GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

LOK SABHA

UNSTARRED QUESTION NO. 208.
TO BE ANSWERED ON MONDAY, THE 17TH JULY, 2017.

GLOBAL RANKING ON EASE OF DOING BUSINESS

208.   **SHRI V. ELUMALAI:**
         SHRIMATI JAYSHREEBEN PATEL:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

वाणिज्य एवं उद्योग मंत्री

(a)   whether the Government has taken several steps, big and small to improve the ease of doing business in the country;

(b)   if so, the details thereof;

(c)   whether the Government is working further with all States to improve the business climate in the country, if so, the details thereof;

(d)   whether it is a fact that in the World Bank's latest 'Doing Business 2017' report, India's place remained unchanged from last year's ranking and if so, the details thereof; and

(e)   the steps taken by the Government to improve global ranking of the country on ease of doing business?

ANSWER

वाणिज्य एवं उद्योग राज्यमंत्री (स्वतंत्र प्रभार)(श्रीमती निर्मला सीतारमण)
THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a) & (b):   Yes Madam. The Government has taken several steps to improve ease of doing business in the country. Some of the reforms undertaken on various parameters of Doing Business towards easing the business environment in the country are annexed.

(c):   The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, in partnership with the World Bank Group,

released the Business Reform Action Plan (BRAP), 2017 for implementation by States/UTs on 13.04.2017. The BRAP includes 406 recommendations for reforms on regulatory processes, policies, practices and procedures spread across 12 reform areas, that is, labour regulation enablers; contract enforcement; registering property; inspection reform enablers; single window system; land availability and allotment; construction permit enablers; environmental registration enablers; obtaining utility permits; paying taxes; access to information and transparency enablers and sector specific reforms spanning the lifecycle of a typical business.

This year there are 103 new reform measures (out of 406) on central inspection system, online land allotment system, online single window system for granting construction permits, registration under Inter State Migrant Workmen (RE&CS) Act, 1979, approval for boiler manufacturer and boiler erector, etc. BRAP, 2017 also includes two new sectors i.e. Healthcare and Hospitality. The last date to implement the reform is 31.10.2017.

DIPP will carry out a comprehensive business-to-government (B2G) feedback exercise this year whereby feedback will be taken from businesses on the quality of implementation of the reforms claimed by the States and UTs. For each State/UT, the scores will be aggregated over all the surveys conducted to yield an overall score for the State/UT.

The feedback scores will be used to generate a ranking of States/UTs in terms of reform implementation.

(d): India ranks 130th in the World Bank's annual Doing Business Report (DBR), 2017 as against 131st rank (revised) in the Doing Business Report, 2016. The DBR ranks countries on the basis of Distance to Frontier, an absolute score that measures the gap between the country and the global best practice on 10 specified indicators. India's absolute score improved from 53.93 in DBR, 2016 to 55.27 in DBR, 2017. For the first time India has improved its absolute score in two consecutive years as can be seen from the table given below. Additionally, India's Distance to Frontier score improved on 7 out of the 10 indicators, showing that India is increasingly progressing towards best practice.

Topics	DB 2015	DB 2015 (Revised)	DB 2016	DB 2016 (Revised)	DB 2017
Overall rank	142	134	130	131	130
Distance to Frontier	52.67	-	54.68	53.93	55.27

(e): The Government's target is to improve the business regulatory environment of India and India's ranking in World Bank's Doing Business Report. Government has urged the Central Government Ministries/ Departments to analyse the World Bank's latest Doing

Business Report. Nodal Departments/Ministries have been identified for each of the 10 indicators of the Report. The Departments in coordination with Government of NCT of Delhi and Government of Maharashtra are responsible for reducing procedures, time and cost across each indicator. Further, Ministries/ Departments concerned have been asked to pursue regular engagements with stakeholders, conduct workshops with the users and stakeholders to familiarize them with the reforms, take their feedback on a regular basis and take corrective action where required. Ministries/ Department concerned have been provided with the set of reforms which need to be implemented and have been asked to identify additional areas related to the Department where reforms and corrective measures need to be taken to ensure time bound and effective implementation of the reforms.

