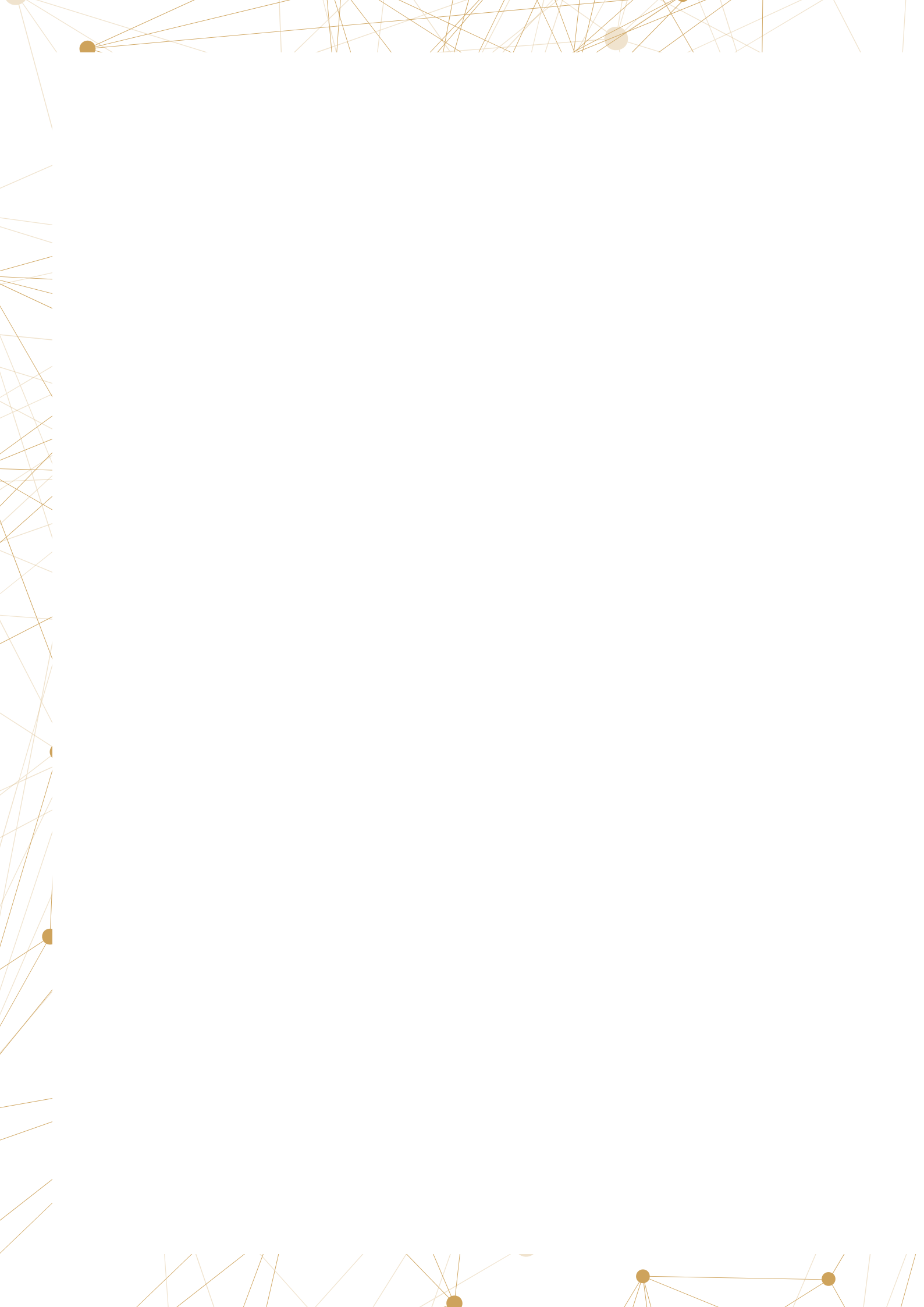




Public Affairs Forum of India

***PLEASURE OF DOING  
BUSINESS  
(PODB) IN INDIA***





## **PUBLIC AFFAIRS FORUM OF INDIA (PAFI)**

Public Affairs Forum of India (PAFI) aims at aligning business, society and government on long term priorities, fostering trust across all stakeholders, collaboratively developing smart and relevant policies, proposals and processes that foster innovation and rely on evidence based research and promote capacity building to navigate change within the context and complexity of India.

PAFI is at the forefront of driving ethical and respectful dialogue and interaction amongst stakeholders and serves as a professional resource for public affairs practitioners.

PAFI members are committed to practice the highest standards of honesty, accuracy and integrity. Since its inception in 2008, PAFI has been actively promoting and upholding transparency, probity, inclusion and diversity across the wider remit of Public Affairs profession spanning Policy Advocacy, Government Relations, Stakeholder Engagement, Corporate Communications and Corporate Social Responsibility representing all sectors.

PAFI is a vibrant platform with enriching opportunities for public affairs practitioners to learn from interactions with each other as well as with policy makers and influencers through interactive Dialogues, Panel Discussions, Seminars, Research, Annual Lecture and the National Forum.

Website: [\*\*https://pafi.in\*\*](https://pafi.in)

# TABLE OF CONTENT

<b>Foreword</b> .....	<b>6</b>
<b>Executive Summary</b> .....	<b>8</b>
<b>Introduction</b> .....	<b>9</b>
<b>Setting the Context</b> .....	<b>10</b>
<b>Specific Issues and Suggestions for the Central Government on PoDB</b> .....	<b>13</b>
<b>Ministry of Environment, Forest and Climate Change</b> .....	<b>13</b>
<b>Ministry of Commerce and Industry</b> .....	<b>16</b>
<b>Ministry of Finance</b> .....	<b>19</b>
<b>Ministry of Labour and Employment</b> .....	<b>19</b>
<b>Ministry of Agriculture &amp; Farmers' Welfare</b> .....	<b>20</b>
<b>Other Ministries</b> .....	<b>21</b>
<b>Specific issues and Suggestions for the State Governments on PoDB</b> .....	<b>22</b>
<b>Single Window Clearance System</b> .....	<b>22</b>
<b>Pollution Control Board Approvals in States</b> .....	<b>23</b>
<b>Housing Sector Issues</b> .....	<b>24</b>

Issues in Agriculture .....	26
Issues in Alcoholic Beverage Sector .....	27
<b>Annex: Issues Faced By Companies</b>	
<b>In India: At The Centre .....</b>	<b>31</b>
Annex 1: Ministry of Environment, Forest and Climate Change .....	31
Annex 2: Ministry of Commerce and Industry .....	35
Annex 3: Ministry of Finance .....	42
Annex 4: Ministry of Agriculture & Farmers' Welfare .....	50
Annex 5: Other Ministries .....	52
Ministry of Chemicals and Fertilizers .....	52
Ministry of Defence .....	54
Ministry of Mines .....	54
Ministry of Health and Family Welfare .....	55
Ministry of Electronics & Information Technology .....	55
Ministry of Housing and Urban Affairs .....	56
Ministry of Road Transport and Highways .....	57

## FOREWORD



**Public Affairs Forum of India (PAFI)** is pleased to launch the **Pleasure of Doing Business (PoDB) 2022 report**. It strives to meet the government's objective of attracting, rewarding and celebrating investments into the country in its pursuit of **Atmanirbhar Bharat**.

India needs to reach new heights through smart policies that are evidence-based, process-driven, and people-centric. These should foster innovation and entrepreneurship while celebrating and encouraging investment, both domestic and foreign. Moreover, policy apparatus needs significant enhancement of state capacity, both at the centre and in the states.

Realization of this vision needs alignment and collaboration on long-term priorities in an environment of trust across all the stakeholders including business, society and government. This is the underlying philosophy and raison d'être of **PAFI**.

**PAFI** aims at aligning business, society, and government on long term priorities; fostering trust through ethical and respectful interaction across all the stakeholders; collaboratively developing

smart and relevant policies, proposals and processes that foster innovation and rely on evidence-based research and promote capacity building to navigate change within the context and complexity of India.

Role of business in economy is well-known and recognized. However, it also is equally relevant in the context of societal progress. These include but are not limited to provision of goods and services as well as creating employment. Being complex entities and quite diverse too, businesses also must comply with a lot of rules and regulations, often well-meaning.

However, the regulations often lag the rapid changes in technology, business processes and dynamism in the markets. As a result, businesses have to devote, and at times even divert significant resources to meet the various compliance norms thereby adding unnecessary friction and making it rather difficult to do business. Overlaps, inconsistencies, and varying interpretations lead to delayed decision-making and adversely impact the business efficiency.

Recognizing this phenomenon, the **World Bank** had initiated the **Ease of Doing Business (EoDB)** Index ranking countries based on evaluation spanning a set of parameters. Through successive reforms India's rank has improved from **142** in **2014** to **63** in **2019**, the latest version of EoDB Index. Yet, there is enormous potential for improvement.

In fact, at **PAFI** believes that doing business should be a pleasure, not just easy. Accordingly, **PAFI** commissioned this study to make constructive suggestions after identifying specific issues both at the center and in the states. It is based on research and inputs from businesses.

