

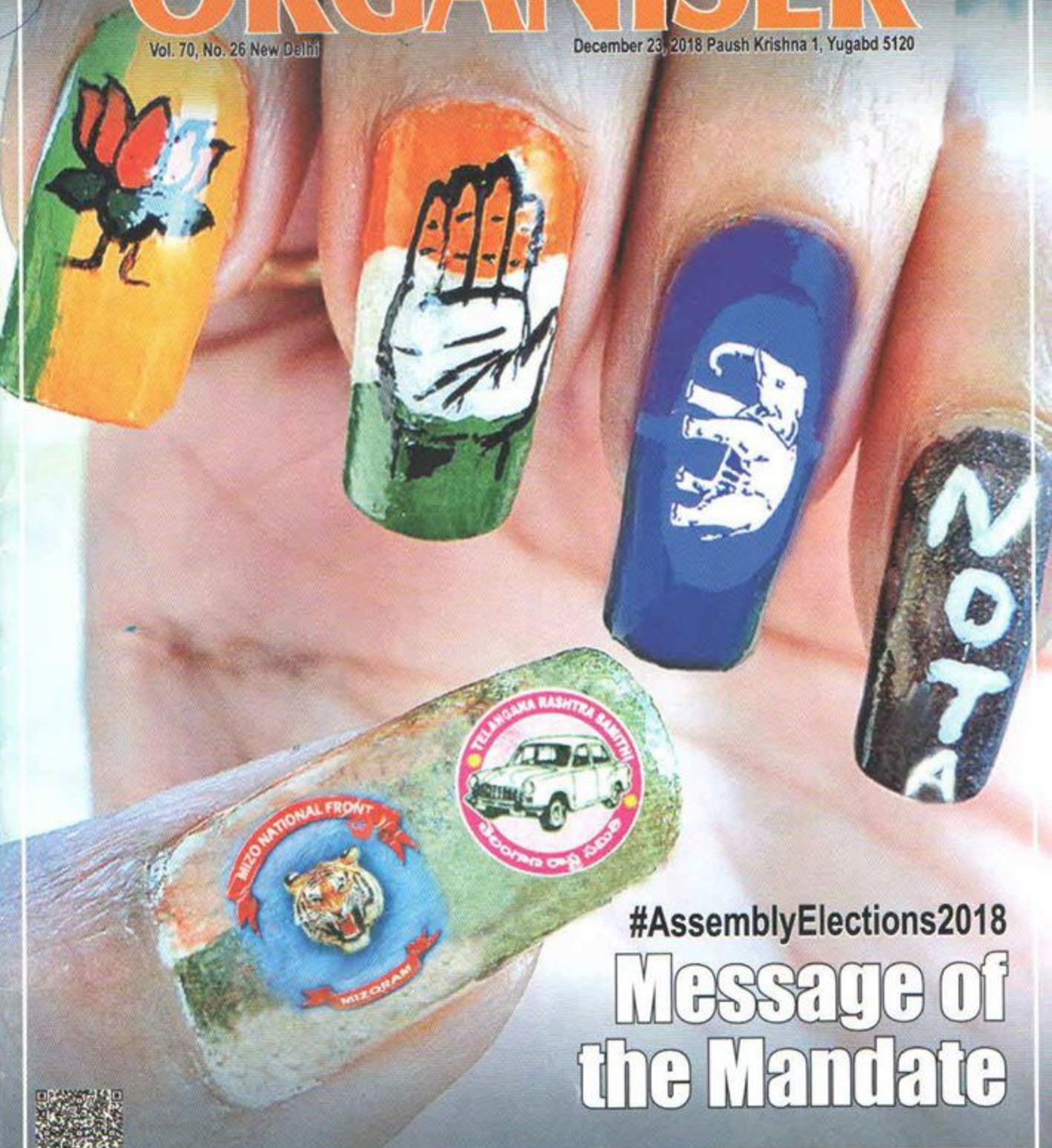
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Fruits of Focused Approach

THE Modi Government's focus on promoting in 'Ease of Doing Business' is driven by the philosophy of 'Minimum Government, Maximum Governance'

■ **Gopal Krishna Agrawal**

The Doing Business 2019 Report of the World Bank has ranked India at 77th position in terms of 'Ease of Doing Business' (EoDB), an improvement of 23 ranks over the last year. In the last two years, India has improved its rank by a massive 53 positions and looks set to storm into Top 50 by next year, a target the Modi Government set, when it came to power in 2014. This improvement is being made possible because the Government believes that Indian youth are full of entrepreneurial energy, which the

economy and the country were failing to harness and something had to be done about it and therefore it invested its political capital and energy in it.