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ANNEXURE REFERRED TO IN REPLY TO PARTS (a) AND (b) OF LOK SABHA UNSTARRED QUESTION NO. 208 FOR ANSWER ON 17.07.2017.

Some of the reforms undertaken by the country towards easing the business environment in the country are listed below:-

1.   STARTING A BUSINESS

- Simplified Proforma for Incorporating Company Electronically (SPICe) form has been introduced to make incorporation of companies possible within one working day by imbibing 5 services viz. Name reservation, DIN, Incorporation, PAN and TAN. Earlier this used to take   30 days (1 day for DIN, 7 days for name reservation, 5 days for company incorporation, 10 days for PAN and 7 days for TAN registration as per DBR 2017). This has also reduced the fees for filing the incorporation form INR 2000/- to INR 500.
- Until March 2017, the government allocated PAN and TAN to 19,704 new corporate entities, wherein PAN was allotted within 4 hours to 95.63% of the 10,894 newly incorporated companies and TAN was allotted to 99.73% applicants.
- The Companies (Amendment) Act, 2015 has eliminated the need of a common company seal for incorporation.
- Value Added Tax (VAT) Registration is now processed within 24 hour using electronic application and does not require any inspection. Earlier this used to take 9-10 days in Delhi and Mumbai and also involved inspection. As per the January 2017 data 79% of VAT registrations in Mumbai were done in a single day.
- In Mumbai, registering under Shops and Establishments has been made online without any physical inspection and registration is given within a day. 92% of the registration is given within a single day in January 2017. Earlier it used to take 2-6 days as per DBR 2017.
- Registration with ESIC and EPFO has been made real-time by eliminating all physical touch-points. Inspection procedures associated with both procedures have been dispensed with.
- "Shram Suvidha" Portal has been launched to issue Unique Labour Identification Number (LIN), submission of common electronic returns under 16 Labour Acts and facilitate risk based inspections.

2.   CONSTRUCTION PERMITS

- Both Municipal Corporation of Greater Mumbai (MCGM) and Municipal Corporation of Delhi (MCD) have reduced the number of procedures from 42 and 29 respectively to only 8. Also, the time taken in giving the various approval

during the construction cycle of a building has been brought down to 60 days from last year 213 days in Delhi and 164 days in Mumbai.

- In Delhi since last few months a total of 2885 online applications for construction permits were received out of which 2466 were sanctioned within an average time of 18 days.

- Delhi Development Authority (DDA) has notified the Unified Building Bye-laws. The unified building bye laws have provision of deemed approval of sanctioning building plans within 30 days.

- Both MCD and MCGM has introduced digital signing of building permit application, as well as maps, thereby eliminating need of physical submission of documents. The manual application for grant of construction permits has been discontinued.

- MCGM and MCD Single Window Application System have a provision for online transfer of application and receipt of NOC.

- There is an online common occupancy-cum-completion requirement form (COCCRF) which captures requirement of all agencies for granting OCC. This certificate is to be granted mandatorily within 22 days (15 days for inspection + 07 days for processing by MCD).

- MCD has completed the process of single window approval by integrating with internal departments as well as external Departments like DMRC, Delhi Fire Services, DUAC, AAI and NMA through a common application form. NOC from Labour Department of Delhi Government is not required if no manufacturing activity is being undertaken in the building.

- Infrastructure charges have been abolished by Delhi Jal Board Authority for commercial/ industrial connections. The development Charges for commercial and industrial water connections upto 50 sq. m is INR 45000 and above 50 sq. m is INR 0.5 Million (1 lakh). No NOC is required from DJB for building plan approval.

- MCGM has operationalized online building plan approval system with integration of all internal/external agencies. Applicant is only required to submit common application form (CAF) which captures the requirements of Municipal Corporation and that of all internal/external agencies like AAI, NMA, Fire, storm water drain, sewage, Tree Authority, Revenue Department, etc.

- Common Application Form provides an online calculator on the website to calculate fees and charges for the building proponent. Provision has been made for online payment of all fees/charges to MCGM. This is transferred to concerned agencies through e-payment.