**PAFI** believes that these suggestions would be duly considered by the respective authorities and agencies. **PAFI** remains committed to institutionalized stakeholder engagement and open dialogue in an environment of mutual trust. **PAFI** realizes that it is an iterative, continuous process and is committed to instill and foster trust through stakeholder engagement in such endeavours.

**PAFI** would also like to record sincere appreciation for the team at **VeKommunicate** for collating and coordinating this report along with the **PAFI** secretariat.

Last but not the least, this report should be seen as a catalyst for driving positive change towards improving **Pleasure of Doing Business in India**, both at the center and in the states.

## EXECUTIVE SUMMARY

This report on Pleasure of Doing Business (PoDB) prepared by the Public Affairs Forum of India (PAFI) has identified specific issues impacting day to day functioning of businesses across the country. These include some policies, regulations, rules and procedures of both the central and state governments.

This report highlights issues based on the research and inputs from businesses across 11 ministries of central government and in the states. The following table provides an overview of the issues at the centre.

MINISTRY	POLICY ISSUES	REGULATORY ISSUES	TOTAL
Ministry of Environment, Forest and Climate Change	5	2	7
Ministry of Commerce and Industry	3	14	17
Ministry of Finance	-	21	21
Ministry of Agriculture & Famers' Welfare	4	1	5
Ministry of Chemicals and Fertilizers	2	4	6
Ministry of Defence	1	-	1
Ministry of Mines	-	1	1
Ministry of Health and Family Welfare	-	1	1
Ministry of Electronics & Information Technology	2	-	2
Ministry of Housing and Urban Affairs	4	-	4
Ministry of Road Transport and Highways	1	-	1
<b>Total</b>	<b>24</b>	<b>44</b>	<b>66</b>

Issues faced across states have also been discussed in detail in this report. In addition, the report includes specific suggestions on resolution of the issues.

PAFI believes that expeditious implementation recommendations herein shall be expeditiously implemented after due consideration and stakeholder consultations.

## Introduction

# PAFI'S PLEASURE OF DOING BUSINESS (PoDB) REPORT

**The Ease of Doing Business (EoDB) index**, a ranking system established by the **World Bank Group**, has become a strong indicator of a country's attractiveness for heralding investments. A higher ranking on this index indicates easier regulations and robust protection for investments and the intellectual property of businesses.

**Public Affairs Forum of India (PAFI)** believes that the business should be not just easy to do, rather a pleasure to do! Accordingly, **PAFI** decided to bring out this report on **Pleasure of Doing Business (PoDB)**.



The objective of the report is to identify specific issues pertaining to policies, regulations and procedures at both the central and state levels in India that need some overhaul or tweaks based on evidence-based research and create a healthy platform for discussion and resolution of such issues.

This report has identified specific central and state Government policies that can be merged or aligned to ensure consistency, efficiency, and effectiveness thereby fostering and sustaining an environment of trust across the stakeholder ecosystem. At the same time, the report also focusses on procedures and regulations that need some changes to help bring greater transparency and predictability for corporates that have invested or want to invest.

Given the current push by the central and state governments to make the policy-making process more inclusive and stakeholder friendly, **PAFI's PoDB 2022 report** strives to meet the government's objective of attracting, facilitating, celebrating and rewarding significant investments into the country in its pursuit of *Atmanirbhar Bharat*.

### **T S Vishwanath**

Director General, Past President  
& Founding Member, PAFI

## SETTING THE CONTEXT



A favourable business environment is a pre-requisite for economic growth of a nation. A recent August 2022 report from Morgan Stanley expects India to be the fastest-growing economy in the Asian region in 2022-23. The report said that India's gross domestic product (GDP) growth will be at an average 7 per cent during this period – the strongest among the largest economies – and contribute 28 per cent and 22 per cent to Asian and global growth, respectively. The Indian economy, it further said, is set for its best run in over a decade, as pent-up demand is being unleashed. Corporate balance sheets and business confidence bodes well for the country's investment outlook, the brokerage firm said.

The current outlook is the result of several initiatives taken over the years by the Government to streamline policies and provide an investment friendly policy eco-system in India. The Make-in-India initiative that was launched in 2014 with a vision of transforming India into a manufacturing hub has made efforts to enhance the Ease of Doing Business (EoDB) indicators. India's progress towards jumping 79 spots in the World Bank's EoDB rankings to 63rd place in 2019 from 142nd in 2014 out of 190 countries is a result of the government's consistent efforts over the past few years and its endeavour to strengthen India's position as a preferred place to do business.

The Government has initiated significant reforms to improve ease of doing business in India. The Union Finance Minister in the 2022–23 Union Budget announced the launch of the next phase, 'Ease of Doing Business 2.0'.

With the advent of EoDB 2.0, India is poised to take considerable leap in its economic transformation story by breaking the departmental silos, transitioning from data rich to data intelligent economy and focusing on enhancing transparency in the government functions. The next generation of reforms will focus on the purpose of existing and new regulations, applicable compliances on the industry and provide seamless public service delivery. An interoperable information exchange mechanism among the various government departments is key to rationalize redundant requirements through digital interfaces, application programming interface (API) integrations and developing common forms. Progressive policies and schemes underpinning India's motto of *"sab ka saath, sab ka vikas"* or "development with all, and for all," aims at inclusive development converging with the transformative promise of the Sustainable Development Goals (SDG's) - "Leave No One Behind".

Public Affairs Forum of India (PAFI), however, believes that the policy environment needs to evolve from 'Ease of Doing Business' to 'Pleasure of Doing Business' (PoDB).

Accordingly, research was undertaken to map specific issues being faced both at central and state governments and supplemented with inputs from businesses. However, in line with PAFI's philosophy, constructive and pragmatic recommendations have been proposed to resolve the issues so identified.



## India's Decade-long Journey In The World Bank's Ease of Doing Business Index *(Source: Doing Business Database, World Bank)*

PARAMETERS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Ease of Starting of Business	169	165	166	173	179	158	155	155	156	137	136
Dealing with Construction Permits	175	177	181	182	182	184	183	185	181	52	27
Getting Electricity	-	-	98	105	111	137	70	26	29	24	22
Registering your Property	93	94	97	94	92	121	138	138	154	166	154
Getting Credit for your Business	30	32	40	23	28	36	42	44	29	22	25
Protecting Minority Investors	41	44	46	49	34	7	8	13	4	7	13
Paying Taxes	169	164	147	152	158	156	157	172	119	121	115
Trading Across Borders	94	100	94	127	132	126	133	143	146	80	68
Enforcing Contracts	182	182	182	184	186	186	178	172	164	163	163
Resolving Insolvency	138	134	128	116	121	137	136	136	103	108	52
<b>Overall Rank</b>	<b>133</b>	<b>134</b>	<b>132</b>	<b>132</b>	<b>134</b>	<b>142</b>	<b>130</b>	<b>130</b>	<b>100</b>	<b>77</b>	<b>63</b>

# SPECIFIC ISSUES AND SUGGESTIONS FOR THE CENTRAL GOVERNMENT ON PoDB

## A. Ministry of Environment, Forest and Climate Change (MoEFCC)

While detailed inputs have been mentioned in the Annex 1 (page number 23), some specific issues and suggestions are listed hereinafter.

### 1. Environmental Clearance (EC)

#### **Issue:**

Environmental Clearance (EC) for certain projects has been made compulsory by the MoEFCC under the Environment (Protection) Act, 1986. The MoEFCC has issued notifications and direction manuals for getting these license and clearances for each of the development sectors.

In 2016, the MoEFCC had issued a new categorization of industries based on their pollution load. The MoEFCC developed the criteria of categorization of industrial sectors based on the Pollution Index which is a function of the emissions (air pollutants), effluents (water pollutants), hazardous wastes generated and consumption of resources. The Pollution Index (PI) of any industrial sector is a number from 0 to 100 and the increasing value of PI denotes the increasing degree of pollution load from the respective industrial sector. Based on the series of brainstorming sessions among Central Pollution Control Board (CPCB), State Pollution Control Boards (SPCBs) and MoEFCC, the following criteria on 'Range of Pollution Index' for the purpose of categorization of industrial sectors were finalized.



- Industrial Sectors having Pollution Index score of 60 and above-Red category
- Industrial Sectors having Pollution Index score of 41 to 59-Orange category
- Industrial Sectors having Pollution Index score of 21 to 40-Green category
- Industrial Sectors having Pollution Index score up to 20-White category

However, even after investing in technologies that reduce pollution, several companies face disproportionate compliance burden due to rather outdated Pollution Index that treats all companies in a particular sector in the same manner.

**Suggestion:**

Need for Environmental clearance must be based on the pollution load from a particular company or plant rather than on the basis of the sector as a whole or the manufacturing process deployed.

**2. Repeal Old Laws:**

**Issue:**

While calculating the Pollution Index, the MoEFCC had also taken into consideration the provisions of two rather obsolete legislations The Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

**Suggestion:**

Both the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 must be repealed and residual provisions, if any, must be incorporated through suitable amendments within the comprehensive Environment (Protection) Act, 1986.



### 3. Adoption of Viable Solutions to meet Central Ground Water Authority (CGWA) Guidelines:

#### **Issue:**

At present, CGWA considers only rainwater runoff collection in open ponds or artificial ground water recharge as an option for complying with the recharge requirement. However, due to challenges in acquisition and prohibitively high prices of the land make it difficult to achieve the water recharge obligation targets in most cases.

