

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1842
TO BE ANSWERED ON DECEMBER 21, 2018

ECONOMIC REFORMS

1842. DR. KIRIT P. SOLANKI:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the economic reforms undertaken by the Government in pursuance of the initiative of ease of doing business in this country;
- (b) the new opportunities offered to the MNCs in furtherance thereof;
- (c) whether the Government has put in place any mechanism to keep track of each such single reform and if so, the details thereof; and
- (d) whether the Government has undertaken advanced planning to reach a certain milestone by the end of 2030 and if so, the details thereof ?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PON RADHAKRISHNAN)

(a) to (d) Government of India, in partnership with State Governments, has undertaken a number of reforms both at Central and State level to improve the Ease of Doing Business in the country, which are given at Annexure. The reforms undertaken by the Government are beneficial to all businesses in general. As improvements in the business environment is a continued process, no specific target has been fixed to reach a certain milestone by the end of 2030. Government is, however, working towards removing obstacles in the smooth functioning of businesses. Department of Industrial Policy and Promotion (DIPP) monitors implementation of reforms identified for improving India's rank in the World Bank's Doing Business Report. India has improved its rank by 65 places from 142 to 77 in last 4 years since 2014. DIPP has a State level Business Reforms Action Plan online portal at (<http://eodb.dipp.gov.in>) on which all reforms carried out by the State Governments can be accessed.

**ANNEXURE REFERRED TO IN REPLY TO PARTS (a) to (d) OF
THE LOK SABHA UNSTARRED QUESTION NO.1842
DUE FOR ANSWER ON 21.12.2018.**

Some of the steps taken by the Government to improve the Ease of Doing Business in the Country are given below:

(a) Starting A Business:

- Starting a business has been made faster by introducing a single form SPICe (Simplified Proforma for Incorporating Company electronically) and merging five different applications in it i.e. Name reservation, Company incorporation, Director Identification Number (DIN), Permanent Account Number (PAN) and the Tax Deduction/Collection Account Number (TAN), and by improving the online application system.
- Launch of a new and simplified web based service i.e. R.U.N. (Reserve Unique Name) for reserving a name. This has also removed the requirement to use a Digital Signature Certificate (DSC) during name reservation.
- The requirement to issue a physical PAN card has been eliminated. Additionally, PAN and TAN are mentioned in the Certificate of Incorporation (CoI) which is considered as a sufficient proof for PAN and TAN.
- Common registration for EPFO & ESIC is provided on Shram Suvidha Portal in Mumbai.
- Registrations under Mumbai Shops & Establishments Act are provided instantly without any physical inspection.

(b) Dealing with Construction Permits:

- The process of obtaining a building permit has been streamlined and made faster and less expensive to obtain a construction permit.
- Implementing an online system that has streamlined the process of obtaining building permit at the Municipality of New Delhi and Municipality of Greater Mumbai.
- It also improved building quality control by introducing decennial liability and insurance.

(c) Getting Electricity:

- In Delhi, service line charges have been capped to INR 25,000/- in electrified areas for Low Tension loads up to 150 KW.
- Time taken by the utility to carry out external connection works has been reduced.

(d) Access to credit :

- Access to credit has been strengthened by amending its insolvency law. The new amendment in the Insolvency and Bankruptcy Code (Amendment) Act, 2018 establishes that secured creditors are paid first during business liquidation, and hence have priority over other claims such as labour and tax.

(e) Paying Taxes:

- Paying taxes has been made easier by replacing many indirect taxes with a single indirect tax, Goods and Service Tax (GST), for the entire country.
- The previous sales taxes including the central sales tax, CENVAT, state VAT and the service tax have been merged into the GST. Unification of these taxes will reduce the cascading effect of taxes and make taxes paid on inputs creditable to a higher percentage.
- Corporate income tax has been reduced from 30% to 25% for companies with a turnover up to INR 250 crores.
- Administrative charges on The Employees' Provident Funds Scheme, 1952 (EPFS) have been reduced in March 2017 from 0.85% to 0.65% of the monthly pay. The Employees' Deposit Linked Insurance (EDLI) administrative charges of 0.01% have been removed.

(f) Trading Across Borders:

- The time and cost to export and import has been reduced through various initiatives, including the implementation of electronic sealing of containers, upgradation of port infrastructure and allowing electronic submission of supporting documents with digital signatures.
- Enhancement of risk-based inspections for both imports and exports, whereby only about 5% of goods are physically inspected.
- Adoption of the Advance Bill of Entry which allows importers to start the process of customs clearance before the arrival of the vessel.
- Upgrading equipment on the Nhava Sheva Port in Mumbai by adding 15 new Rubber Tyre Gantry Cranes. The Phase 1 of the Fourth Container Terminal at the Jawaharlal Nehru Port Trust, with an additional annual capacity of 2,400,000 TEUs, was completed in February 2018.
- The new container terminal, Adani CMA Mundra Terminal Private Limited has been fully operational since June 2017, with an additional annual capacity of 1,300,000 TEUs.
- Implemented in April 2018, e-Sanchit is an online application system, under the Single Window Interface for Trade (SWIFT) that allows traders to submit all supporting documents electronically with digital signatures.
