



How To Break Into The Top 50

Enhance jobs and GDP growth by further improving ease of doing business and slashing red tape

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Three years back in his very first interaction with Secretaries, Prime Minister Narendra Modi had expressed his anguish at India's poor performance in World Bank's Ease of Doing Business. His view was that India has made itself a highly complex, difficult and complicated place to do business in and it was necessary that rules, regulations and procedures built over the years are dismantled so that India becomes easy for investors.

In the last three years this work has been undertaken with single minded pursuit, structural reforms vigorously driven, procedures simplified, rules modified and almost 1200 laws abolished. The measures put together have been unprecedented.

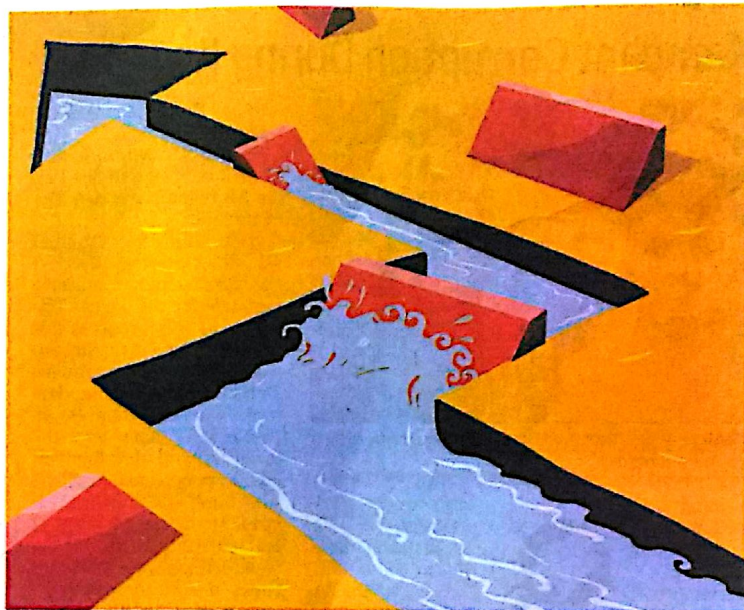
In the last three years India's Ease of Doing Business rank has jumped up from 142 to 100—a jump of 42 positions. The World Bank's ranking is important as it is widely publicised and plays a significant role in positioning and branding a nation.

India is a very large country, and much of the action relating to investments has shifted to states. It is therefore necessary that we make states easy and simple to do business in. Government has initiated competition amongst states and union territories on defined outcomes of Ease of Doing Business.

There has been heavy competition. In the first year Gujarat came number one. The second year, Telangana and Andhra Pradesh beat Gujarat for the first spot. The best thing was that the mineral rich states of Jharkhand and Chhattisgarh competed heavily and came fourth and fifth.

Competition amongst states has now become intense. Since ranking was being put in public domain there was heavy pressure on chief ministers and state bureaucracy to perform and deliver. Clearly good governance is now becoming good politics.

Learning from this example, NITI Aayog has carried this principle forward for state rankings on defined outcomes in the field of health, education and composite water management. While we have challenged the states, we are also



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partnering them to radically improve their performance before ranks are announced. This in many ways has been a unique experience of competitive federalism.

India making a substantial jump of 30 ranks is extremely noteworthy as it is very rare and difficult for large countries to make a quantum jump. A jump of 30 ranks has rarely been seen before. However India needs to radically improve in dealing with construction permits where it ranks 181, enforcement of contracts where it is ranked 164, starting a business where it is 156, trading across borders where it is 146 and registering property where it is still at 154.

What does India need to do improve its position in these parameters and break into the top 50 in the next two years?

In registering property the critical challenge is that records related to land are spread across many departments, sub-registrar's office, land records, banks for mortgages and courts in cases of disputes. This means that a buyer must visit every single department separately to find the records. Therefore reducing the search

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time will require massive digitisation at various offices and linking records together using a unique ID.

In enforcement of contracts the establishment of dedicated commercial courts at the district court level in Delhi and Mumbai can go a long way towards reducing time taken for resolving commercial disputes. These courts should also introduce online electronic case management systems and should rigorously abide by the civil procedure code limit of a maximum of three adjournments per case.

Despite important reforms in starting a business India continues to be ranked poorly because other countries have reformed faster. India's rank can benefit

from further integrating registration processes into a single form by converging GST with PAN/TAN registration, integrating EPFO and ESIC and also shops and establishment registration processes. It also needs business process re-engineering to reduce the propensity to inspect by switching to real time registration and a culture of risk-based verifications. This requires cutting layers of bureaucracy.

In trading across borders, India has implemented far reaching reforms but private sector feedback seems to indicate that the impact is still to be felt. We need to do extensive process re-engineering to ensure that all approving authorities in the customs clearance process deliver seamless online approvals and bring shipping lines on board to deliver timely online service.

While reforms in dealing with construction permits have been acknowledged there is scope for greater improvement. Further reforms require integration of central and state governments' NOC departments with the municipal corporation, single windows to ensure online approvals and service delivery, using GIS to provide transparent and conclusive information on permissions required and risk based principles to reduce the number of inspection and approvals.

Lastly, we need to train staff in all our departments so that they become champions of reforms and provide correct advice to applicants.

India must continue to accelerate the momentum of reforms in the coming years. It has demonstrated the political will for structural reforms and the ability to converge and integrate across departments. Providing greater vigour, energy and dynamism to this movement will enable India to definitely break into the top 50 in the next two years.

There will be many challenges. Bureaucracy must continue to be an active agent of process re-engineering, hard reforms must be pushed vigorously, administrative blocks eliminated and silos broken down. India's ambition must be to become the easiest and simplest place for investors to do business in.

The writer is CEO, NITI Aayog. Views are personal