#### **Suggestion:**

CGWA must allow industry to reduce ground water extraction by giving them the permission to work with other users like agricultural and domestic users. Any other interventions that can enhance water conservation, community sewage recycle resulting in reduction of ground water extraction must be allowed for adoption/implementation by industry towards the obligation for ground water recharge guidelines of the Government.

### 4. Assistance from States in Collection, Treatment and Supply of Community Water/Sewage

#### **Issue:**

State governments' investments in collection, treatment and supply of community water / sewage are inadequate.

#### **Suggestion:**

State Governments should provide financial assistance to companies for setting up infrastructure for collection, treatment and supply of community sewage as an alternate source of water for agricultural and industrial use. Infrastructure for supplying water from perennial rivers and desalinated water from sea for commercial and industrial use must be developed by state governments to mitigate water crisis and support sustainability.

### 5. Auto Approval Post NGT Direction/Order:

#### **Issue:**

Businesses have to modify the manufacturing plants and investing in new equipment of technology to comply with the directions of the National Green Tribunal (NGT) in a time-bound manner. However, NGT audits attribute delays, inter alia, to undue and rather unnecessary time taken by the state governments in issuing the requisite clearances. This not only hampers the business activity, it also negatively impacts the revenue accruing to the respective states.

#### **Suggestion:**

Intimation of changes or installation of equipment by the company to the state governments should suffice as deemed approval as long as this is done based on the directions issued by the NGT, a specialized judicial body established under the law.

## B. Ministry of Commerce and Industry



While detailed inputs have been mentioned in the Annex 2 (page number 26), some specific issues and suggestions are listed hereinafter.

### 1. The Remission of Duties or Taxes on Export Product (RoDTEP):

#### **Issue:**

The RoDTEP scheme only covers remission of local taxes and duties for exports. However, besides these local taxes, India's exports may attract fees and costs for getting approvals in foreign countries which are not covered in the new scheme. In addition to the above, significant costs are also incurred to adhere to the good manufacturing practices ('GMP') stipulated by various foreign regulators for selling the manufactured products in their respective jurisdictions.

#### **Suggestion:**

The Directorate General of Foreign Trade (DGFT) may create a "Reimbursement Fund" to offset the fees and taxes applicable in export markets. DGFT may limit this fund for technology and innovation driven sectors.

## 2. Foreign Trade Policy (FTP):

The new Foreign Trade Policy should factor in the following points:

- In 2020, the Commerce Minister had said that quality, technology and scale of production were the answers to India's global ambitions, and not subsidies. Government support in the form of skill development programmes and technological upgradation rather than subsidies would help them become more competitive. Hence, DGFT should provide adequate support for companies involved in technological upgradation or skill development programmes that are focussed on improving India's competitiveness in export markets.
- WTO compliant schemes should be at the core of the FTP. The WTO dissuades governments from heavily subsidizing exporters to provide a level playing field to all nations. Government of India is well aware of the need to stay within the WTO norms and has already taken significant steps to withdraw subsidy-led schemes. However, more needs to be done at a fundamental level to promote exports and ensure that Indian exports are competitive in the global market.
- Products that are technically superior entail substantial investment in R&D. DGFT should support or offset the same and establish a "National Institute for Innovation" (NII) to foster the spirit of innovation and also roll out an innovation strategy.
- On the technology front, the Amended Technology Upgradation Fund Scheme – which facilitates improvements in investment, productivity, quality and exports in the textile industry through technology upgrades – should be replicated for other sectors that will benefit several exporters in India.
- An efficient and extensive infrastructure network spanning but not limited to warehouses, ports, SEZs, quality testing labs, certification centers will help exporters stay competitive in a competitive global market. The Trade Infrastructure for Export Sector (TIES) is a good initiative set up to provide funding assistance for export infrastructure including cold chains, quality testing labs, ports, cargo terminus, and so on. TIES, a scheme for developing infrastructure to promote exports, was launched in 2017 for a period of three years. Government of India may extend the scheme with more funds. TIES can focus on resolving main issues i.e., high costs of logistics, warehousing and storage.
- Indian exports face barriers in terms of delay in approval and registration in export markets. Similarly, exporters also face non-tariff barriers in certain markets. Though Government of India has already established export promotion councils to track and deal with such issues, DGFT may set-up a separate provision/corpus to deal such barriers, as it is handling trade disputes through the existing FTP 2015-20 under Chapter 8 "Quality Complaints and Trade

Disputes". This would help overcome such barriers faced by Indian exporters. Such provision/ corpus may help regulatory agencies in India to build infrastructure support, capacity building, etc. to address the growing challenges.

- All ad hoc norms and requirements under the old Foreign Trade Policy (FTP) should be removed in a time-bound manner making self-declaration the new norm.
- Extend the benefit of self-ratification scheme retrospectively to all valid AEO status holders
- Waive furnishing of shipping bill wise data for establishing average export for the redemption of EPCG licenses
- Reduce the rate of interest under the Interest Subvention Scheme
- Relax SEZ Rules to allow remote working on a permanent basis



## C. Ministry of Finance

While detailed inputs have been mentioned in the Annex 3 (page number 30), some specific issues and suggestions are listed hereinafter.

### Issue:

There are undue delays in procedural matters vis-à-vis customs procedures, refund mechanism, GST refund, Input Tax Credit, sampling procedures, ICEGATE portal, GST provisions, etc.

### Suggestion:

Procedures should be simplified and streamlined to avoid undue delays. Use of technology and deemed approvals for automated refunds beyond a reasonable threshold would be helpful.



## D. Ministry of Labour and Employment

The Government has, over the years, has developed strong labour policies and laws but at the ground level, there has been a lack of implementation. In this current era, new concepts have gained ground such as the gig economy, platform workers, freelancers, etc. In such cases, there is no contract with the employer and the traditional employer-employee relationship is bypassed thereby making it impossible for the workers to get any remedy, in the case of a dispute or exploitation, against the employer. Business in India believes that the Ministry of Labour and Employment needs to focus on regulating these areas.



## E. Ministry of Agriculture & Farmers' Welfare

While detailed inputs have been mentioned in the **Annex 4** (page number 35), some specific issues and suggestions are listed hereinafter.

### 1. Pesticide Management Bill

Pesticides are regulated in India through the Insecticides Act, 1968 and Insecticides Rules, 1971. The experience in administering this Act over the last five decades has exposed certain gaps which spurred the need to propose a new law. The Pesticide Management Bill (PMB) has been in discussion in Parliament since 2008. The Draft Pesticide Management Bill 2017 was released by the Union Ministry of Agriculture and Farmers Welfare (MoFAW) for stakeholder comments. The upcoming Pesticide Management Bill is of critical importance, as agriculture in India is largely dependent on chemicals, including pesticides and their overuse and misuse can have a huge impact on the health of humans, animals, bio-diversity and the environment.

### 2. Coordination across Centre and States

There should be a clear demarcation of powers with regard to approving and regulating pesticides in the country. State governments should be given the power to regulate the use of pesticides as they would be aware of the agro-ecological aspects in their state. However, states should not be responsible for registering pesticides.



### 3. Chemical Registration Process

Extant procedures for registration of chemicals as per Insecticides Act, 1968 and Insecticides Rules, 1971 are extremely tedious and time consuming. Such delays lead to lack of transparency and have serious implications on marketability of many chemicals in the country and thereby has an impact on the R&D spend by companies. In addition, industry feels that even minor changes to the earlier approved combinations are made to undergo the complete provisions of registration and approval. These rules have serious implications on business operations and the industry is hopeful that the new bill will address these concerns.

### F. Other Ministries

There also are policy and regulatory issues pertaining to sectors including healthcare, chemicals & fertilizers, mining, labelling, e-commerce, technology, housing and automotive, etc. These span issues like the need for supporting innovation in healthcare, impact of strict regulations on availability of fertilizer to farmers, ban on sale of foreign liquor in defence canteens, royalty issues in mining, packaged food labelling norms, jurisdictional overlaps amongst regulators while dealing with e-commerce, excessive surveillance and control over digital applications, promotion and incentive for housing sector, import restriction on tyres.

**For more details about these issues and suggestions, please refer to Annex 5**

# SPECIFIC ISSUES AND SUGGESTIONS FOR THE STATE GOVERNMENTS ON PoDB

The section covers issues at the state level while conducting business and suggestions to mitigate the same.

## 1. Single Window Clearance System

In September 2021, Government of India launched the National Single Window System (NSWS) for investors and businesses. The portal integrated the existing clearance systems of the Centre and states. The government is likely to on-board all 32 central departments and 425 approvals on the NSWS by the end of this financial year. Fourteen states including Andhra Pradesh, Uttar Pradesh, Maharashtra and Tamil Nadu, and the Union Territory of Jammu and Kashmir are on board while Gujarat, Telangana, Punjab and Odisha, among others, have their own portals which have been integrated with the central platform.

Irrespective of such a single window, several separate licences are still needed both from central and state governments. These relate to industry, factory, boilers, electricity supply, generators, pollution, labour, fire, water, alcohol, drugs, Ayush, laboratory, excise, GST, import, and export etc. Obtaining dozens of licenses, clearances or approvals from multiple authorities, even in a single-window, is a herculean task due to enormous paperwork. Frequent deviations from published norms and wide latitude for interpretation only complicate the situation. This calls for an urgent resolution.



