

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE
LOK SABHA**

**UNSTARRED QUESTION NO. 2213.
TO BE ANSWERED ON WEDNESDAY, THE 04TH MARCH, 2020.**

EODB SURVEY IN STATES

**2213. DR. A. CHALLAKUMAR:
SHRI CHANDRA PRAKASH JOSHI:**

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

वाणिज्य एवं उद्योग मंत्री

- (a) the Country's present ranking in 'Ease of Doing Business' (EODB) in the world;
- (b) whether the Government has initiated an extensive EODB survey in States with an objective to improve the business climate and if so, the details thereof;
- (c) whether online single window has been launched at the Central and State levels so as to simplify the business regulation and if so, the details thereof; and
- (d) the measures taken/proposed to be taken by the Government to boost business regulatory environment in the Country and improve Country's ranking in the EODB?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)

**THE MINISTER OF COMMERCE & INDUSTRY
(SHRI PIYUSH GOYAL)**

- (a): In the latest Doing Business Report (DBR), 2020 released by the World Bank on 24th October, 2019, India stands at 63rd position out of 190 countries. Since 2014, India's rank has gone up from 142 to 63 in 2019.
- (b): Yes Sir, the Department for Promotion of Industry and Internal Trade (DPIIT) started a comprehensive reform exercise, State Reform Action Plan, in States and Union Territories (UTs) in December, 2014. The details are given in Annexure-A.
- (c): The State Reforms Action Plan prepared by Department for Promotion of Industry and Internal Trade (DPIIT) requires States and UTs to have a Single Window System across various Departments with the following features:
 - i. Allow online submission of application without the need to submit physical copies of the application.
 - ii. Eliminate physical touch-point for document submission and verification.
 - iii. Allow applicant to track status of application online.

- iv. Ensure the applicant receives an SMS/e-mail notification as and when the application is submitted and/or query is raised and/or application is approved/rejected.
- v. Mandate that all queries/clarifications related to investors' application are sought in one go and within 7 days of receipt of the application.

Under the assessment exercise of States/UTs for the year 2017-18, 21 States/UTs have designed and implemented online Single Window System. Further, the States Reform Action Plan, 2019 requires States and UTs to develop an online Information Wizard equipped with a feature to provide links to online application forms for licenses/ NOCs required by users and their relevant notifications. Under the reform area Construction Permits Enablers, States and UTs are required to mandate timelines for grant of construction permits/NOCs and to provide these services the online single window system.

- (d):** The details of reforms undertaken to improve business regulatory environment in the country thereby improving India's ranking in the World Bank's Doing Business Report are given in Annexure-B.

**ANNEXURE REFERRED TO IN REPLY TO PART (b) OF LOK SABHA
UNSTARRED QUESTION NO. 2213 FOR ANSWER ON 04.03.2020.**

Regulatory Reforms in States- State Reform Action Plan (SRAP)

The Department spearheaded a dynamic reform exercise that commenced in 2014 to rank all the States/UTs in the country based on implementation of designated reform parameters. The aim of this exercise is to create a conducive business environment by streamlining regulatory structures and creating an investor-friendly business climate.

A 98 point action plan was finalised and shared with States/UTs. Subsequently, a report titled "Assessment of State implementation of Business Reforms" was released in September, 2015 capturing the findings of reforms implemented by States/UTs. World Bank also partnered with DPIIT in this reform plan and to give the exercise momentum, 18 joint workshops were conducted along with World Bank specialists to help Departments concerned across States/UTs understand the essence of the reforms better.

In 2016, DPIIT released a 340-point action plan which was drafted in consultation with all States/UTs which included recommendations on 58 regulatory processes, policies and process spread across 10 reform areas spanning the lifecycle of a typical business.

DPIIT took up policy measures like enacting the Public Service Delivery Guarantee Act to ensure timely processing, setting up of a single window agency through legislation to serve as a single point of contact for all licensing required by businesses, mandating joint inspection under 10 labour Acts, etc. Extensive work was done to streamline inspections and best practices across 10 different countries were studied for the same. DPIIT also developed an online portal, which can be accessed at <http://eodb.dipp.gov.in>, wherein all the reforms implemented by States/UTs are accessible for public viewing. The portal also gives dynamic ranking which updates, as and when, any of the reform points are recognized and approved.

