

India's Leap in Ease of Doing Business

Department of Industrial Policy and Promotion -
Government of India

Tough business regulatory framework and time consuming processes inhibited India's potential as economic powerhouse.

Under the Make in India initiative launched in 2014, steps were taken to improve India's ranking in the World Bank's Doing Business Report among the top 50 economies. The report aims to measure the costs to firms of business regulations in 190 countries. The government thus adopted a focused approach towards business regulatory reforms in the country.

Critical measures and best practices were identified, which helped top ranking countries improve on Doing Business Index. These measures were then customised to devise an implementation strategy for India. This led to increased adoption of electronic systems for approvals, reduction in number of procedures necessary to obtain clearances and doing away with obsolete rules.

Department of Industrial Policy and Promotion (DIPP) designed reforms keeping ground realities in mind. To assess the effectiveness of implemented reforms, regular consultations were held with the World Bank's Doing Business team to seek inputs/feedback.





CHALLENGE FACED

- A tough business regulatory framework on account of excessive legislation and multiple time consuming processes inhibited growth of the country

FINAL OUTCOMES

- Many states designed an Information Wizard providing information for all approvals, licenses, registration timelines, and procedure to establish business/industrial unit
- Many states/UTs implemented online Single Window System, stipulated construction permits to be provided within 45 days

Implemented reforms were aggressively disseminated through a variety of sources including social and print media. Awareness Workshops were organised to promote reforms undertaken by the Central Government, which helped in generating awareness among investors/users and enable DIPP to garner usage of implemented reforms.

DIPP was keen to percolate these learnings to the state level. A State Business Reforms Action Plan was thus launched.

A 98-point action plan was finalised (which was subsequently broken down to 285 action points) which initiated a new measure of competitiveness among states/UTs.

World Bank also partnered with DIPP in this reform plan. To give the exercise momentum, 18 joint workshops were conducted to help concerned departments across states/UTs understand the essence of the reforms.

States undertook wide ranging policy interventions including the Public Service Delivery Guarantee Act to ensure timely processing, setting up of a single window agency, mandating joint inspection under 10 labour Acts, etc.

DIPP developed an online portal where all reforms implemented are accessible for public viewing. And the entire reform exercise finally saw 12 states achieve more than 90% implementation score in 2016.

In 2017, the exercise was updated to 372 action points with new reforms such as Central Inspection system, Trade License, Registration under Legal Metrology, and Registration of Partnership Firms & Societies.

A unique handholding method was introduced where leading states partnered with laggard states/UTs. Priority reforms were identified for north-eastern states and others with low implementation score.

The impact of these reform initiatives over the years has been far-reaching. The efforts culminated in the Doing Business Report 2018 where for the first time, India scaled 30 ranks just within a year.