

## Initiatives on Improving ‘Ease of Doing Business’ in India.

The Government of India has taken up a series of measures to improve Ease of Doing Business. The emphasis has been on simplification and rationalization of the existing rules and introduction of information technology to make governance more efficient and effective. The measures taken are:

1. India was ranked 142<sup>nd</sup> in Doing Business Report, 2015. The World Bank has released Doing Business Report, 2016 on 27<sup>th</sup> October, 2015. India is ranked at 130 (against a recalculated rank of 134<sup>th</sup> for 2015). India’s rank has improved in ‘starting a business’, ‘dealing with construction permit’ and ‘getting electricity’ indicators.
  
2. A report titled “Assessment of State Implementation of Business Reforms” was released on 14<sup>th</sup> September 2015. The report captures the findings of an assessment of reform implementation by States, led by DIPP, Ministry of Commerce and Industry, Government of India with support from World Bank group and KPMG. This assessment has been conducted to take stock of reforms implemented by States in the period January 1 to June 30 2015 based on a 98-point action plan for business reforms agreed between DIPP and State/UTs and rank them according to the ease of doing business.

The assessment reveals that States are at different levels of implementation on the 98-point action plan. The implementation status of each State has been converted to a percentage, and, on the basis of this the State rankings have been calculated.

Rank	State	Score	Rank	State	Score
1	Gujarat	71.14%	17	Himachal Pradesh	23.95%
2	Andhra Pradesh	70.12%	18	Kerala	22.87%
3	Jharkhand	63.09%	19	Goa	21.74%
4	Chhattisgarh	62.45%	20	Puducherry	17.72%
5	Madhya Pradesh	62.00%	21	Bihar	16.41%
6	Rajasthan	61.04%	22	Assam	14.84%
7	Odisha	52.12%	23	Uttarakhand	13.36%
8	Maharashtra	49.43%	24	Chandigarh	10.04%
9	Karnataka	48.50%	25	Andaman and Nicobar Islands	9.73%
10	Uttar Pradesh	47.37%	26	Tripura	9.29%
11	West Bengal	46.90%	27	Sikkim	7.23%
12	Tamil Nadu	44.58%	28	Mizoram	6.37%
13	Telangana	42.45%	29	Jammu and Kashmir	5.93%
14	Haryana	40.66%	30	Meghalaya	4.38%
15	Delhi	37.35%	31	Nagaland	3.41%
16	Punjab	36.73%	32	Arunachal Pradesh	1.23%

Figure 1: Source: Assessment of State Implementation of Business Reforms, September 2015 published by DIPP

3. Process of applying for Industrial License (IL) and Industrial Entrepreneur Memorandum (IEM) has been made online and this service is now available to entrepreneurs on 24x7 basis at the eBiz website. This had led to ease of filing applications and online payment of service charges.
4. 20 services are integrated with the eBiz portal which will function as a single window portal for obtaining clearances from various governments and government agencies. These services are given in Annexure A.
5. Notification has been issued on 12-03-2015 by DGFT to limit number of documents required for export and import to three.
6. Ministry of Corporate Affairs has introduced an integrated process of incorporation of a company, wherein applicants can apply for Director's Identification Number (DIN) and company name availability simultaneous to incorporation application [Form INC-29].
7. The Companies (Amendment) Act, 2015 has been passed to remove requirements of minimum paid-up capital and common seal for companies. It also simplifies a number of other regulatory requirements.
8. A comparative study of practices followed by the States for grant of clearance and ensuring compliances was conducted through M/s Accenture Services (P) Ltd. and six best practices were identified. These were circulated among all the states for peer evaluation and adoption. The study has also identified important bottlenecks faced by industries and important steps required to improve the business environment in States.
9. Application forms for Industrial Licence (IL) and Industrial Entrepreneur Memorandum (IEM) have been simplified.
10. Vide Press Note 3 (2014), Defence products' list for industrial licensing has been issued, wherein large number of parts/components, castings/forgings etc. have been excluded from the purview of industrial licensing. Similarly dual use items, having military as well as civilian application (unless classified as defence item) will also not require Industrial License from defence angle. For these items only an Industrial Entrepreneur Memorandum (IEM) has to be filed.
11. Vide Press Note 5 (2014), initial validity period of Industrial License has been increased to three years from two years. This will give enough time to licensees to procure land and obtain the necessary clearances/approvals from authorities.
12. MHA has stipulated that it will grant security clearance on Industrial Licence Applications within 12 weeks. In matters other than Explosives and FIPB cases, security clearances are valid for three years unless there is a change in composition of management or shareholding.