- Timeframe for building plan approval has been fixed for 30 days, inspection for 07 days and OCC for 22 days, in all less than 60 days. There is a provision under Maharashtra State Right to Service Act, 2015 to ensure that such time commitments are adhered to else the concerned officers is to be penalized under law. In Mumbai, the building completion certificate and occupancy

certificate can now be processed simultaneously through single-window approval system.

- The Development Plan of Mumbai along with all plots has been mapped on GIS platform and the requirement for NOC from different agencies like AAI, NMA, etc. as Colour Coded Zonal Maps (CCZM) and have been superimposed on GIS Map of Mumbai. Hence, for every plot, building proponent can know which parts of common application form (CAF) is to be filled up. No NOC is required if the building area falls outside CCZM of any agency.
- Provisions have been introduced in the building regulations to ensure that parties (architect, engineer, construction company etc.) involved in the construction process are held legally liable for defects such as structural flaws or problems in the building once it is in use
- Mandated that any party (architect, engineer, Construction Company etc.) involved in the construction process is legally required to obtain a latent defect liability or decennial (10 years) liability—insurance policy to cover possible structural flaws or problems in the building once it is in use.
- MCD has introduced system of risk based classification in the amended UBBL for all categories. These classifications are used for fast-pacing the building plan approval, inspection and grant of occupancy-cum-completion certificate (OCC).

3. GETTING ELECTRICITY

- Owing to the efforts of Ministry of Power and Government of NCT of Delhi and Maharashtra, rank in 'Getting Electricity' indicator leaped from 137 in DBR 2015 to 26 in DBR 2017. A jump of 111 ranks!
- Number of procedures for obtaining an electricity connection reduced from 5 to 3, namely:
  - Online submission of application to utility and conduct site inspection
  - Load sanction and demand note generation
  - Utility does external connection and installs meter
- Online application for connections above 100KVA mandatory in Maharashtra and Delhi. Now, it takes only 15 days to get an electricity connection.
  - Tata Power has issued 250+ new connections above 50 KVA and 85000+ new connections below 50 KVA in less than 15 days in the last one year
  - Brihanmumbai Electricity Supply and Transport (BEST) has issued 40+ new connections above 50 KVA and 4900+ new connections below 50 KVA in less than 18 days in the last one year
- Delhi Electricity Regulatory Commission (DERC) has rationalized LT and HT tariff thereby allowing LT connections upto 150KVA.
- NOC/Consent to Establish is not required for getting industrial electricity connection for setting up new industries and projects.

- Amendments in Central Regulatory Authority regulation has been done to allow installation of transformers up to 500 KVA on double pole structure.
- Amendments in Central Regulatory Authority notification to waive off electrical approval for 11 KV installations carried out by DISCOMs and allowing self-certification by DISCOMs engineers.
- Supply Code Regulation and Standard of Performance (SOP) regulations have been modified by DERC and MERC to complete the process within 15 days.
- Automated systems to monitor outages implemented

4. **TRADING ACROSS BORDERS**

- Government has made only 3 documents mandatory for export and import which has made the process simpler and easier. There is significant reduction in time from 111 hours to 4 hours for imports and from 34 hours to 4 hours for exports after Central Board of Excise and Customs (CBEC) implemented Single Window Interface for Facilitating Trade (SWIFT).
- The launch of the Customs Electronic Commerce Interchange Gateway (ICEGATE) portal has allowed e-filing of integrated customs declaration, bill of entry and the shipping bill. ICEGATE also facilitates data and communication exchanges between applicants and customs.
- Other relevant developments include expanding the number of 24x7 customs clearance facilities, introducing changes to the period of warehousing, implementing an electronic messaging system between shipping lines and custodians for electronic delivery orders and reducing the number of required documents. This reform applies to both Mumbai and Delhi. 24X7 Customs clearance facility is available at 19 seaports and 17 Air Cargo complexes.
- CBEC has implemented Single Window Interface for Facilitating Trade (SWIFT) on the ICEGATE portal by integrating 6 other Departments viz. FSSAI, Animal Quarantine, Plant Quarantine, Drug Controller, Wildlife Control Bureau and Textile Committee for exports and imports. Also, online message exchange system under single window between Customs' ICEGATE and Plant Quarantine Information System (PQIS) has been implemented for import clearances of agricultural commodities.
- CBEC have merged the two facilitation schemes namely Accredited Client Programme (ACP) and Authorized Economic Operator (AEO) programme into a combined three-tier AEO programme to further provide facilitation/benefits to the exporters/importers for efficient custom clearance based on their compliance history
- Customs' risk management system has been extended to other regulatory agencies to ensure risk- based inspection.
- Terminal handling receipts have been eliminated from Jawaharlal Nehru Port Container Terminal, Gateway Terminals India and Nhava Sheva International Container Terminal by web based e-form 13.

