

EASE OF DOING BUSINESS

'With improvements set to continue, India creating investment climate to boost growth'

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EASE OF doing business (EoDB) has witnessed unprecedented attention of the Union government in the past few years. The emphasis has been on simplification of rules and procedures to ensure transparency and speed up administrative processes, in line with industry requirements. In fact, parallel attention has been accorded to facilitate entry as well as exit for businesses, both of which have been equally challenging for entrepreneurs.

India's ranking in Doing Business reports of the World Bank improved by 42 spots in the past 3 years to join the league of top 100 world economies. It now aspires to enter the top 50 rank, making it one of the most attractive destinations for investors.

Going beyond the two cities of Delhi and Mumbai surveyed by the World Bank report, the Central government has involved states in the EoDB mission under the Business Reform Action Plan, now completing its fourth year.

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It is most satisfying to see special focus on indicators where India is not doing so well. The latest Doing Business Report shows seven of 10 indicators with a ranking in the range of 103-181 (out of 190). Starting a business in India takes 29.8 days as compared to only a day in New Zealand. The situation at the ground level has improved dramatically in recent months, thanks to a range of new initiatives by the government. For instance, the SPICe form merges 5 processes — PAN, TAN, DIN, Company Incorporation and Name Reservation — into a single application. Trading Across Borders ranks at a low 146. The WTO Trade Facilitation Agreement (TFA), which India has actioned, encouraged reforms in the area. Initiatives including the shift to paperless compliance system, enhanced customs clearances under the

integrated Risk Management System, encouragement to Direct Port Delivery and development of an effective Port Community System, have helped lower transaction costs for exports as well as imports and would be reflected in the next ranking.

Registering property is witnessing many administrative changes, especially at the state level. States are defining clear timelines for processing applications for land allotment, adopting a model sale deed format for property registration, and enhancing the efficiency of land banks. Many states have introduced Geographical Information Systems (GIS) and digitised land records across departments. However, there is a long way to go to reach global best levels.

Enforcing Contracts has suffered owing to lack of a well-defined system for dispute resolu-

tion. The Central government has introduced the National Judicial Data Grid, which serves as a monitoring tool to identify, manage and reduce pendency of cases. Several states have established dedicated Commercial Courts at the district level to ensure speedy resolution of commercial disputes and have published model contract templates. They are also implementing e-Courts, entailing facilities such as e-cause lists, e-payments, e-filing and e-summons. These reforms will prove to be a gamechanger for enforcing contracts. Under Dealing with Construction, ranking at 181, states have aimed to reduce time and costs for obtaining building and construction permits and introduced the provision of deemed approvals. To expedite the building plan approvals, inspections are being integrated and made risk-based. Based on our feedback from ground level, we expect a sharp improvement in this indicator in the next ranking.

Paying taxes, too, has seen significant positive developments, reducing the compli-

ance time and cost for industry. The goods and services tax has been a watershed reform. Reduction in income tax rate from 30 per cent to 25 per cent for companies with turnover up to Rs 250 crore a year and emphasis on reduction in time for tax return filing have been among other measures that have contributed positively to industry.

Resolving Insolvency has received an unprecedented policy attention in recent times, and is rightly reflected in a record leap of 33 ranks this year. The implementation of the landmark Insolvency and Bankruptcy Code, 2016, has greatly simplified the insolvency proceedings and facilitated fast tracking of processes for stakeholders, including creditors, investors and debtors. The full benefits of the IBC would continue to accrue as its implementation becomes more effective.

With such EoDB improvements set to continue, India is creating the right investment climate to boost growth.

The writer is director general, Confederation of Indian Industry