Final ranking of States/UTs on implementation of the 340 points were released on 31st October, 2016 with a national implementation average of 48.93%, significantly higher than national average of 32% in 2015.

The reform exercise in 2016 saw 12 States achieved more than 90% implementation score and some noteworthy achievements include 16 States implemented online Single Window System with functionality for online application submission, payment and approvals, 15 States developed a GIS system to provide details about the land earmarked for industrial use across the State, 13 States/UTs set up commercial courts at the district level, etc.

In 2017-18, the reform exercise was updated to 372 action points with additions introduced such as Central Inspection system, Trade License, Registration under

Legal Metrology, and Registration of Partnership Firms & Societies. DPIIT had taken numerous initiatives for the reform process as listed below:

- A nationwide workshop was held on 29th July, 2017 to discuss the relevance and importance of implementing reforms. The all-day conference witnessed an active involvement of almost 100 participants from 26 States/UTs. The workshop witnessed sharing of the best practices by States/UTs
- A unique handholding method was introduced where leading States were partnered with laggard States/UTs. West Bengal merits a special mention for its effort for conducting a 3 day workshop for Nagaland
- Priority reforms was identified for North east States and others with low implementation score
- 8 workshops were conducted along with the World Bank to address queries posed by States/UTs in Tripura, Punjab, Haryana, Daman & Diu, Dadra Nagar Haveli, Andaman and Nicobar Islands, Goa and Karnataka
- To handhold all the 8 north-eastern States, video conferences were arranged.

The assessment of Business Reform Action Plan, 2017-18 was released jointly by DPIIT and the World Bank on 10th July, 2018. The respective position of the States is given in the table below.

| TOP ACHIEVERS (Above 95%) | | ACHIEVERS (90-95%) | | FAST MOVERS (80 - 90%) | | ASPIRERS (BELOW 80%) | |
|------------------------------|-------------------|--------------------|------------------|---------------------------|---------------------|----------------------|------------------------------|
| Rank | State | Rank | State | Rank | State | Rank | State |
| 1 | ANDHRA PRADESH | 10 | WEST BENGAL | 16 | HIMACHAL PRADESH | 19 | GOA |
| 2 | TELANGANA | 11 | UTTARAKHAND | 17 | ASSAM | 20 | PUNJAB |
| 3 | HARYANA | 12 | UTTAR PRADESH | 18 | BIHAR | 21 | KERALA |
| 4 | JHARKHAND | 13 | MAHARASHTRA | | | 22 | JAMMU & KASHMIR |
| 5 | GUJARAT | 14 | ODISHA | | | 23 | DELHI |
| 6 | CHHATTISGARH | 15 | TAMIL NADU | | | 24 | DAMAN & DIU |
| 7 | MADHYA PRADESH | | | | | 25 | TRIPURA |
| 8 | KARNATAKA | | | | | 26 | DADRA & NAGAR HAVELI |
| 9 | RAJASTHAN | | | | | 27 | PUDUCHERRY |
| | | | | | | 28 | NAGALAND |
| | | | | | | 29 | CHANDIGARH |
| | | | | | | 30 | MIZORAM |
| | | | | | | 31 | ANDAMAN & NICOBAR ISLANDS |
| | | | | | | 32 | MANIPUR |
| | | | | | | 33 | SIKKIM |
| | | | | | | 34 | ARUNACHAL PRADESH |
| | | | | | | 34 | LAKSHADWEEP |
| | | | | | | 34 | MEGHALAYA |

Some important achievements under the exercise are as follows:-

- 19 States have designed an Information Wizard providing information for all approvals, licenses, registrations timelines, procedure to establish business/industrial unit (pre-establishment & pre-operation)

- 21 States/UTs have designed and implemented online Single Window System
- 16 States/UTs have stipulated Construction Permits to be provided within 45 days (Building plan approval to be provided in 30 days/ Plinth level inspection to be completed in 7 days, final occupancy certificate provided in 8 days). Telangana, Assam and Tamil Nadu have mandated even shorter timelines of 29, 30 and 37 days, respectively. Tamil Nadu has claimed to have done away with the process of issuance of completion certificate
- 21 States/UTs have implemented a GIS system to provide details about the land earmarked for industrial use across the State
- 23 States/UTs have reduced the number of documents required for Obtaining Electricity connection to only 2
- 18 States/UTs have brought all compliance inspections conducted by Labour, Factories, Boilers Departments and Pollution Control Boards under Central Inspection Framework
- 12 States/UTs have merged of the payment of court fees and process fees into a single transaction with some states like Jharkhand, Maharashtra, and Gujarat even repealing process fees from the Court Fees Act
- 29 States/ UTs have notified a list of white category industries exempted from taking pollution clearances.