***For example, just like the Single Window Clearance System for coal mines, there should be one in the real estate sector. It would hasten up and facilitate the mandatory permissions such as ownership certificate, building layout approval, commencement certificate, water and electricity connections and the occupancy certificate. This would smoothen the flow of supply to meet the growing demand in a timely, responsible and efficient manner. Since land is a state subject, there is a need to update or upgrade the existing single window clearing system at the state level to include the real estate sector.***

## **2. Pollution Control Board Approvals in States**

Based on critical evaluation of 29 state pollution control boards and six pollution control committees across the country, the 2021 report 'Transparency Index: Rating of Pollution Control Boards on Public Disclosure' the Centre for Science and Environment (CSE) found that only 17 boards and committees scored 50% or above, when it comes to publishing relevant information in the public domain

The report highlights that governance of relevant data pertaining to pollution remains largely paper-bound and rarely disclosed or easily accessible in a timely and transparent manner. As per the report, SPCB and PCCs have been protective of industries when it comes to non-compliance. Out of 35 SPCBs and PCCs, only five have shared soft copies of directions and show cause/closure notices issued on their websites.

Transparency is a 'must' when it comes to state pollution control boards. Putting in the public domain crucial pollution-related information, data and details of actions taken is critical – it can help both the industry and the policy-makers to take, regulate and make timely and apt decisions. SPCBs and PCCs, therefore, must focus urgently to become more transparent by putting out data and improving the quality of their outreach for public information and engagement.

Besides these, states need to ensure effectiveness and transparency by the State Pollution Control Boards in providing clearance in accordance with the extant laws and rules such as the following:

- The Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Hazardous and Other Wastes Rules
- Solid Waste Management Rules, 2016
- Noise Pollution (regulation and control) Rules, 2000
- Construction and Demolition Waste Management Rules, 2016
- Ozone Depleting Substances (Regulation and Control) Rules, 2000

### 3. Housing Sector Issues:

**Urban Planning Issues:** As per NITI Aayog report issued in September 2021, India is the second largest urban system in the world with almost 11% of the total global urban population living in Indian cities. In absolute numbers, the urban population in India is more than highly urbanised countries/regions across the globe. India has reached a turning point in its journey of its economic transformation wherein half of the country would be 'urban' in a few decades. Urban growth is expected to contribute to 73% of the total population increase by 2036, according to the Ministry of Health and Family Welfare's estimate in 2019.

Over the last few years, a lot of efforts has been made by both the Centre and the State Governments in the urban sector. However, urban planning, which is the foundation for the integrated development of cities, citizens, and the environment, has not received adequate attention. For this reason, as the state governments and city councils continue to solve urban issues in a firefighting mode, urban areas struggle to achieve 'basic services for all'.



Several bottlenecks and impediments have been restricting urban planning capacity in the country. Almost half of the total 7933 'urban' settlements are census towns, i.e., they continue to be governed as 'rural' entities. Small and medium towns are vulnerable to rapid and often haphazard growth without adequate planning.

Moreover, several studies have indicated that the current definitions of 'urban' are not reflective of the extent of urbanization that the country has already witnessed. Secondly, transfer of the urban planning function from States/UTs to elected urban local governments did not happen as envisaged through the Constitutional (Seventy-Fourth amendment) Act, 1992. Many agencies are involved in urban planning, implementation, and infrastructure development at the city as well as State levels. The existing framework is extremely complex, leading to overlaps and gaps in functions, lack of accountability and coordination, delays and wastage of precious resources.

Over the years, cities have expanded and become burdened by the stresses and strains of unplanned urbanization, the brunt of which is faced mainly by the poor and the marginalised population as well as the biodiversity and the economy. In fact, Covid-19 revealed the dire need for planning and management of our cities, with an emphasis on the health of citizens. Issues like lack of availability of serviced land, traffic congestion, pressure on basic infrastructure, extreme air pollution, urban flooding, water scarcity and droughts are not merely a reflection of infrastructural shortcomings in the cities. These issues indicate a deep and substantial lack of adequate urban planning and governance frameworks. Hence, state governments should focus these issues through appropriate policy and regulatory interventions.

**Stamp duty and Ready Reckoner rates/ Circle Rates:** In addition, the state governments should decide reasonable rate of stamp duty on housing units. Reduction in ready reckoner or circle rates– the threshold for property transactions and stamp duty are likely to rev up the market and attract prospective buyers. Many cities in India have unrealistic circle rates, way higher than the prevailing land prices, making land acquisition unviable. Artificially high circle rates lead to burdening the buyer with higher stamp duty and the seller with higher capital gains.

**Land Acquisition:** Another area of concern is around land acquisition. Acquiring land for real-estate development is difficult in some states due to certain legal issues and high fee levied by some state authorities in the micro-markets. For land prices, no credible benchmarks are available, and the owner expectations are almost always unrealistic. This makes land cost sometimes range between 45–50% of the project cost, though anything more than 25–30% makes projects infeasible. Land records in only a few states are in digital form, which makes title search an arduous task. Often times one has to go back at least 30 years to make sure there are no hidden aspects which are being missed. Most cities in India allow hotel development only on commercial land parcels, which means a hotel developer is competing with a commercial real estate developer for the same land parcel and in general, a commercial real estate developer can offer higher land valuations.

**State Regulatory Challenges:** Certain provisions in the Real Estate Regulatory Authority (RERA) regulations of some states lack clarity. For instance, the rules framed by Government of Delhi, Karnataka, Haryana, Gujarat, Tamil Nadu, and Uttar Pradesh do not specify the form and content of audit certificates to be issued by the architects, engineers and chartered accountants. This may lead to overlapping and duplication of roles of the various stakeholders and might lead to inconsistent verdicts. These states have also failed to give detailed information about the paperwork and the fee required to be submitted for the registration of real estate agents.

**Delay in Approvals and Clearances:** Under the State RERA Acts, developers are penalised for delayed project deliveries. However, a majority of the delay in execution of projects happens during the process of obtaining approvals and clearances from various authorities. Currently, there are close to nearly 50 odd approvals that a developer needs to obtain before launching a project. The average time for acquiring all the approvals can range from 1-2 years. Despite this, there is no mechanism to make the government agencies accountable for the delay. This leads to liability falling on the developers. There is need for an immediate mechanism to make authorities accountable for meeting timelines as well as hastening the process of granting approvals.

Hence, there is a need to focus on a structured urban planning, easing regulatory burdens in states to meet the objective of 'basic services for all'.

#### **4. Issues in Agriculture:**

Like any other business, agriculture sector has small, medium and large investors and their confidence can only be gained by creating a predictable and suitable farming regime. Governments both at the Centre and States have been making efforts to ensure success in agricultural activities through subsidies that have been provided for availing credit, procurement of inputs and output price support, etc. to farmers. However, subsidies are effective only when they directly target people and are provided in the form of direct cash support, without any preconditions. Therefore, unlinked direct income support to small farmers is necessary to give them adequate assurance and flexibility to practice agriculture for sustainable outcomes. Further, Agriculture parks with requisite electricity connection, irrigation, road networks and warehousing facilities can help in attracting investments. Please find below some of the issues highlighted by industry in India:

**Ineffective implementation/penetration of schemes:** The Centre and State governments have developed several schemes for crop insurance, measuring soil quality, etc. However, the coverage of these schemes and implementation remain inconsistent in many cases. Further, Policy and practice reforms in food procurement, warehousing and marketing are long pending.

**Innovation:** The Indian Council of Agriculture Research (ICAR) conducts research on climate resilient agriculture, expert systems on crop management, State specific technological



interventions for higher agricultural growth, productive seed varieties, and nutrient management. However, there are issues in commercialization and outreach of the benefits of such innovations to the grass root level.

**Lack of Adequate Logistics and Infrastructure:** Lack of basic economy infrastructure like physical and telecom connectivity, non-availability of cold-chains and power to sustain cold-chains requires companies to make significant investments, which drive up the costs in addition to prevailing high inflationary pressures. Consumption is an integral part of any sector that require brands and companies to deliver products quicker and easier to meet consumers' expectations. Further, sectors like food requires consistent supply of fresh ingredients to comply with Good Manufacturing Practices (GMP) or have short expiry date which then requires it to reaches faster to consumers. Therefore, efficient logistics management systems are very crucial for such businesses.

#### **5. Issues in Alcoholic Beverages Sector:**

**Renewal of Labels & Price Approvals:** Renewal of labels is an annual exercise with the States Excise Departments requiring multiple follow-ups and personal visits even after submission of all the relevant documents and fees. Companies lose valuable time in this process of registration each year and thereby lose business. In the absence of approvals of labels and MRPs by the State Excise departments, production at the factory is also halted. Since the annual registration



of labels is repetitive in nature and time-consuming, there is a scope for simplification and extending it for a period of 3-5 years thereby enhancing the ease of doing business. Switching to the electronic mode of registering labels by submitting all documents electronically and paying the requisite fee online along with an undertaking stating no changes would be a progressive step. The fee could continue to be paid annually, if required online.