13. Partial commencement of production is being treated as commencement of production of all the items included in the license. This has obviated the hardship of licensees to get their Industrial License extended even though they have started production.
14. To facilitate investors and to reply to their queries, Frequently Asked Questions (FAQs) by applicants for grant of industrial license have been developed and uploaded on DIPP website.
15. Vide Press Note 4 (2014), the NIC Code NIC 2008 has been adopted, which is the advanced version of industrial classification. This code will allow Indian businesses to be part of globally recognized and accepted classification that facilitate smooth approvals/registration.
16. Vide Press Note 6 (2014), the 'Security Manual for Licensed Defence Industry' has been issued. This has obviated the requirement of affidavit from applicants. Earlier, an affidavit signed before Judicial Magistrate was required from the applicant to confirm that they will comply with the safety & security guidelines/procedures laid down by the Ministry of Defence and Ministry of Home Affairs in Government of India. The applicants were facing difficulties in obtaining such affidavit and this was severely delaying the issue of License even after approval of Licensing Committee.
17. A checklist with specific time-lines has been developed for processing all applications filed by foreign investors in cases relating to Retail/NRI/EoU foreign investments. This has been placed on the DIPP website.
18. An Investor Facilitation Cell has been created in 'Invest India' to guide, assist and handhold investors during the entire life-cycle of the business.
19. SEZ Units allowed removing goods for repair, replacement, testing, calibration, quality testing and research and development on self-attestation.
20. Process of applying for Environment and Forests clearances has been made online through Ministry of Environment and Forests and Climate Change's portals <http://environmentclearance.nic.in/> and <http://forestclearance.nic.in/>.
21. Requirement for Environment Assessment Report is required for industrial shed, school, college, hostel for education institution above 20,000 square meters of build-up area up to 150,000 square meters of build-up area.
22. The issue of time taken in registration with Employees Provident Fund Organization (EPFO) and Employees State Insurance Corporation (ESIC) was taken up with the Ministry of Labour and Employment, Director General, ESIC and Central Provident Fund Commissioner. Both the processes have been automated and ESIC registration number is being provided on a real-time basis.

23. An order facilitating revival and rehabilitation of MSMEs through banker's committee has been issued by Ministry of MSME.
24. A unified portal for registration of Units for LIN, reporting of inspection, submission of returns and grievance redressal has been launched by Ministry of Labour and Employment.
25. DIPP has requested all Secretaries of Government of India and Chief Secretaries of the States/UTs to simplify and rationalize the regulatory environment. In order to improve the regulatory business environment they have been requested to take the following measures on priority: a) All returns should be filed on-line through a unified form; b) A check-list of required compliances should be placed on Department's web portal; c) All registers required to be maintained by the business should be replaced with a single electronic register; d) No inspection should be undertaken without the approval of the Head of the Department; and e) For all non-risk, non-hazardous businesses a system of self-certification should be introduced.
26. Registration process of VAT and Professional tax has been merged into a single process with single ID on 1st January, 2015 by the Government of Maharashtra.
27. Registration for VAT in Delhi has been made online. TIN allotment is done real-time and business can start immediately on receipt of TIN number.
28. The time required for giving a new electric connection in Mumbai has been reduced to 21 days from 67 days. The number of procedures involved has been cut down to 3 from existing 7.
29. Simplified procedure for new electric connection in Delhi with reduced procedures and time.
30. Municipal Corporation of Delhi has launched online application process for grant of construction permits for residential and industrial buildings on 16th March, 2015 and commercial buildings in May, 2015.

**Annexure A**

<b>List of 20 Central Government Services(Integrated)</b>		
<b>Sl. No.</b>	<b>Ministry/ Dept. Name</b>	<b>Service Name</b>
1	Ministry of Corporate Affairs	Name Availability
2	Ministry of Corporate Affairs	Director Identification Number
3	Ministry of Corporate Affairs	Certificate of Incorporation
4	Ministry of Corporate Affairs	Commencement of Business
5	Central Board of Direct Taxes	Issue of Permanent Account Number (PAN)
6	Central Board of Direct Taxes	Issue of Tax Deduction Account Number (TAN)
7	Reserve Bank of India	Advanced Foreign Remittance (AFR)
8	Reserve Bank of India	Foreign Collaboration-General Permission Route (FC-GPR)
9	Employees' Provident Fund Organization	Employer Registration
10	Employee's State Insurance Corporation	Employer Registration
11	Petroleum and Explosives Safety Organization	Issue of Explosive License
12	Directorate General of Foreign Trade	Importer Exporter Code License
13	Department of Industrial Policy and Promotion	Industrial License
14	Department of Industrial Policy and Promotion	Industrial Entrepreneur Memorandum
15.	Department of Heavy Industry (DHI)	Issue of custom duty concession certificate to entrepreneurs under project import scheme
16.	Central Board of Direct Taxes (CBDT)	Changes or correction in PAN data
17.	Reserve Bank of India	Foreign Currency- Transfer of Shares
18.	Ministry of Labour and Employment (MoL&E)	Registration under the Contract Labour Act, 1970
19.	Ministry of Labour and Employment (MoL&E)	Registration under the Building and other construction workers Act, 1996
20.	Ministry of Labour and Employment (MoL&E)	Registration under the Inter-State Migrant Workmen Act, 1979