



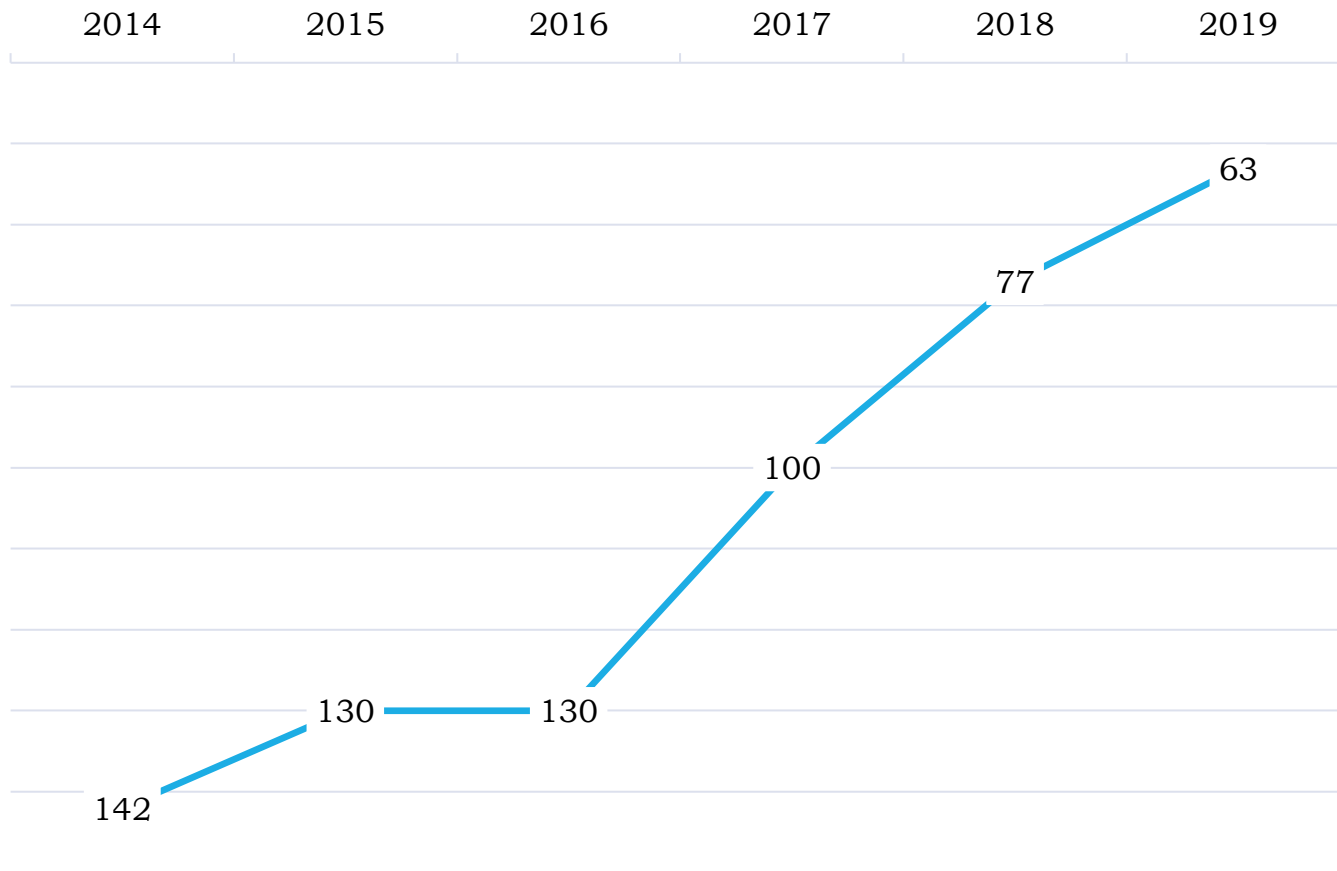
उद्योग संवर्धन और आंतरिक व्यापार विभाग  
DEPARTMENT FOR  
PROMOTION OF INDUSTRY AND  
INTERNAL TRADE