New sector specific reforms were added in 2017-18, States/ UTs have shown an active participation, with 20 States/UTs implementing an online application system Wholesale Drug License and Retail Drug License (Pharmacy), 18 States/UTs have online systems for Registration of Partnership firms and Societies, 20 States/UTs have implemented an online system for registration and renewal under the Legal Metrology Act, 2009.

An important addition to methodology under SRAP 2017-18 had been the inclusion of a feedback exercise wherein feedback was sought on 78 reform points from actual users. The respondent data was provided by the States/UTs across various categories viz. Architect/ lawyers/ new and existing business and electrical contractors. The reform plan's implementation and evolution has been successful in inculcating among States/UTs' aspiration to improve the business regulatory environment.

State Reform Action Plan 2019-20

Assessment under SRAP 2019-20 is based only on the feedback received from service users and industries. The draft Action Plan has been thoroughly revised and compiled to include 80 points substantially derived from the 372 points SRAP 2017-18. The selection of action points was done considering 100 % feedback based scoring and comments received from States.

**ANNEXURE REFERRED TO IN REPLY TO PART (d) OF LOK SABHA
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Some of the major indicator wise reforms undertaken by the Government towards easing the business environment in the country are as under:

(a) Starting A Business:

- Ministry of Corporate Affairs has notified a new Web form called SPICe+ replacing the existing SPICe form. SPICe+ would offer 10 services like Incorporation, DIN allotment, mandatory issue of PAN and TAN, mandatory registration of EPFO and ESIC, mandatory issue of Profession Tax registration in case of companies being incorporated in Maharashtra, opening of Bank account of the company and allotment of GSTN.
- Removing the requirements of company seal, minimum capital and obtaining certificate of commencement.
- Incorporation fee has been eliminated for companies with authorized share capital up to INR 15 lakh.
- 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.
- Registrations under Mumbai Shops & Establishments Act are provided instantly through an online application removing requirement of physical inspection.

(b) Dealing with Construction Permits:

- Implementing an online system that has streamlined the process of obtaining building permit at the Municipality of New Delhi and Municipality of Greater Mumbai by providing a single window. All agencies involved in granting clearance for construction have been integrated on the portal and applicant is no longer required to visit each agency individually.
- Joint Inspections by various agencies have been introduced to reduce multiple interaction by the applicant.
- The new system has reduced number of procedures and time taken in grant of construction permit.

(c) Getting Electricity:

- The number of processes involved has been reduced by elimination of non-essential processes. This has also reduced the time taken for grant of a new electric connection.
- The number of documents required has been restricted to (i) a proof of identity, (ii) a proof of address/ownership/occupancy, and (iii) for artificial persons a proof of authority.

- A load based estimate has been introduced to reduce time taken in this process.

(d) Getting Credit :

- Secured creditors are paid first during business liquidation, and hence have priority over other claims such as labor and tax.

(e) Paying Taxes:

- Payments for the contribution for EPFO and ESIC were made online.
- 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:

- 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 NhavaSheva 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.

(g) Enforcing Contracts

- The Commercial Courts Act 2015 was amended to reduce the pecuniary jurisdiction of commercial courts at district level from INR 1 crore to INR 3 lakhs. 75 courts in Delhi and 16 courts in Mumbai were designated as commercial courts.
- Tools for e-Court management were introduced in Delhi and Mumbai to facilitate greater control and transparency in the matter of court procedures. These tools were made available to judges and lawyers.

(h) Resolving Insolvency

- Introduction of the Insolvency & Bankruptcy Code, 2016 (IBC) has brought a paradigm shift in handling of corporate insolvency. The emphasis has been to ensure that instead of piecemeal sale of its asset, as viable unit is disposed of as a going-concern.
- IBC has given time bound procedure for disposal of corporate insolvency thereby limiting possibility of delays in the process.