- Filing of import and export declarations and manifests has been made online with digital signature. Importers, exporters using services of Customs Brokers, shipping lines and airlines can file customs documents under digital signature mandatorily.
- Electronic messaging system between shipping and custodians' i.e. electronic delivery order instead of manual, paper based delivery order has been introduced.
- The system of physical control and locking of public and private warehouses by Customs has been dispensed with and replaced by record based controls.
- The Import Data Processing and Management System (IDPMS) has also been launched to facilitate efficient data processing for payment of imports and effective monitoring.
- The port has reduced the "Gate in" time period for export containers from 5 days to 4 days which will further reduce export dwell time by another 24hrs.
- Indian Customs has done away with routine print-outs of several documents related to customs clearance including GAR 7 Forms/ TR 6 Challans, TP copy, Exchange Control Copy of Bill of Entry and Shipping Bill, and Export Promotion copy of Shipping Bill

5. RESOLVING INSOLVENCY

- The Insolvency and Bankruptcy Code, 2016 enacted as a law on 28th May, 2016.
- All the elements of the corporate insolvency eco-system, namely,
  - the National Company Law Tribunal (NCLT),
  - the National Company Law Appellate Tribunal (NCLAT),
  - the Insolvency Professionals (IP),
  - the Insolvency Professional Agency (IPA),
  - the Insolvency Professional Entity (IPE), and
  - the Insolvency and Bankruptcy Board of India

  have been made operational
- Eleven benches of the NCLT, approximately 1000 Insolvency Professionals, 3 IPAs and 2 IPEs are in operation
- The corporate insolvency provisions of the Code have been commenced w.e.f. 01/12/2016 and liquidation provisions w.e.f. 15/12/2016.
- At present 144 cases have been filed with various benches of National Company Law Tribunal (NCLT) and out of which 89 cases have been disposed of till date.

6. ENFORCING CONTRACTS

- On 7th January 2016, the Maharashtra High Court established Commercial Division benches and Commercial Appellate Division benches under the High Court.

- Commercial divisions and appellate divisions in Delhi High Court have been established.
- The Arbitration and Conciliation Act has been amended to reduce the time taken in arbitration proceedings and grounds on which an award may be challenged.
- National Judicial Data Grid (NJDG) was opened to general public on 19th September, 2015. NJDG is a national data warehouse for case data including case registration, cause list, case status and orders/judgments of courts across the country till District Level Courts.

7. REGISTERING PROPERTY

- Integration of Sub Registrars' offices with the Land Records Department has been completed. Registration data is being shared with the Land Records Department as part of the LR-SRO linkage under the National Land Records Modernization Program.
- The iSarita system available in all SR offices has enabled online registrations in Mumbai as well as rest of Maharashtra. iSarita is available over MPLS VPN connections in the SR offices.
- For citizens, various aspects of the registration process have been made available online:

  a) Citizens can review the property details using e-Search facility
  b)   Citizens can carry out data entry in the system before going to the SR offices using the Public Data Entry portal
  c) Appointment slots can also be booked using the eStepIn system, and
  d) make online payment using GRAS

- The grievance management system (a single window service portal) has already been implemented by Government of Maharashtra - called "Aaple Sarkar" portal.
  The Land Records (Cadastral mapping agency) related grievances are reported through "Aaple Sarkar" portal to the Land Records Department.
- Documents of last 30 years have been scanned and are available in eSearch; mortgages against properties are also available in eSearch. Negative property list is available in iSarita and the system issues alerts
- Year-wise historical statement for number of documents registered and revenue collected is publically available.
- All land parcel maps are already surveyed as a part of City Survey under section 122 and section 126 of MLRC 1966 and property cards (RoR) are present in Digital form for all privately held land plots.
- Necessary amendment has been made to mandate the adjudication of the cases/ disputes with regard to land within one year.
- In Mumbai, Service delivery standards have been introduced to provide maps within a specific time frame though an online portal