# Interaction with Policy Heads of MNCs

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**9<sup>th</sup> June 2022**

# World Bank – EoDB Rank of India



- Emphasis on time and process improvements
- Digitization of Government processes
- World Bank focusses on – Delhi and Mumbai

# **Business reform action plan (BRAP)**

## (STATE LEVEL reform ASSESSMENT SINCE 2014)

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- Annual action plan for improvement in business environment.
- States are ranked on the basis of User Feedback.
- Major reform areas like-
  - Single Window for Investor Facilitation
  - Land Records Management
  - Online Building Permission System
  - Inspection Reforms
- Exercise played an important role in improving business environment across the country

# Hon'ble Prime Minister's Vision

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*Reforms को लागू करने के लिए Good और Smart Governance चाहिए ...देश के समग्र विकास के लिए लोगों के जीवन में सरकार और सरकारी प्रक्रियाओं का बेवजह दखल समाप्त करना ही होगा।*

*- स्वतंत्रता दिवस पर मा. प्रधानमंत्री का भाषण (15 अगस्त 2021)*

# Reducing Compliance Burden

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## Objective

- To improve Ease of Doing Business and Ease of Living for Citizens

## Strategy

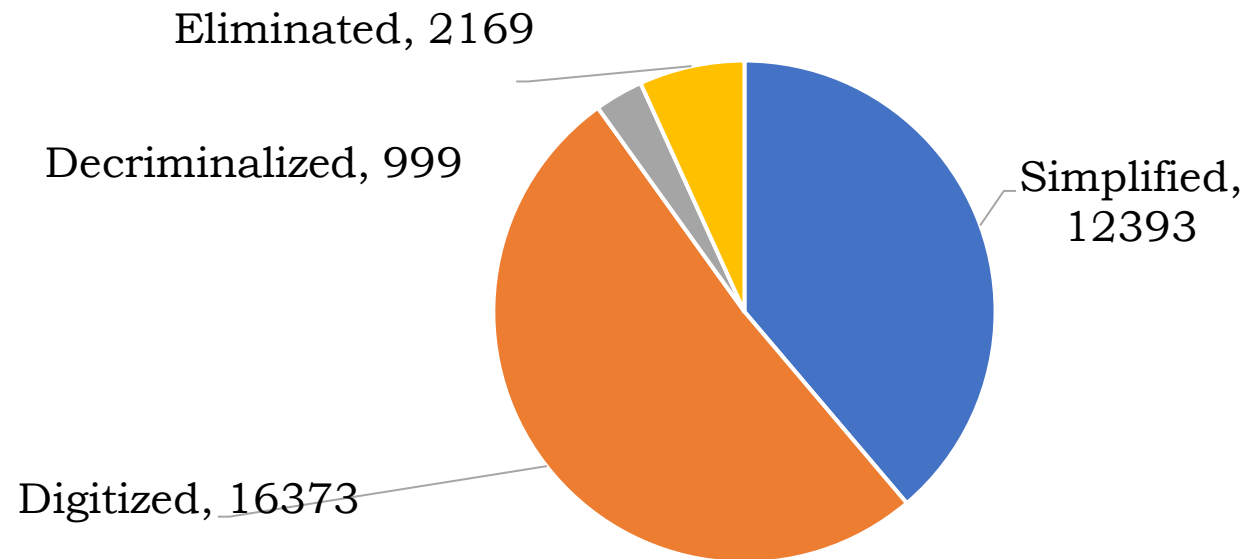
- Review acts/rules/processes
  - Elimination of Redundant laws, processes
  - Simplification
  - Digitization of procedures, rules, notification
  - Decriminalization of minor offences

## Approach

- Intensive Stakeholder Consultations
- Self-assessment of compliances

# Status of Compliance Reduction

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**Total compliances reduced: 31,934**

# What is Decriminalization?

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## Need

- Many archaic laws still exist
- Severity of punishment not commensurate with the nature of offense
- Overburdened judicial system

