

REPORT NO.

122



सत्यमेव जयते

**PARLIAMENT OF INDIA
RAJYA SABHA**

**DEPARTMENT-RELATED PARLIAMENTARY STANDING COMMITTEE
ON COMMERCE**

ONE HUNDRED TWENTY SECOND REPORT

Ease of Doing Business

*(Presented to the Rajya Sabha on 21st December, 2015)
(Laid on the Table of Lok Sabha on 21st December, 2015)*



**Rajya Sabha Secretariat, New Delhi
December, 2015/Agrahayana, 1937 (Saka)**

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COMPOSITION OF THE COMMITTEE
(Constituted w.e.f. 1st September, 2014)

1. Dr. Chandan Mitra — *Chairman*

RAJYA SABHA

2. Shri Joy Abraham
3. Dr. Ashok S. Ganguly
4. Shrimati Thota Seetharama Lakshmi
5. Dr. Vijay Mallya
6. Shri Shantaram Naik
7. Shri D. Kupendra Reddy
8. Shri Jesudasu Seelam
9. Dr. C.P. Thakur
- #10. Shri Vayalar Ravi

LOK SABHA

11. Shri Sultan Ahmed
12. Shri Subhash Chandra Baheria
13. Shri Abhishek Banerjee
14. Shri Bodhsingh Bhagat
15. Shri Jitendra Chaudhury
16. Shri Chhotelal
17. Shri Sudheer Gupta
18. Dr. Kambhampati Haribabu
19. Shri Galla Jayadev
20. Shri Chandra Prakash Joshi
21. Shri Prabakaran K.R.P.
22. Shrimati Kavitha Kalvakuntla
23. Shri Dhananjay Mahadik
24. Shri Kamal Nath
25. Shri T. Radhakrishnan
26. Shri Janak Ram
27. Shri D.S. Rathod
28. Shri Charanjeet Singh Rori
29. Adv. Narendra Keshav Sawaikar
30. Shri Vinod Kumar Sonkar
- @31. Shri Kamlesh Paswan

#Retired w.e.f. 21st April, 2015 and nominated afresh w.e.f. 30th July, 2015.

@Nominated w.e.f. 25th March, 2015 *vice* Shri Ram Charitra nominated to Committee on Transport, Tourism and Culture.

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(Constituted w.e.f. 1st September, 2015)

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17. Shri Jayadev Galla
18. Shri Sudheer Gupta
19. Shri Chandra Prakash Joshi
20. Shrimati Kavitha Kalvakuntla
21. Dr. Hari Babu Kambhampati
22. Shri Dhananjay Mahadik
23. Shri Kamal Nath
24. Shri Kamlesh Paswan
25. Shri K.R.P. Prabakaran
26. Shri T. Radhakrishnan
27. Shri Janak Ram
28. Shri Dipsinh Shankarsinh Rathod
29. Shri Charanjeet Singh Rori
30. Adv. Narendra Keshav Sawaikar
31. Shri Vinod Kumar Sonkar

Consequent upon expiry of his term in the Council of States w.e.f. 17th November, 2015, ceased to be a Member of the Committee.

SECRETARIAT

Shri S.K. Verma, *Joint Secretary and Financial Adviser*

Shri A.K. Gandhi, *Director*

Shri Narendra Kumar, *Joint Director*

Shri Amit Kumar, *Assistant Director*

COMPOSITION OF THE SUB-COMMITTEE

(Constituted w.e.f. 23rd April, 2015)

1. Dr. Chandan Mitra — *Chairman*

RAJYA SABHA

2. Dr. Ashok S. Ganguly
3. Shri D. Kupendra Reddy
4. Shri Vayalar Ravi

LOK SABHA

5. Shri Sultan Ahmed
6. Shri Jitendra Chaudhury
7. Shri Sudheer Gupta
8. Dr. Hari Babu Kambhampati
9. Shrimati Kavitha Kalvakuntla
10. Adv. Narendra Keshav Sawaikar
11. Shri Vinod Kumar Sonkar
12. Shri Kamlesh Paswan

COMPOSITION OF THE SUB-COMMITTEE
(*Re-Constituted w.e.f. 2nd September, 2015*)

1. Dr. Chandan Mitra — *Chairman*

RAJYA SABHA

- *2. Dr. Ashok S. Ganguly
3. Shri D. Kupendra Reddy
4. Shri Vayalar Ravi

LOK SABHA

5. Shri Sultan Ahmed
6. Shri Jitendra Chaudhury
7. Shri Sudheer Gupta
8. Dr. Hari Babu Kambhampati
9. Shrimati Kavitha Kalvakuntla
10. Adv. Narendra Keshav Sawaikar
11. Shri Vinod Kumar Sonkar
12. Shri Kamlesh Paswan

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Shri S.K. Verma, *Joint Secretary & Financial Adviser*

Shri A.K. Gandhi, *Director*

Shri Rakesh Naithani, *Joint Director*

Shri Goutam Kumar, *Assistant Director*

* Consequent upon expiry of his term in the Council of States *w.e.f.* 17th November, 2015, ceased to be a Member of the Sub-Committee.

