

# EASE OF DOING BUSINESS FOR ATMANIRBHAR BHARAT

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In the wake of Covid-19, the Central and state governments have accorded an unprecedented priority to improving the business environment in the country by driving reforms to facilitate ease of doing business. The country has jumped up to rank 63 from 142 in the World Bank Doing Business report, indicating the success of this effort. Under the Atmanirbhar Bharat package, various schemes have been announced by the finance ministry that focus on reforms for ease of doing business in India.

To further enhance the competitiveness of the Indian industry, this reform momentum must be sustained with regular monitoring. Equally, it is important that Central and state governments ensure the reforms reach the grass-roots industry effectively with short-term measures and long-term strategies.

First, the online Single Window System (SWS) is an effective way to rationalise procedures, time and cost of operations for businesses. While a majority of the states have adopted it, the SWS should be set

up by all states and Union Territories within the next 12 months. The effectiveness of the SWS can be strengthened across India by the implementation of certain measures such as setting up a Central Monitoring Mechanism headed by the chief secretary for reviewing the SWS of various states at regular intervals; ensuring timely technological updates of the online portal; improving effectiveness of the Right to Services Act and encouraging self and third-party certifications, etc.

The second critical issue for domestic businesses is property registration and land acquisition, which is a cumbersome and costly process. Simplifying property registration and acquisition of land by introducing reforms can help companies set up or expand in India faster. This can be achieved by introducing reforms such as allowing industries to buy land directly from farmers; rationalising stamp duty across states; digitising and integrating land records at various levels; and setting up a single window in each state for all land-relat-

ed information, transactions, digitised records and land titles.

Three, despite significant reforms by the government, labour laws compliance necessitates high costs. The government should consider introducing reforms that reduce the regulatory burden of labour compliances, including exempting industry from select labour laws for a period of three years. Increasing the threshold limit for certain labour laws such as Industrial Disputes Act and Factories Act can encourage scale in manufacturing. Notifying and implementing the 'Fixed Term Employment Workman' rules across states should be carried out at the earliest to raise flexibility of employment. A single labour authority in each state and decriminalising labour laws, among others, would further add to ease of doing business.

Four, trade facilitation has seen



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extensive reforms in the last few years, helping India record a massive improvement in the 'Trading Across Borders' ranking from the 146th position in 2018 to the 68th spot. There is scope to improve it further to help India come at par with the best performing economies. The areas to be strengthened are promoting the Authorised Economic Operator programme and the Risk Management System. Encouraging Direct Port Delivery, developing a Common Customs Portal for critical information and strengthening the Port Community System would streamline movement across borders.

Five, while the government has been working assiduously for improving the business environment in the country, contract enforcement continues to remain weak. The government can improve the dispute resolution mechanism in the country through multiple initiatives, such as strengthening the ADR mechanism and developing model contract templates for a few key sectors in consultation with industry participants. Adding infrastructure and judges as well as commercial courts would help in this effort.

Six, there is a need to reform the inspection procedures that are currently being used by different agencies. A rationalised inspection mechanism can be fostered

through synchronised joint inspections across states, categorising industries based on risk-based profiles and ensuring that all states develop an effective online Central Inspection System for labour, fire, lift, electricity, boilers, etc.

Seven, the high logistics cost has been a challenge in the country for a long time. The infrastructure to GDP expenditure must be raised to ensure better transportation facilities. The share of railways and waterways in the overall transport system can be stepped up. It is also important to lower costs of logistics by averting cross subsidies for freight movement.

Eight, the MSME sector is the engine of growth for the economy and can benefit greatly from lower costs due to a facilitative operating environment. Enterprises with a successful track record of compliances can be permitted to undertake self-certification with easier inspection procedures.

For a self-reliant, globally competitive India, the combination of facilitative reforms for ease of doing business and effective monitoring mechanisms for already-implemented schemes and programmes is the need of the hour. With this dual strategy, India has the potential to attract more overseas investment and become the factory of the world.

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