## Action

1. Omission/Deletion of Redundant provisions having imprisonment
2. Bifurcation of minor offenses from serious contraventions affecting public interest national security
3. Compounding of offenses
4. “First-time” v/s “Repeated offenses”

## Key terms

**Fine** is a Monetary charge imposed by the Court. A fine is a criminal sanction

**Penalty** is a Civil liability imposed by an appropriate authority

**Adjudication mechanism** is an inhouse settlement of contravention

**Compounding** option for settlement of offense by payment of penalty

# Iconic Reforms

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## ➤ **Department of Telecommunications**

- Distinction between Domestic and International OSP (other service provider) removed, allowing Indian Telecom Service Providers serving foreign counterparts to register as an OSP.
- Allowed sharing of EPABX and PSTN lines by domestic and international centers. This provides massive growth thrust to BPO, BPM and ITeS organizations providing voice-based services in India

## ➤ **Department of Science and Technology**

- Private, public entities and research institutes now allowed to collect, process, store, publish and share geospatial data and services including maps enabling an Indian firm offer world class geospatial service such as Google maps.
- Liberalized access to geospatial data helps stakeholders plan better for infrastructure projects, protection from natural calamities and enables environment protection. Reduced reliance on foreign resources and technology for geospatial mapping

## ➤ **M/o Civil Aviation**

- Drone Rules liberalized to usher in the era of super-normal growth while balancing safety and security considerations. Multiple Drone Rules liberalized



# **M/o Corporate Affairs**

## **Amendments in Companies Act, 2013**

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### **Pre Reform**

- Prior to 2018, most (97%) criminal cases under the Companies Act did not involve lapses of serious nature
- Criminal courts burdened with minor cases
- Adverse impact on ease of doing business

### **Post Reform**

- In two phases, 64 offences have been decriminalized
- Penal provisions reduced from 134 to 124
- Compoundable offences reduced from 81 to 31 – mostly fines imposed
- Defaults subjected to civil liability increased from 18 to 58; which are now dealt through the In-house Adjudication Mechanism (IAM)
- More than 1400 company law default cases disposed through IAM framework without resorting to courts in the last four financial years