**Renewal of Excise License:** Instead of necessitating renewal of the Excise license annually, the states should enhance the validity of Excise License for a longer period say 3-5 years or switch to the automatic renewal process on the payment of fees subject to checks & balances. There is also a need to provide flexibility to add new items with varying alcoholic strength as required by overseas (export) markets.

**Interstate movement of goods:** Vehicles carrying goods from one state to another require a transit permit at each state border. Procedures are manual and time-consuming. Both exporting and importing state mandatory information are required to be printed on labels causing complications. Approvals for these Excise Permits only happen at the Excise Commissioner level causing delays and disruption. Excise Verification Certificates have to be manually returned to issuing state from importing state allowing for delays. All these lead to loss in transit, causing hold up of business, delays, and penalties. Hence, the below process should be implemented by and within the states:

- Online procedure for issuance
- GPS tracking for movement
- Only importing (consuming) state mandatories to be printed for consumer

- Online approval for Excise Permit and re-validation
- Excise Verification Certificate issued by the receiving state should also be generated and transmitted electronically to the importer as well as the exporting state within a stipulated time frame without the need for imposing any penalty.

**Manual System of Permits:** States still follow the old manual system of generating permits/passes with documents passing through several levels of bureaucracy physically, causing delays and opportunities for malpractices. Industry feels online generation of permits. /Passes will ease this activity which is required to be done several times daily leading to efficiency and transparency.

**Issues with State Beverage Corporations:** Suppliers have no visibility of stock levels, sales, or breakages on a real-time basis which provides an opportunity for manipulation, favouritism, and other malpractices. Further, State beverage corporations do not provide companies visibility of breakages + losses. These are debited to companies arbitrarily. Hence, industry believes that increasing visibility and transparency through online operations providing information to suppliers on a real-time basis leading to a transparent ordering process and data for depot breakages and losses should be provided online on a transparent basis.

**Tender Contract Validity:** The tender contract period for ongoing supplies to states is often open-ended leading to inaccurate quotations and a lack of transparency. Industry believes it should be mandatory for tender contracts to have a clear valid period and extensions if any should



happen in consultation with manufacturers and should be provided for per price increases due to input cost inflation.

**Retail License:** Most of the Indian States are not issuing new Retail licenses and some states like Maharashtra, Odisha, Kerala, and Andhra Pradesh have not issued any new licenses for more than 20 years. Since the population have increased, and the cities have expanded state Governments should evaluate the demographic change and should regularly evaluate the opportunity for issuing new retail licenses.

**Payment Disbursement:** Most of the states follow wholesale distribution for alcoholic beverage while some undertake retail operations as well. Manufacturers have to perform accept payment terms prescribed by the state-run corporations. However, in several states, payments are unduly delayed by the latter even as they retail on a cash and carry basis and recover the payments within seven days of supply. However, there is no fixed period for disbursement to the suppliers. Hence, the government operated distributor corporations should have a process in place to release payments to suppliers on regular intervals, preferably on a weekly basis.

**Discriminatory Levy Structure:** Some state governments impose higher excise levies on national players than what they impose on the local players even if both manufacture in the same respective state. An unintended consequence of such practices leads to discrimination against national players. Hence, the state excise policies should be revised to treat all companies and brands on par thereby attracting investment through predictable policies.

**Inconsistencies in Labelling Norms:** All the alcoholic beverages have to comply with the In FSSAI and legal metrology norms for labelling. However, additional norms require what is to be printed on the labels of bottled in origin (BIO) brands or even the names of the brands. This not only puts additional compliance burden on the suppliers but more importantly leads to confusion at the consumer level. Hence, it is desirable to have uniform labelling norms across the country that include necessary yet sufficient information.

# ANNEXES: ISSUES FACED BY COMPANIES IN INDIA: AT THE CENTRE

## Annex 1: Ministry of Environment, Forest and Climate Change

### Policy Issues

**Issue 1**                      **Environment Licenses and clearances: Companies face disproportionate compliance burden due to outdated Pollution Index that treats all companies in a particular sector in the same manner**

#### Suggestions

- Environment clearance and Consent to operate must be based on pollution load, without restricting the products that can be manufactured.
- Pollution load to receiving environment clearance may be stipulated for Air and Water pollutants only. Rest all other information (Like Raw material consumed, Products made & quantities, Hazardous Wastes generation and disposal details, etc.) may be periodically submitted by industry once commencement of operation. The environmental regulator may focus on environmental parameters without restricting the raw material & product capability of industry thus allow flexibility in products offered.
- Instead of the current licensing route, the industry must be asked to give periodic written information to the SPCBs about the progress of construction and proposed date of commissioning. SPCB's may inspect within 15 days of 1st intimation for construction and specify the conditions to be complied. 15 days prior to date on commissioning, SPCBs may inspect the site and verify compliance to the stipulation. Industry may not be compelled to wait for a written consent to operate for commissioning and start of manufacturing.
- The flexibility and right to manufacture should be with the industry, while SPCB's can give instruction to modify, improve or stop operations, if violations are found.
- The current pollution index is old and companies in India have been using modern technologies in reducing the pollution load making green manufacturing; hence, there is need to relook at the staging categories under the Environment (Protection) Act, 1986. PI environment clearance and consent to operate must be based on the pollution load from a company rather than based on the manufacturing of the product.

## Issue 2

### **Repeal redundant legislations: The Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 must be repealed**

#### Suggestions

- While calculating the Pollution Index, the MoEFCC had also taken into consideration the provisions of two rather obsolete legislations the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.
- Both the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 are old acts and must be repealed and residual provisions, if any, must be incorporated through suitable amendments within the comprehensive Environment (Protection) Act, 1986.

## Issue 3

### **High land prices make it difficult to achieve the water recharge obligation targets imposed by the Central Ground Water Authority (CGWA) Guidelines**

#### Suggestions

- CGWA/CGWB considers only rainwater runoff collection in open ponds or artificial ground water recharge as option for complying with the recharge requirement.
- Land availability for constructing these open air harvesting ponds are economically unviable and impossible for companies to achieve water recharge obligations targets.
- CGWB must allow industry intervention to reduce ground water extraction by allowing working with other users like agriculture & domestic users.
- Further, any other interventions that can enhance water conservation, community sewage recycle resulting in reduction of ground water extraction must be allowed for adoption/implementation by industry towards its obligation for ground water recharge.

#### **Issue 4**

#### **Unsustainable Ground water extraction resulting in fast depletion of resources**

##### Suggestions

- State Governments must provide assistance to enhance infrastructure for collection, treatment and supply of community sewage as an alternate source of water for agricultural and industrial use.
- Infrastructure for supplying water from perennial rivers and desalinated water from sea for commercial and industrial use must be developed by state government for sustainability of industry against water crisis.

#### **Issue 5**

#### **Plastic Waste Management Rules/EPR Guidelines**

##### Suggestions

- FMCG brands are one of the largest consumers of plastics due to their packaging requirements. The current laws on plastic waste means huge pressure on brands to become plastic waste neutral. This would require FMCG businesses, especially MSMEs to get financial assistance for making investment in their plastic waste management systems.

### **Rules, Regulatory & Procedural Issues**

#### **Issue 1**

#### **Delay in approval from state authorities, making it difficult to meet the timeline and audit requirements**

##### Suggestions

- Presently many National Green Tribunal (NGT) directions are given to Industry to modify their plant with putting extra equipment like MEE, Dugwell.
- However, States take their own time to approve while NGT holds companies responsible for meeting the timeline and audit requirement.
- Since a judicial body like NGT is giving directions post expert advice, state should take into consideration these while giving the required permissions.
- Industry may be allowed to just inform the states about the changes undertaken due to the NGT order or direction and the same should deemed auto approved by the states.

## Issue 2

### **Mandatory requirement for restaurant industry to obtain permissions from Pollution Control Board for setting up captive waste water treatment facilities**

#### Suggestions

- Restaurants having own treatment plants, for operation, while connecting to sewers should not be asked to obtain the requirements of clearances and consent to establish or consent.
- Treatment Plants run by the municipal authorities should be responsible for treatment of discharge.
- Some effluent treatment plants within the restaurant area are not feasible (due to space constraints) and municipal bodies should create common Sewerage Treatment Plants and maintain it.
- Restaurants can share the cost and contribute as annual charges for connecting their discharge point with these STPs, maintained by Municipal bodies /Pollution control boards – Annual charges may be collected on the basis of restaurant area /consumption of water.



## Annex 2: Ministry of Commerce and Industry

### Rules, Regulatory & Procedural Issues

#### **Issue 1**                      **No specific timeline for fixation of ad hoc norms against Advance Authorizations issued under Para 4.07 of Foreign Trade Policy**

##### Suggestions

- Exporters should be allowed to present self-declaration certificates supported by an independent Chartered Engineer Certificate and the timeline for fixation of Adhoc norms should be specified appropriately from the date of application.
- Request to extend the benefit of self-ratification scheme retrospectively to all valid Authorized Economic Operators (AEO) status holders; where norm fixation/ revision is pending since long time against old Advance Authorizations issued prior to 5th December 2017. Condition of pre import also to be removed to make this self-ratification scheme manufacturer exporter friendly.