INTRODUCTION

I, the Chairman of the Department Related Parliamentary Standing Committee on Commerce, having been authorised by the Committee, present this One Hundred Twenty Second Report on Ease of Doing Business.

2. The Sub-Committee on Ease of Doing Business was constituted on 23rd April, 2015 specifically to examine various issues involved and to suggest changes so as India improves its 'Ease of Doing Business' rankings and attains a rank within the top 50 Countries by the year 2017. The Sub-Committee was re-constituted on 2nd September, 2015.

3. The Sub-Committee was aware that the Government is already seized of this matter and serious efforts are being made to improve the business climate within the country. However, the Sub-Committee through its deliberations with all stakeholders intended to give an impetus to the already initiated Governmental efforts.

4. In order to have in-depth understanding of the subject, the Sub-Committee held eight sittings in all. A Press Release inviting suggestions from all stakeholders on the subject was published in the leading national and regional newspapers on the 14th July, 2015 and was also telecast on Doordarshan, Akashvani and Rajya Sabha Television (RSTV) at regular intervals. In response to its Press Communique, the Sub-Committee received 65 memoranda (**Appendix IV**).

5. The Sub-Committee during the process of examination of the subject heard more than 80 witnesses (**Appendix - V**), who gave their valuable insights and suggestions on the subject.

6. The Sub-Committee wishes to express its heartfelt gratitude to the representatives of the DIPP and all other connected Ministries, Departments and State Governments of Andhra Pradesh, Gujarat and Punjab for furnishing necessary information/documents and rendering valuable assistance to it in all its deliberations. The Sub-Committee also extends its thanks to all the distinguished persons who appeared before it and placed their considered views on the subject and furnished written notes and inputs, as and when the Sub-Committee desired, in connection with the examination of the subject.

7. The Committee in its meeting held on 17th December, 2015 considered and adopted the present report.

NEW DELHI;
December 17, 2015
26 Agrahayana, 1937 (Saka)

DR. CHANDAN MITRA
Chairman,
Department-Related Parliamentary
Standing Committee on Commerce
Rajya Sabha

ACRONYMS

BIFR	Board for Industrial and Financial Reconstruction
CA	Chartered Accountant
CBDT	Central Board of Direct Taxes
CBEC	Central Board of Excise & Customs
CENVAT	Central Value Added Tax
CEPI	Comprehensive Environmental Pollution Index
CHA	Custom House Agent
CIT	Commissioner of Income Tax
COD	Chemical Oxygen Demand
CPC	Code of Civil Procedure, 1908
CrPC	Code of Criminal Procedure, 1973
CRZ	Coastal Regulation Zone
CS	Company Secretary
DDA	Delhi Development Authority
DERC	Delhi Electricity Regulatory Commission
DGFT	Director General of Foreign Trade
DIPP	Department of Industrial Policy & Promotion
DRT	Debt Recovery Tribunal
ECS	Electronic Clearance Service
EDI	Electronic Data Interchange
EPFO	Employees Provident Fund Organisation
ESIC	Employees' State Insurance Corporation of India
FII	Foreign Institutional Investor
GIDC	Gujarat Industrial Development Corporation
GIS	Geographic Information System
GPCB	Gujarat Pollution Control Board
ICT	Information & Communication Technology
IT Act	Income Tax Act

ITAT	Income Tax Appellate Tribunal
JNPT	Jawaharlal Nehru Port Trust
KYC	Know Your Customer
MAT	Minimum Alternate Tax
MCD	Municipal Corporation of Delhi
MERC	Maharashtra Electricity Regulatory Commission
MIDC	Maharashtra Industrial Development Corporation
NCLAT	National Company Law Appellate Tribunal
NCLT	National Company Law Tribunal
NDMC	New Delhi Municipal Corporation
NPA	Non-Performing Assets
OCIs	Oversea Citizenship of India
PAN	Permanent Account Number
TAN	Tax deduction & Collection Account Number
PIOs	Persons of Indian Origin
RMS	Risk Management System
SARFAESI	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SEZ	Special Economic Zone
SICA	Sick Industrial Companies Act. 1985
TIN	Tax Information Network
VAT	Value Added Tax
WTO	World Trade Organisation

REPORT

“I sit on a man’s back choking him and making him carry me, and yet assure myself and others that I am very sorry for him and wish to ease his lot by all possible means - except by getting off his back.”

-Leo Tolstoy

A Fact Sheet on the Ease of Doing Business

The Hon’ble Prime Minister of India during the launch of ‘Make in India’ initiative on 25th September, 2014 had made an announcement that the Government of India shall be bringing increased transparency in its decision making and would push for Ease of Doing Business so that India occupies a rank within the top 50 countries in the Ease of Doing Business evaluation done by the World Bank. When this Sub Committee took up the task of looking at the various matrices of rankings in the World Bank study, India was ranked at 142nd position amongst 189 nations in the World Bank’s Ease of Doing Business Study-2015. Except for two parameters (Getting Credit and Protecting Minority Investors) India did not even feature in the top 100 in the remaining parameters. For two parameters *viz.* ‘Dealing with Construction Permits’ and ‘Enforcing Contracts’, India ranked in the bottom 10 economies.