# Ministry of Labour and Employment

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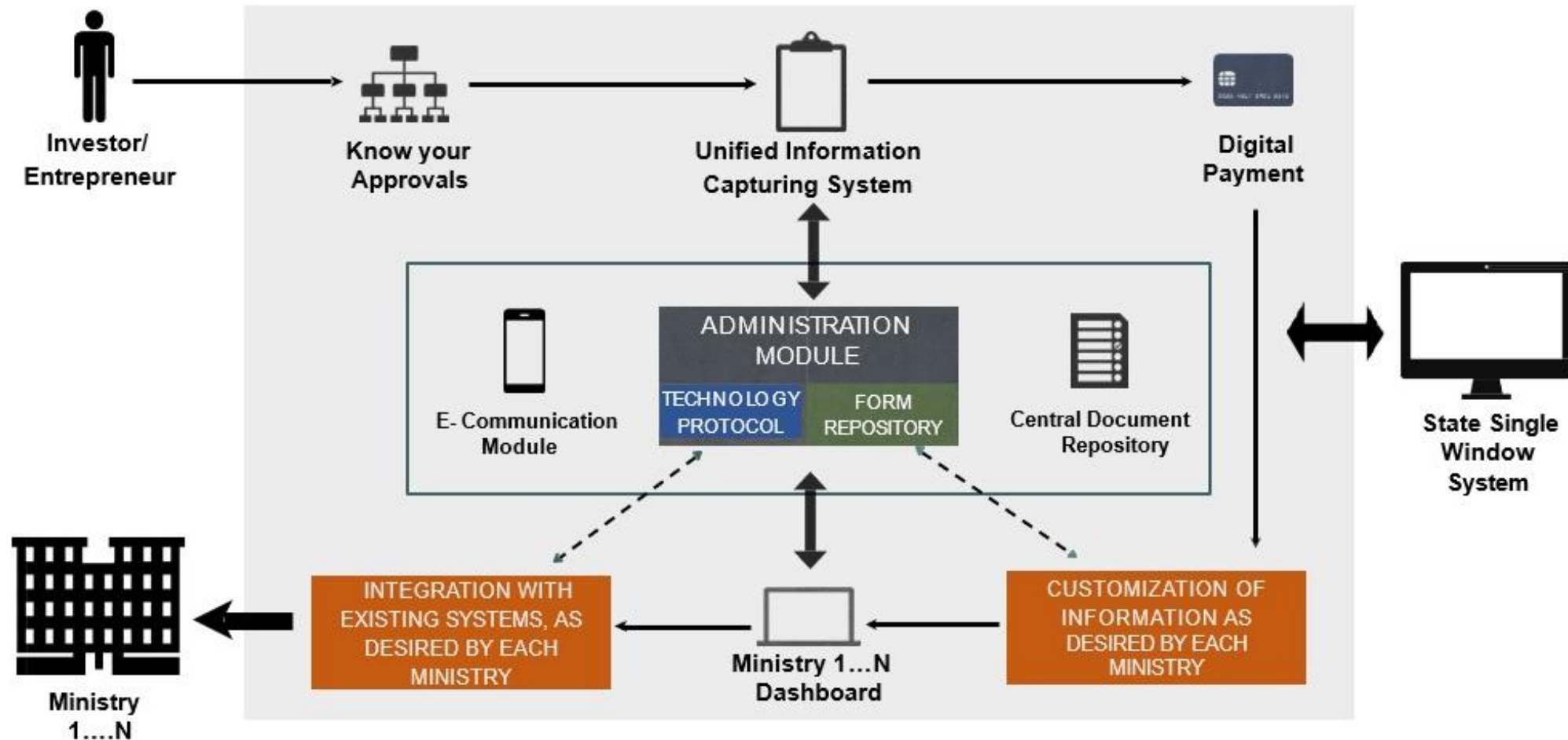
- 29 Central Labour Laws codified into 4 Codes and 12 Central Labour Laws repealed
- General clauses relating to imprisonment replaced with fine as penalty
- 87 Sections containing imprisonment for the first time offender reduced to 22 Sections
- Compounding introduced in Labour Codes for first time
- Improvement notice prior to launch of prosecution
- Maximum imprisonment reduced to 3 years from 7 years
- Code on Wages does not provide any imprisonment for first offence
- States being followed up for pre-publishing draft Rules under Labour Codes

# Overview of the NSWS

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- Investment Clearance Cell [NSWS] is a **Budgetary Announcement** 2020-21
- Objective is to establish a portal for **seamless approvals** sought by investors from a Government at various levels (Centre / State)
- NSWS was **soft-launched on 22 Sept 2021** by Hon'ble CIM with key features of (i) Know Your Approvals (KYA) & (ii) Common Registration Form for investors
- As on date, NSWS integrated with **payment gateway** through Bharatkosh and PayGov;
- NSWS has **21 Central Departments** (500 plus approvals) & **14 States/UTs** onboard; has accorded **almost 6000 plus approvals**