#### **Issue 2**                      **Requirement of mandatory submission of voluminous data for the redemption of licenses under the Export Promotion Capital Goods (EPCG) Scheme**

##### Suggestions

- Under the EPCG scheme, export turnover is being verified by Auditors from the invoices, the shipping bills and the BRCs for the annual auditing of the accounts of the companies.
- Furnishing voluminous data which can't even be verified by the Licensing authority does not serve any purpose. Hence, DGFT should allow furnishing of a certificate from the auditor for the redemption purpose under this scheme. DGFT should provide a waiver from furnishing shipping bill wise data for establishing average export for the redemption of EPCG licenses.

### Issue 3

### **Rate of interest in India under the Interest subvention scheme is higher as compared to China and Europe**

#### Suggestions

- Interest subvention scheme presently covers Micro and MSMEs and the rate of interest in India under this scheme is higher as compared to China and Europe.
- Government should extend the advantage of this scheme to Large Scale Enterprises as well.
- Extending benefit of this Scheme to LSM manufacturers will help exporters to get credit at a competitive rate to regain their competitiveness. This will be a big relief and help to increase the sagging exports.

## Department for Promotion of Indian Industry and Internal Trade (DPIIT)

### *Rules, Regulatory & Procedural Issues under the respective State Excise Policies*

### Issue 1

**Renewal of Labels & Price Approvals: It's an annual exercise with the States Excise Departments. Multiple follow-ups & personal visits are required after submission of the relevant documents and fee. Half of the year is lost before labels are registered and one has to pay the fee for a full year in some cases. Companies lose valuable time in this process of registration each year and thereby lose business. In the absence of approvals of labels and MRPs by the State Excise departments, production at the factory is also halted.**

#### Suggestions

- Annual registration of labels is repetitive in nature and time-consuming. There is ample scope for simplification and extending it for a period of 3-5 years thereby enhancing the ease of doing business.
- Switching to the electronic mode of registering labels by submitting all documents electronically and paying the requisite fee online along with an undertaking stating no changes would be a progressive step. The fee could continue to be paid annually if required online.
- West Bengal has totally moved to the electronic mode of registering labels, and it is working fine.
- Similar mechanism can be suggested in States: Haryana, Punjab, Maharashtra, Madhya Pradesh

## Issue 2

### **Following licenses need annual renewals due to one-year validity:**

- Distillery License for distillation activities;
- Bottling License for bottling activities;
- Sub-lease of license for bottling;
- License for storing finished goods etc.

## Suggestions

- Enhance validity of Excise License for 3-5 years or switch to automatic renewal of License on payment of fees subject to checks & balances.
- Flexibility needs to be provided to add new items with varying alcoholic strength as required by overseas (export) markets.

## Issue 3

### **Export labels: States Excise mandates the same labelling norms under the respective State Excise Policies to be followed for overseas exports**

## Suggestions

- There is a need for faster and quicker approval for export labels in a time-bound manner.
- Mandatory requirement for sale within India should not be enforced on labels of overseas consignments.
- Information required by importing countries should be allowed on the labels.

## Issue 4

### **Interstate movement of goods (finished goods and raw materials):**

- Vehicles carrying goods interstate require a transit permit at each state border. Procedures are manual and time-consuming
- Non-availability of physical escort accompanying causes delays
- Both exporting & importing state mandatories are required to be printed on labels causing complications and clutter
- Approvals for these Excise Permits only at the Excise Commissioner level causing delays and disruption
- Non-availability of physical escort accompanying the vehicle causes delays.
- Excise Verification Certificates have to be manually returned to issuing state from importing state allowing for delays. Loss in transit, etc. causing hold up of business, delays, and penalties.

---

Suggestions

**DPIIT may direct states to adopt the following mechanism:**

- Online procedure for issue of transit permits
  - GPS tracking for movement of goods
  - Only importing (consuming) state mandatories to be printed for consumer
  - Online approval for Excise Permit and re-validation
  - Excise Verification Certificate issued by the receiving state should also be generated and transmitted electronically to the importer as well as the exporting state within a stipulated time frame without the need for imposing any penalty.
- 

**Issue 5**

**Generation of permits for the movement of products and raw material: Many states still follow the old manual system of generating permits/ passes with documents passing through several levels of bureaucracy physically, causing delays and opportunities for malpractices**

---

Suggestions

- Online generation of Permits/Passes will ease this activity which is required to be done several times daily leading to efficiency and transparency.
- 

**Issue 6**

**State Beverage Corporation (Non-transparent Ordering Process): Suppliers have no visibility of stock levels, sales, or breakages on a real-time basis which provides an opportunity for manipulation, favoritism, and other malpractices**

---

Suggestions

- Increase visibility and transparency through online operations providing information to suppliers on a real-time basis leading to a transparent ordering process.
-

### Issue 7

**State Beverage Corporation (Depot Breakages + Stock Losses): State beverage corporations do not provide companies visibility of breakages + losses. These are debited to companies arbitrarily**

#### Suggestions

- Data for depot breakages and losses should be provided online on a transparent basis.

### Issue 8

**Approval of prices increase due to increase in government fee & levies and line with government declared inflation: Price increase on account of Government declared/induced cost increases and inflation is time-consuming causing business disruption**

#### Suggestions

- Approval for passing on such cost increases should be online & immediate (or max within 7 days of filing applications).

### Issue 9

**Overtime for production or maintenance: Fluctuating demands of the market sometimes require higher productivity through working on a 2nd shift. Approval to be sought through manual application causing delays**

#### Suggestions

- Online approval of overtime based on demand (Purchase Orders in hand)

### Issue 10

**Tender Contract Validity for beverage alcohol: The tender contract period for ongoing supplies to states is often open-ended leading to inaccurate quotations and a lack of transparency**

---

## Suggestions

- It should be mandatory for tender contracts to have a clear period for which it is valid; extensions if any should be in consultation with the manufacturer and should provide for per price increases due to input cost inflation
- 

## Issue 11

**Retail Density: Most of the Indian States are not issuing new Retail licenses. There are examples of states who have not issued any new licenses for more than 20 years. But the population have increased, and the cities have expanded**

---

## Suggestions

- The Government should evaluate the demographic change and should regularly evaluate the opportunity for issuing new retail licenses.
  - Centre may suggested changes in the States: Maharashtra, Odisha, Kerala, Andhra Pradesh
- 

## Issue 12

**Payment Disbursement: Most of the states are in the wholesale distribution of Alcoholic Beverages and some of them are also in the Retail operations. The companies are supplying to the state-run corporations and the terms of payment are being governed by them. There are examples where the suppliers had not been able to recover the payment for the supplies made about five to six months back. The Government wholesale supplies the products to the retail on a cash and carry basis and they recover the payments within seven days of supply. But there is no disbursement to the suppliers.**

---

## Suggestions

- The Government operated distributor corporations should have a process in place to issue the payments at regular intervals. They should have a weekly payment calendar.
  - Centre may suggest changes in States: Jharkhand, Andhra Pradesh, Telangana
-



### Issue 13

**Discriminatory levy structure: Some of the state governments are having differential levies on the local and national players. Even if in both cases the suppliers are producing in the state the policies are such that the big players are negatively impacted.**

#### Suggestions

- The Excise policies should be revised to encourage global players to invest in the state and to make their brands available.
- Centre may suggest changes in Madhya Pradesh

### Issue 14

**Labelling requirements: Some states have their requirements to be added to the labels of Alcoholic Beverages brands. FSSAI and legal metrology and state Excise make their own rules which makes the labels very complicated and for each state, there are different requirements. Some states are also having issues with what is printed on the labels of BIO brands or even the names of the brands.**

#### Suggestions

- There should be some uniformity about the contents on the labels and Excise should not intervene in the design of the labels.

## Annex 3: Ministry of Finance

### Rules, Regulatory & Procedural Issues

**Issue 1** **IGST Credit/ Countervailing Duty (CVD) Credit is being charged on Custom duty payments towards excess imports/short export in Advance License.**

#### Suggestions

- Re-assessment of bill of entry should be allowed at port only where the license has been registered.
- Payment should be allowed to be made at port of registration only. Also instead of Countervailing Duty (CVD) and Special Additional Duty (SAD), companies should be allowed to pay IGST and avail the input tax credits in respect of advance authorization/ EPCG obtained prior to 1/7/2017

**Issue 2** **Document requirement in Bond Cancellation**

#### Suggestions

- No other documents should be asked by Customs for cancellation bond.
- Accordingly, Customs should issue letter confirming bond stands cancelled, within a stipulated time.
- Details of cancelled bonds should also reflect to industry on ICEGATE.
- Since Government has taken initiative for paperless work and ease of doing business to reduce transaction cost of exporter, it will also save time and efforts of exporter for cancellation of Customs bonds.

**Issue 3** **No provision in system at Drawback Sections, to prioritize the disbursement of duty drawback (DBK) to AEO T2 clients, as promised in AEO Circular No. 33/2016 dated 22-July, 2019**

#### Suggestions

- All Duty Drawback Sections at different port locations should be advised to implement the AEO guidelines, to disburse DBK on priority to AEO T2 customers.

- It will also help custom officials to identify T-2 exporters and can sanction duty draw back within 72 hours as per AEO T-2 guidelines.
- This will ensure timely release of working capital to trade and industry.