Top 10 Most Reforming Economies

It is not only the improvement in ranking of EoDB, but India is amongst the top 10 most reforming economies. In fact, Djibouti and India are the only economies to make to the list of 10 top improvers for the second consecutive year. We

have made significant achievement in 'dealing with construction permits' (184 to 52), 'getting electricity' (137 to 24), 'trading across borders' (126 to 80) and 'resolving insolvency' (137 to 108) from the year 2014 to 2018 respectively in these categories. In fact, if we compare India's ranking on the 10 parameters of EoDB for the year 2014 and 2018, we see we have improved on all the parameters except for 'registering property'.

Concerted efforts have been made to eliminate the 'Inspector Raj'

and simplify compliances further. Under the latest changes made by PM Narendra Modi for Micro Small & Medium Enterprises (MSMEs) under PSB-59 initiatives, factory inspections will be done only through a computerised random allotment and inspectors must upload their reports on the portal within 48 hours, giving reasons. MSMEs now are required to file one annual return for compliance for eight labour laws and 10 central rules. An Ordinance has also been promulgated to simplify levy of penalties for minor offences under the Companies Act, 2013 and in the coming session of the Parliament, the necessary amendment Act would be passed.

Reaching the Unreached

There are a number of areas where India can still improve its ranking to join top 50 nations. The work is already under progress in these areas and the results would be visible in due course of time. At present, we are at 137 rank in 'starting a business', at 166 in 'registering property', 163 in 'enforcing contracts' and so on. Proactive measures are being taken in these areas. For example, with an objective to have a faster resolution of matters relating to commercial disputes and to create a positive image about the independent and responsive Indian legal system, the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act was enacted in 2015 and commercial courts are being established. Even Insolvency and Bankruptcy Code whose effect is captured in 'Resolving insolvency' and GST whose effect is captured under paying of taxes etc, are in progress and will affect the ranking positively in the coming years. Some of reform measures like registration of property can only be addressed at the State level and the states are being encouraged by the Centre to do the same.

A concern has been expressed

FIGURE 1.1: What is measured in *Doing Business*?



that the rankings capture only the improvements made in the cities of Delhi and Mumbai and ignores the rest of the country; this is a limitation of this ranking. But the Government's focus is not limited to improving the headline grabbing EoDB ranking.

Effective Delivery of Services

Department of Industrial Policy and Promotion (DIPP) in collaboration with the World Bank launched an annual reform exercise for all States and UTs under the Business Reform Action Plan (BRAP). The aim of this exercise is to improve delivery of various Central Government regulatory functions and services in an efficient and transparent manner. The reform plan under BRAP expanded from 285 to 372 action points in 2017 and further to 405 points in 2018. States and UTs have conducted reforms to ease their regulations and systems in areas such as labour, environmental clearances, single window system, construction permits, contract enforcement, registering property and inspections. The focus on 'EoDB' has spawned off a culture where the states are competing with one another in the ease of doing busi-

ness to attract investment to their states.

Improving Ease of Living

The reforms being undertaken also feeds into the manufacturing sector focus of the Government and is therefore not limited to the parameters that go into determining the EoDB ranking. For example, compliance with labour laws do not figure in the EoDB parameters but the Government has still initiated a number of reforms to encourage the manufacturing sector. Under Ease of Compliance, Government has pruned the number of registers mandatory for all establishments to maintain under 9 Central Acts to just 5 from 56, and the relevant data fields to 144 from 933. Prime Minister has repeatedly said that he is focused on improving the 'Ease of Living' of Indian citizens and EoDB forms a small part of it. The larger goal is to create an ecosystem of transparent level playing field so that entrepreneurs have peace of mind and focus on business development instead of managing government department. Such an environment will also promote entrepreneurship.

(The writer is a national spokesperson of the BJP)