# Investor's Application Workflow



# FDI Reforms (1/2)

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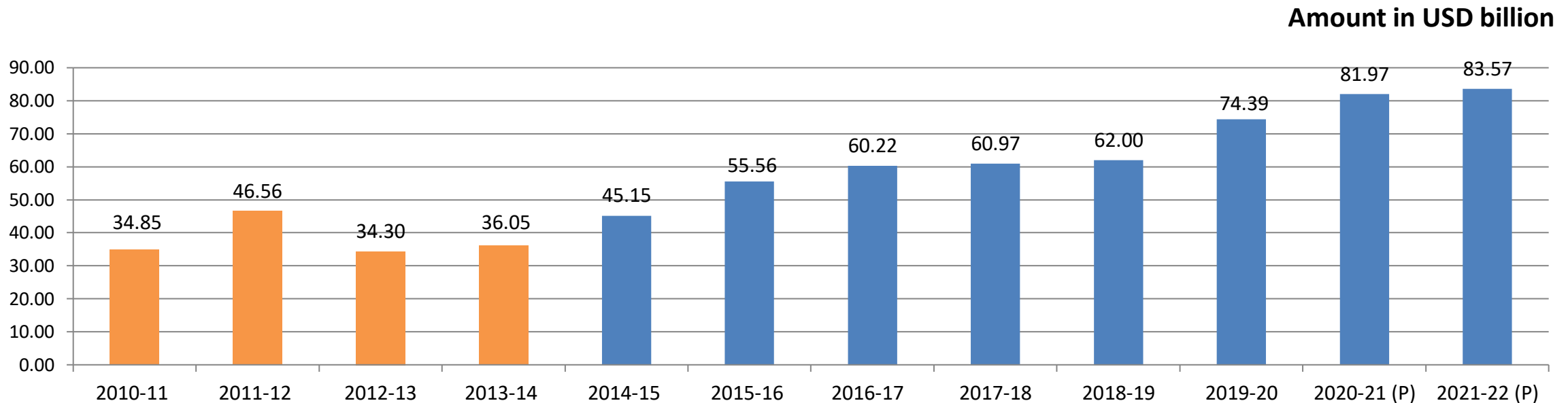
- India is one of the most attractive FDI destinations in the world today
- More than 90% of FDI Equity Inflow received under Automatic Route
- **Radical and Transformative FDI Reforms undertaken since 2014:** Defence, Pension, Other Financial Services, Asset Reconstruction Companies, Broadcasting, Pharmaceuticals, Single Brand Retail Trading, Construction & Development, Civil Aviation, Power Exchanges, E-commerce Activities, Coal Mining, Contract Manufacturing, Digital Media, Telecommunications, Insurance
- **Recent FDI Policy Reforms (2021-22):**
  - **Press Note 1** (2021) dated 19.03.2021 - clarity on downstream investments made by NRIs
  - **Press Note 2** (2021) dated 14.06.2021 - permissible FDI limit raised from 49% to 74% in Insurance Companies
  - **Press Note 3** (2021) dated 29.07.2021 – FDI permitted up to 100% under automatic route where 'in-principle' approval accorded for strategic disinvestment of PSUs in Petroleum & Natural Gas Sector
  - **Press Note 4** (2021) dated 06.10.2021 - 100% FDI allowed in Telecom Sector under automatic route
  - **Press 1** (2022) dated 14.03.2022 - 20% FDI allowed in LIC under automatic route and other modifications

# FDI Reforms (2/2)

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- Foreign Investment Promotion Board (FIPB) abolished in May 2017
- Foreign Investment Facilitation Portal (FIFP) for online filing and processing of FDI proposals
- Detailed Standard Operating Procedure for processing FDI proposals on FIFP issued
- FDI jumped by 39% since FIFP came into being
- 853 FDI proposals disposed off since abolition of FIPB
- More than 350 FDI proposals disposed in the year 2021-22
- Monthly review of pendency of FDI Proposals
- Continuous review of FIFP to reduce compliance burden on applicants
- FAQs on website and portal made more comprehensive
- Regular Round Table Conferences with Law Firms and Investors
- Regular training of Ministries/ Departments for processing FDI proposals

# Steady Increase in FDI Inflow



- Highest ever annual FDI Inflow of USD 83.57 billion (provisional figure) in FY 2021-22, despite COVID-19 pandemic and recent Russia-Ukraine conflict
- FDI inflow in last 8 financial years (2014-22: USD 523.84 billion) has increased by 81% over previous 8 financial years (2006-14 : USD 289.03 billion)
- FDI Equity inflow in Manufacturing Sectors increased by 76% in FY 2021-22 (USD 21.34 billion) compared to previous FY 2020-21 (USD 12.09 billion)

**Thank You**