

Pleasure of Doing Business: A larger role for states

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Synopsis

Recently, Public Affairs Forum of India presented a report on 'Pleasure of Doing Business' to DPIIT. PAFI believes that business should just not be easy rather a pleasure to do. There is still a gap between the policies and its implementation especially in the states. A collaborative institutional mechanism allowing positive outlook between the Centre, states & industry is necessary.



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At a time when the leading economies globally are struggling with an impending slowdown and inflationary pressures, the world is looking at India with hope. Maintaining a stable growth rate of around 7 per cent, the country is fiercely focused towards taking the USD3 trillion economy to USD40 trillion by 2047. The business and investment climate in India has been progressing and is on a positive trajectory. Improved global rankings on doing business, Competitive Index are emphasizing the projections of India being on track to become the 3rd largest economy. At this juncture, assuming the G20 Presidency is highly significant. Amitabh Kant, India's G20 Sherpa, said recently that India's Presidency will be forward-looking and enabling an inclusive development with

an action-oriented, decisive roadmap.

In the last few years, Government has been proactive with several industry-friendly policies such as [PLI](#) schemes, [RoDTEP](#), [PM Gati Shakti](#) - the National Master Plan for Multi-modal Connectivity, the National Single Window System to nurture a healthy growth path. Undeniably, India is emerging as one of the most attractive destinations — not only for investments, but also for doing business and as a trusted supply chain partner.

[Ease of Doing Business](#) has been at the driving seat for the administration. The Department for Promotion of Industry and Internal Trade (DPIIT), in coordination with Central Ministries/Departments, States and Union Territories (UTs), has spearheaded various initiatives to improve business regulatory environment in the country. However, we still have several age-old laws, rules, regulations, procedures, which are in force, although they have lost relevance in the current environment. I recall an industry leader mentioning that companies can be charged with criminal offence when labelling of the product sample does not meet the norms. There are Acts where penalty for failure to comply with any order made by the District Commission, State or National Commission may lead to not only paying fine but also imprisonment. Often at discussions, industry talks about challenges regarding clearances, renewal of licenses and power of the local level inspectors.

India should be working towards smart policies that are evidence-based, process-driven and people centric. The Business Reforms Action Plan, one of the most dynamic reforms ranking all the States and UTs based on designated [reform](#) parameters, has been vital. It has encouraged the states to streamline their regulatory and policy parameters to welcome investments. This has also led to competition amongst the states and there is some progress in introducing regulatory & process reforms.

States such as Telangana are working to improve their accessibility and service delivery efficiency by reducing regulatory approval timeline to 30 days. Tamil Nadu has successfully streamlined approval processes through a single-window

system. Additionally, its Biz Buddy system allows redressal mechanism for resolution for existing investors' unresolved issues and also works on enhancing the aftercare services. Uttar Pradesh and Rajasthan are also taking measures to reduce difficulties experienced by industry in areas such as seeking permissions, approvals and clearances with paramount importance to credibility, reliability & Predictability.

The Centre is also close to finalizing a new law to back 'Ease of Doing Business and Ease of Living' through an Act of Parliament. The new law is aimed at 'decriminalizing' imprisonment provisions for minor economic offences/ trivial procedural violations/non-compliance in more than 30 business-related laws administered by various union ministries from commerce to environment, telecom, road transport and highways among others. This move will bring great relief to companies as they can focus on business rather than worry about defaults and unnecessary compliances.

Recently, Public Affairs Forum of India presented a report on 'Pleasure of Doing Business' to DPIIT. PAFI believes that business should just not be easy rather a pleasure to do. There is still a gap between the policies and its implementation especially in the states. A collaborative institutional mechanism allowing positive outlook between the Centre, states & industry is necessary. India's growth story has to be strong and sustainable. We are on track and to continue this stride, I suggest eight key points.

First, there should be elimination instead of simplification. Regulations and laws need to be periodically reviewed to eliminate unnecessary or dated rules enabling a more transparent and effective governance process. A lot has been done already but this needs to be a constant exercise across all departments & ministries both at the central & state government.

Second, knowledge sharing among states. Some states are doing exceptionally well in EoDB parameters. There can be an arrangement to learn from each other and a process to adopt the best practices.

Third, nurturing the existing investors. Like the state investment meets, we should have state level invested meets with same enthusiasm & zeal to hear the pain points of existing investors. I have always believed (& written in the past) that an existing investor is the ambassador & a spokesperson for the state. The red carpet, that state governments seemingly lay for potential investors, should be extended to existing investors as well.

Fourth, capacity building of regulators. In this dynamic world, skilling & specialization is a must. The authorities at the helm of regulatory decision-making need regular upskilling and training especially at the levels of districts and talukas. This will lead to informed decision making on implementation and provide a reliable & predictable regulatory system on the ground.

Fifth, alignment of hard and soft infrastructure. Infrastructure is the pivot to building Atmanirbhar Bharat. While we build world-class airports, ports, roads and bridges, the soft infrastructure focusing on its efficient utilization & management should be given priority as well. Excellence in implementation & day to day management needs service orientation & a new mind set.

Sixth, Government should encourage self-regulation by industry. It is necessary for businesses to have self-regulatory processes in place. Self-regulation can play an important role in compliance with business codes of conduct and standards in place.

Seventh, longer terms for licenses and online automatic approvals. Approvals and licenses, if necessary, should be for long term and not less than 5 years. This would lead to less disruptions in production process and boost business continuity.

Eighth, developing consultative policy framework with extensive stakeholder consultations. To accelerate growth and

provide smart solutions to both people and business, it is necessary to have industry friendly policies harnessing sustainable and inclusive development.

Industry is responding with stellar capabilities on multiple fronts. I strongly believe collective efforts will contribute to Atmanirbhar Bharat leading to the nation's progress where doing business should be a pleasure. States need to play hardball to create Pleasure of doing business rather than just ease of doing business. That is where the rubber meets the road.

The author is Co-founder, Public Affairs Forum of India (PAFI). Views expressed are personal.

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