#### **Issue 4**

**Demands are being raised on duty drawback cases without reconciling with the Bank Realization Certificate (BRC), even if BRC available on DGFT Portal.**

#### Suggestions

- Show Cause Notice should be issued only after reconciling the Bank Realization Certificate available on DGFT portal

#### **Issue 5**

**Pending IGST Refund on export of goods**

#### Suggestions

- Refund of GST due to various errors should be cleared immediately. Suitable instructions should be issued to field officers to clear the refund or assign the reason for not granting the refund. Further, GST Portal shown that data has been transmitted to ICEGATE Portal, but according to custom official, it is not showing on ICEGATE Portal.

#### **Issue 6**

**Export Oriented Unit (EOU) – In the case of EOU unutilized raw materials in DTA on payment of BCD and IGST (as customs duty was foregone/ exempted under Notification No. 52/2003-Cus.), the EOU is not able to avail ITC of the IGST so paid as it is very difficult to get the bill of entry amended to avail ITC. TR 6 Challan is not a valid document for availing ITC under GST law**

#### Suggestions

- Amendment of Bill of Entry should be allowed where EOU pays IGST on clearance of unutilized raw materials in DTA so that ITC can be availed.

### Issue 7

**EOU – Time limit of 90 days prescribed for bringing back goods from the job worker’s premises is inadequate and sometimes it becomes operationally difficult for EOUs to bring back the goods within 90 days**

#### Suggestions

- The present time limit of 90 days prescribed for return of goods to EOU from the sub-contractor / job worker is not adequate and it should be increased to 1 year for raw materials and 3 years for capital goods. The GST Act also provides for return of goods within 1 year & 3 years, from the date of dispatch

### Issue 8

**EOU – Burdensome procedure while drawing of samples each time goods are sent to job worker/ contractor. Presently, the EOU sending out goods for job work in DTA is required to give an intimation to the jurisdictional officer and a sample of the goods shall be drawn and retained in the Range Office. On receipt of the goods in the unit after job work, the Bond Officer shall establish the identity of the goods so returned.**

#### Suggestions

- The requirement of giving an intimation to the jurisdictional officer and drawing/ retaining of sample in the Range office to establish the identity of the goods is operationally very difficult to be followed by EOUs and therefore should be relaxed.
- Drawing of samples each time the good are sent for job work poses lot of difficulties for the EOUs, especially where chemicals are sent to job workers.
- Further, in many cases it is not possible to establish the identification since the process involves a change in the form and nature of goods sent.
- Keeping these chemicals outside the prescribed area may have serious safety and health implications.
- The condition of providing intimation and drawing of samples may be relaxed, especially in the case of chemical/ pharma business.

## Issue 9

**Lack of clarity on Guaranteed Remittance (GR) waiver required for export of samples.**

### Suggestions

- As per the updated RBI Master Circular no. 16/2015-2016 [Para C.1], Status holders are entitled to export freely exportable items on free of cost basis for export promotion subject to an annual limit of ₹ 1 crore or 2% of average annual export realization during preceding 3 licensing years, whichever is lower. However, exports of goods not involving any foreign exchange transaction directly or indirectly requires the waiver of EDF procedure from the Reserve Bank.
- As per para 3.24(j) of the Foreign Trade Policy [2015-2020] Status Holders are entitled to export goods on free of cost basis subject to upper limit of 2% of average annual export realization during preceding 3 licensing years. Also, an Export Oriented Undertaking (EOU) can export free samples, without limit [Para 6.29 of Handbook of Procedures 2015-2020].
- Clear guidelines/ circular should be issued clarifying the requirement of obtaining EDF waiver (GR waiver) in such cases.

## Issue 10

**Sampling for dual usage imports product: Sampling is done by Customs but lab reports are taking too much of time that importers have no option but to clear shipments on provisional basis with presentation of bank guarantee (BG) and that BG could be cancelled only after lab report and this process takes more than 6 months, so importers need to bear cost of BG.**

### Suggestions

- This process should be framed with a proper defined time line.

## Issue 11

**Customs ledger : Presently information is not visible in the ICEGATE for debiting of Advance License/MEIS/EPCG etc. for imports**

### Suggestions

- Debiting of these licenses/benefits/incentives should be visible on ICEGATE

## Issue 12

### **Request for customs ledger print takes more time at the ICEGATE portal**

#### Suggestions

- Rules should be very clear on what are the responsibilities of the Importers and the documents required to prove the genuineness of the certificate of origin.
- Bill of entry wise license details should be made available on common portal ICEGATE. This will help importers to reconcile the Advance / EPCG Licenses.

## Issue 13

### **Requirement of original Form A1 under CAROTAR Rules for Bill of Entry (BOE) assessment takes more time**

#### Suggestions

- Customs should allow Form A1 benefit on the basis of the undertaking by importers and the option of producing the original Form A1 later within a specified period.

## Issue 14

### **Interest on delayed payment of tax is payable even in cases where taxable supplies are reported in returns filed after initiation of proceedings.**

#### Suggestions

- Under GST Rules, government should not levy interest in cases where taxable supplies made during a tax period are declared in the return furnished after the due date, and the liability is discharged not in cash but utilizing the Input Tax Credit.
- The said benefit should also be extended to cases where tax liability is discharged after the issuance of a SCN under Section 73 or section 74 of the GST Rules through debit in the Electronic Credit ledger. This was the settled position in the pre-GST era as well.

## Issue 15

### **Complex rules on taxing on services provided by Head office/ Corporate office to its own factories/units located outside the state (distinct persons)**

---

## Suggestions

- Services provided by the employee to the employer is being taxed indirectly. It is difficult to determine the value of the services provided. It leads to complexities where the branch/depot in turn provides some services to corporate. Also where the branch or depot does not have higher outward GST liability, the credit accumulation would increase resulting in working capital blockage.
  - Hence, services provided by Head office to its own factories should be kept out of GST ambit.
- 

## Issue 16

**Applicability of GST on notice pay recovery from employees who leave the Company without completing the notice period as per the appointment letter: Employers are discharging GST on the same but exiting employees are raising objections on the same, in the absence of any specific clarification from the Government.**

---

## Suggestions

- A suitable clarification should be issued that notice pay recovery is covered under Clause 5(e) to Schedule II to CGST Act as the activity of "agreeing to tolerate an act". Employer is liable to pay GST @18% under the entry of "services not elsewhere classified" (Entry No. 35 of the Notification No. 11/2017- Central Tax (Rate) dated June 28, 2017. Alternatively, suitable exemption should be given on such recoveries, without requirement to reverse the input tax credit.
- 

## Issue 17

**In Drug discovery businesses, overseas clients/ customers order certain compounds to be manufactured but the said compounds are not dispatched to the customer. Instead the said goods are used by the manufacturer in another project of the same customer. The manufacturer wants to bill the customer for the intermediate goods which have been manufactured as there is a separate purchase order for the same. As the goods do not leave the country, zero rating cannot be claimed. GST is chargeable on the invoice in such cases.**

---

---

Suggestions

- Suitable notification should be issued exempting such intermediary goods from payment of tax, provided the said goods are further used for manufacture of taxable goods. Alternatively, GST paid in such cases, should be allowed as Input tax credit to the manufacturers.
- 

**Issue 18**

**Bill of entries relating to supply from SEZ Units to a DTA unit are not reflecting in GSTR 2A/2B statement of DTA buyer on a timely basis. GST officials of DTA buyers are not allowing input tax credit of IGST in view of the delay.**

---

Suggestions

- All bill of entries should be reflected on real time basis so that no IGST credit is disallowed.
- 

**Issue 19**

**When material is dispatched under 'bill to ship to model', E-way bill portal does not allow/ provide for any field to fill the details of ship to party/ consignee (name, GSTIN etc.). This sometime leads to litigation and seizure of vehicle during transportation of goods.**

---

Suggestions

- E way bill module in the NIC portal should have the field/ tab/ function of capturing the consignee details (ship to party) by having a separate GSTIN field, if the consignee is registered.
- 

**Issue 20**

**GST is being paid on the recoveries made by corporates from their employees towards food provided in the company canteens located in the factories/offices. Input tax credit is not available on the receipt of such services by the canteen contractors.**

---

Suggestions

- This issue needs to be clarified so that companies can stop charging/ paying GST on such recoveries or alternatively credit should be allowed with full tax payment on such recoveries.
-



#### Issue 21

**As per the proposal for amendment in Section 41(2) vide the Finance Bill, 2022 the ITC availed by a recipient has to be reversed along with interest in case the supplier has not paid the tax to the Government. Further, the credit can be re-availed upon payment of tax by supplier to the Government.**

#### Suggestions

- Require clarity with respect to the manner of communication to recipient about the non-payment of tax and subsequent payment of tax by supplier to the Government. Further, there is no mechanism to claim interest paid at the time of reversal in case the supplier has made payment of tax to the Government subsequently.

## Annex 4: Ministry of Agriculture & Farmers' Welfare

### Policy Issues

#### **Issue 1**                      **No strong and effective IPR regime in the country on agriculture**

- Suggestions
- Intellectual property rights (IPR) and technology mutually reinforce each other and promotion of one factor results in the development of other. Hence, there is a need to protect traditional knowledge and practices to ensure sustainable development of agriculture. Protection of plant breeders' rights and new plant varieties are important for technological advancement in agriculture. Therefore, there is a need of a strong and effective IPR regime.