- In Mumbai, title search can be conducted online without requirement of any physical visit
- In Delhi, an electronic database for recording boundaries, checking points and providing cadastral information has been completed.
- Property tax dues can be accessed online free of cost by registered users (property owners) through Property Identity Number (PID).
- Online database has been developed for checking for encumbrances (liens, mortgages, restrictions and the like).
- In Delhi, grievances related to land can be made online on Department of Revenue's website through Registration Related Monitoring System.

8. GETTING CREDIT

- SARFAESI (Central Registry) Rules, 2011 has been amended. The amendment provides inclusion of additional types of charges such as security interest in immovable property by mortgage other than deposit of title deeds, hypothecation of plant and machinery, stocks, debt including book debt or receivables, intangible assets, etc. This amendment allows (Central Registry of Securitization Asset Reconstruction and Security Interest) CERSAI to register these additional charges. Over 100,000 charges on movables have been registered thus far.
- The amended SARFAESI Act 2002 provides priority to secured creditors to be paid first over all other debts and all revenues, taxes, cesses and other rates payable to the Central Government or State Government or local authority.

9. PAYING TAXES

- In recent times, the focus of the Indian Government is to gradually reduce the corporate tax rate from 30% to 25% in medium term. The Government is also focusing on increasing the incentives for the small businesses and the MSME (micro, small and medium enterprises) industrial base.
- The tax incentives provided to the small and medium sized businesses in the fiscal year 2016 include the reduction of corporate tax rate to 29% for the companies with turnover/gross receipts of INR 50 Million or less and reducing the tax rate to 25% for newly incorporated manufacturing companies. This has been further liberalised by reducing the corporate tax rate to 25% in the fiscal year 2017 for the companies with turnover/gross receipts of INR 500 Million or less. Also, tax incentive is provided to start-ups to promote setting up start-ups in India.
- The Government is driving a new mantra 'RAPID- revenue, accountability, probity, information and digitalization' for administrating the tax reforms. With project RAPID, Government is trying to achieve the goal of 'minimum government and maximum governance' and make tax compliances more taxpayer-friendly, transparent and eventually leading to widening of the tax

base. There are visible efforts to facilitate, inter alia, online payment of taxes and electronic filing, processing, analyzing and scrutiny of income tax returns.

- The Income tax department in India has initiated an E-proceeding facility for all taxpayers which is an expanded and extended form of e-assessment (audit) involving direct communication between the taxpayer and the Department for all Income Tax proceedings including assessment (audit).

- It is likely that Goods and Service Tax (GST) would be effective from 1 July 2017. GST will subsume all the indirect taxes and will be a game changer of these times. Under the GST regime, the registration number would be PAN based and the details furnished in the GST return would also be reported to Income Tax department. Also, the Tax Audit report would be furnished before the inspecting GST authority. Such dialogue between these tax departments would lead to reporting of consistent data by the taxpayer and would boost better, harmonized and efficient tax compliances within the Indian economy and widening of the tax base.

- Recently, the Provident Fund administrative charges have been reduced from 1.10% to 0.65% (change of .45%). This will reduce the overall tax rate in India.

- Payment of Employee State Insurance Corporation and Employee Provident Fund Organization contributions can now be made online through 58 banks, debit cards or credit cards.

- Sales tax department of Maharashtra has eliminated physical touch point for filing of tax returns, tax payment and tax compliances by introducing online return filing and online payment through GRAS (Government Receipt Accounting System) for VAT, CST, Profession tax, Luxury Tax and Entry Tax.

- In India, the revision of return of income is a completely online process and revision by itself is not a criteria for selection of a case for scrutiny (audit). In India, selection of a case for scrutiny is based on several parameters under the Computer Aided Selection for Scrutiny (CASS) program.

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