DPIIT) took up policy measures like enacting the Public Service Delivery Guarantee Act to ensure timely processing, setting up of a single window agency through legislation to serve as a single point of contact for all licensing required by businesses, mandating joint inspection under 10 Labour Acts, etc.
- Extensive work has been done to streamline inspection processes. Central

Inspection System is being developed by the States wherein Inspections are randomly and automatically assigned, following which checklists prescribed for inspections and inspection reports are being submitted within 48 hours of completing the inspections.

- States/UTs have implemented a GIS system to provide details about the land earmarked for industrial use across the State/UTs.
- States/UTs have reduced the total number of documents required for Obtaining Electricity connection to only 2
- Globally, India's State Reform Action Plan exercise has also invited interest from countries like South Africa, Nigeria and Brazil keen on replicating the model.

- **Ease of Business and Ease of Living**

Regulations ensure effective working of the market, and define a minimum threshold of acceptability, however, over-regulation

or archaic regulation can impact time and cost and affect the competitiveness of businesses. To accelerate the growth and generate employment opportunities, it is important to attract globally competitive investors to India. Liberalized Regulatory Regime would boost manufacturing activity, increase confidence of investors, attract investments from across the globe and contribute to the furthering of Atmanirbhar Bharat Vision. The exercise of reducing compliance burden aims at reducing the interface between Government and Citizens. Focus is on automation and simplification of processes for effective and efficient delivery of citizen-centric services. Government to Citizen Interaction is being made pleasant and hassle-free.

Government of India remains committed to make India an easy place to do business and a pleasant place to live.



Ministry of Information and Broadcasting
Government of India