#### **Issue 2**                      **Implementation of Nutrient Based Subsidy (NBS) policy: The NSB policy has not been implemented properly; hence, the cost of nutrients in Single Super Phosphate (SSP) vs other Phosphate and Potassic (P&K) Fertilizers are costlier.**

- Suggestions
- SSP Industry comes under Atmanirbhar Bharat; hence, the NBS policy should be applicable to SSP along with other P&K Fertilizers.

#### **Issue 3**                      **Farmers are not getting the required benefits of innovations**

- Suggestions
- The Indian Council of Agriculture Research (ICRA) conducts research on:
    - Climate resilient agriculture
    - Expert systems on crop management
    - State specific technological interventions for higher agricultural growth, productive seed varieties, and nutrient management
  - However, there are issues in commercialization and outreach of these innovations to farmers. The Central Government should focus on extending the benefits of these innovations to farmers.

#### Issue 4

#### Ineffective implementation/penetration of schemes

##### Suggestions

- The Centre and State governments have developed several schemes for crop insurance, measuring soil quality, however, their coverage and implementation remain patchy in many cases. Further, policy and practice reforms in food procurement, warehousing and marketing are long pending.
- The Central Government should focus on prioritizing these reforms for extending the direct benefits to farmers.

#### Rules, Regulatory & Procedural Issues

#### Issue 1

#### Product (chemicals & pesticides) Registrations take a very long time and hence new innovations cannot be introduced.

##### Suggestions

- The Centre can fast-track the registration process under the Insecticide Act 1968 for registering the pesticides through the Central Insecticides Board and Registration Committee (CIB&RC) and ensure the introduction of new molecules.
- Data Protection should be considered for locally generated data on new molecules introduced in India for the first time.

## Annex 5: Other Ministries

### Ministry of Chemicals and Fertilizers

#### Policy Issues

##### **Issue 1                      No Specific Innovation Policies in Pharmaceuticals Sector**

- |             |   |
|-------------|---|
| Suggestions | <ul style="list-style-type: none"><li>• Improvement in R&amp;D Capabilities can help sector discover new and innovative drugs, improve current state of biotechnology advancement and also result in production of cheaper bio similar. Therefore, enabling policies or incentives are necessities for development of R&amp;D Capabilities.</li></ul> |
|-------------|---|

##### **Issue 2                      Regulatory Challenges at States**

- |             |  |
|-------------|--|
| Suggestions | <ul style="list-style-type: none"><li>• Industry has been facing the following regulatory challenges in States:<ul style="list-style-type: none"><li>i. States ban the products in their respective states on flimsy grounds</li><li>ii. The inspectors take the pesticides samples for the trial of only a few reputed companies.</li><li>iii. The State doesn't maintain multi-year data of sample tested.</li></ul></li><li>• Centre should issue guidelines for states to follow so that these regulatory challenges can be minimized.</li></ul> |
|-------------|--|

#### Rules, Regulatory & Procedural Issues

##### **Issue 1                      Low Rock Phosphate Availability**

- |             |   |
|-------------|---|
| Suggestions | <ul style="list-style-type: none"><li>• There is a need to remove the restriction on sourcing of rock phosphate through imports and allow free import at par with other Phosphate and Potassic (P&amp;K) Fertilizers.</li></ul> |
|-------------|---|

## **Issue 2**

### **Quality of Fertilizers in the country**

#### Suggestions

- As per FCO (Fertilizer Control Order) under Section 3 of the Essential Commodities Act 1955, deficiencies in moisture and particle size of granular SSP should not be considered as non-standard, because manufacturers have no control on storage and handling of SSP by the dealer in the field. Hence, no penal action should be initiated against manufacturers.

## **Issue 3**

### **High cost of Molasses Distillery Bio Compost as it is covered under Fertilizer Control Order**

#### Suggestions

- Press mud-bio compost produced by the distillery industry must be exempted from the FCO (fertilizer control order) considering the traditional knowledge and practice of its controlled use by captive farmers to Sugar & Molasses Distillery units. This helps reduce the cost of screening and bagging, hence, economically viable to farmers, reduce dependence on chemical fertilizers and recycle Organic nutrients.

## **Issue 4**

### **Shortage of skilled healthcare manpower in healthcare sector**

#### Suggestions

- Government should allocate funds and introduce targeted skilling and medical education programmes to address the shortage of skilled healthcare manpower.

## Ministry of Defence

### Policy Issues

#### Issue 1

#### **Ban on procurement of imported products by Canteen Stores Department (CSD)**

#### Suggestions

- Government of India discourages entry of foreign liquor into the Government procurement market. In 2020, 'Canteen Stores Department' (CSD) under the Ministry of Defense decided to ban the sale of foreign liquor. The ban also exists on GI (Geographical Indication) products of foreign alcoholic beverages Industry. Such move has significantly restricted the choices available for the consumers in the country.
- CSD may be directed to lift the ban on procurement of foreign liquor.

## Ministry of Mines

### Rules, Regulatory & Procedural Issues

#### Issue 1

**Under the mines and Minerals Development and Regulation act 2021, sale value of minerals includes royalty, payments to District Mineral Foundation (DMF) and National Mineral Exploration Trust (NMET) which requires the lessee to pay royalty on royalty, DMF and NMET. Due to this, there is an additional charge on the miners under the current methodology.**

**Further, approval of the Central Government is required to be obtained by State governments for putting a block for auction of composite license in respect of any notified mineral. This delays the process of State governments to put blocks in auction for composite license.**

#### Suggestions

- There is a need to look at these procedural issues for better pricing of minerals and removal of delays for operations.

# Ministry of Health and Family Welfare

## Rules, Regulatory & Procedural Issues

### Issue 1

**Under Indian (FSSAI) regulations, every package containing alcoholic beverages must provide the declaration of alcohol content expressed as “per cent above” or “as proof”. Further, the regulations require a statutory warning on the label, printed in English. In addition, it allows Indian state governments to mandate the use of their local or regional language in the warning label. This makes the labelling process complicated, longer and costlier.**

### Suggestions

- These multiple labelling norms are trade restrictive and need to be relaxed so that it will bring more investments.

# Ministry of Electronics & Information Technology

## Policy Issues

### Issue 1

**In e-commerce, there are jurisdictional overlap between regulators. For instance, as per DPIIT’s allocation of business rules 2018, it is entrusted with all matters related to e-commerce. However, the administration of the Information Technology Act, 2000 for providing legal recognition to e-commerce, rests with the Ministry of Electronics & Information Technology.**

### Suggestions

- These jurisdictional overlap need to be removed.

### Issue 2

**High governance and low incentives on innovation**

### Suggestions

- Anti-trust regulator, the Competition Commission of India (CCI), and the Telecom Regulatory Authority of India (TRAI) have been keeping excessive surveillance and control over digital applications.
- Multi-stakeholder consultations and the promotion of self-regulation by the industry may enable light-touch governance that will incentivize innovation.

## Ministry of Housing and Urban Affairs



### Policy Issues

#### Issue 1

**Threshold of INR 200 crores investment to qualify for 'infrastructure status' in hospitality sector crowds out MSMEs and projects in small towns.**

#### Suggestions

- Threshold for investment in hospitality sector should be revised to INR 25 crores from the prevailing level of INR 200 crores.

#### Issue 2

**Lack of policies and framework for growth of tourism sector**

#### Suggestions

- Given the importance of Tourism to both GDP and employment, government bodies and agencies need to be sensitive to this sector in general and come out with policies and framework to enable the continued growth of the sector.
- National and International events, exhibitions and concerts are huge growth drivers for tourism. Government bodies need to ensure safety and law and order for such large events and make Indian cities more amenable and attractive to hold such events.

### Issue 3

### No proper urban planning in States

#### Suggestions

- It has been estimated that by 2050, nearly 60% of the Indian population will be living in urban areas – that is half of 1.70 billion people (the estimated population by 2050).
- Currently, business districts are being created by private developers in an ad hoc manner – e.g., Cyber City by DLF, One horizon Center by Hines etc. The adhoc and retrofitted nature of these developments lead to infrastructure issues like traffic jams.

### Issue 4

### Premium charges for approvals of projects

#### Suggestions

- Premium charges are levied by the states with respect to approvals for initiating, progressing and completing an area in a project.
- Low premium charges will provide cost reduction to the sector and also enable the developers to complete their projects on time with a major enhancement in developers' operational capacity.

## Ministry of Road Transport and Highways

### Policy Issues

#### Issue 1

**On 12 June 2020, DGFT has notified import restriction on tyres. The import restriction has significantly impacted the automotive business in the country.**

#### Suggestions

- GOI should follow evidence based mechanism for placing the import restriction and exempt the tyre manufacturers from Import restriction if any tyre manufacturer has done.







Public Affairs Forum of India

## Correspondence Address

PUBLIC AFFAIRS FORUM OF INDIA  
Work Junction, B-92 South City 1  
Gurugram – 122001 (Haryana), India

[www.pafi.in](http://www.pafi.in)



@PAFI\_India



PAFI Public Affairs Forum of India



@PAFIIndia



PAFIIndia



PAFIIndia