1.1 India’s developmental performance post 1991 has been exceptional with a large number of people coming out of the poverty line. It is an accepted norm that the poor getting a job or starting a business is the most effective way to get out of poverty. Regardless of the conclusions of various empirical studies or methodology applied, it remains true in effect that better paid work is extremely critical in lifting people out of the vicious cycle of poverty. Also, the Government in this context plays an important role by creating a regulatory environment that is conducive to job creation, growth and entrepreneurship by encouraging the private sector. The Government of India recognises the importance of the regulatory environment in promoting job growth and entrepreneurship. The Government is equally aware of the need for creation of a policy environment that is transparent, stable and predictable. It is a known fact that businesses in India have to interact with multiple numbers of authorities and there is little coordination amongst them. Each authority acts as per its own particular mandate. This can be observed in the very high number of procedures comparatively that are required for doing business. From the business perspective it increases the compliance cost both in terms of time and resources whereas from the Government’s perspective, it enhances the complexity in administering regulations and making enforcement more and more difficult.

1.2 It has been seen that the best and the most efficient governments in the world have developed systems that promote efficient coordination and information sharing among various agencies and departments. This has been done through a single interface with the business stakeholders and taking calculated risk based approach in selecting a miniscule number of cases for scrutiny in areas of high risk of activities, whereas procedures and requirements for low risk categories are kept to a bare minimum. The regulatory framework in India remains

fragmented. Despite digitization through use of information technology, the systems continue to have requirement for production of physical papers and human interface. Strengthening and easing of the regulatory framework needs consultation and coordination with different stakeholders. There is also an urgent need for clear communication about the improvements that have been brought about to both the public and private sectors. It has been felt that the Governments that have succeeded in rapidly enhancing the ease of doing business rankings took a comprehensive approach that attracted improvements across multiple areas of their economy. Several countries have in consultation and collaboration with the private sector strengthened their regulatory mechanisms as without appreciating and understanding the concerns of the private sector and the barriers that prevent them from starting, operating and growing their businesses, no government can succeed in bringing about a possible difference in the situation of its economy and citizens.

1.3 India's overall ranking as well as the rankings based on various individual parameters clearly show that India is in urgent need of reforms so as to unlock huge economic potential of the nation. The reforms need to be initiated at various levels central, state, city administration, urban planning, district level etc. A coming together of bold and necessary reforms in various areas will herald a new era of high value investments, infrastructure growth, job creation, skill development and economic prosperity for the country.

1.4 The 'Make in India' campaign launched by Government of India is aimed at making India a manufacturing hub while eliminating unnecessary laws and regulations. On the one hand it targets easier and shorter bureaucratic processes and procedure and on the other hand it intends to make government more responsive, transparent and accountable. To make the campaign a success States have a vital role to play in promoting investor confidence. The ease or difficulty of doing business in a State is a function of the structures/framework put in place by the States alongwith its effective implementation.

1.5 World Bank's Doing Business Report takes the cities of Mumbai and Delhi as the focus areas and evaluates their performance on ten indicators and gives a comparative ranking on each of the parameters in comparison to other countries around the World. The ten indicators are:

- (i) Starting a Business
- (ii) Dealing with Construction Permits
- (iii) Getting Electricity
- (iv) Registering Property
- (v) Getting Credit
- (vi) Protecting Minority Investors
- (vii) Paying Taxes
- (viii) Trading Across Borders
- (ix) Enforcing Contracts
- (x) Resolving Insolvency

1.6 DIPP acts as the Nodal Department in partnership with the World Bank for this exercise. Besides this, a comprehensive exercise to supplement the mandate of Government of India, the DIPP has also undertaken a commendable exercise on “Assessment of State Implementation of Business Reforms”. The DIPP’s assessment of state-level reforms related to business in India was undertaken to examine the extent to which State Governments have implemented the 98 point action plan issued to them in early 2015. The objective of the DIPP study was to ensure that reform measures which have been implemented on the ground have a visible impact on ease of doing business. This process has unleashed a spirit of competitive federalism and hopefully will go a long way in making India an easier place to do business.

2. The Sub-Committee during the process of examination of the subject heard more than 80 witnesses, who gave their suggestions on the subject. The Sub-Committee at its first meeting held on the 8th July, 2015 discussed the roadmap and the timeline for achieving its desired objectives within a specific timeframe and decided to issue a Press Release in National and Regional Dailies inviting suggestions from stakeholders on the subject. Thereafter, the Sub-Committee recorded the views of DIPP in that sitting. Secretary, DIPP made a detailed presentation before the Sub-Committee and elaborated on the initiatives being taken by the Government to improve the environment for doing business. He submitted that improving the rankings in ease of doing business in our country is an extremely challenging and a complex area to work as it involves various agencies of the Government including different Departments/Ministries and a lot of different work centres. Converging, integrating and changing the mindset of officers both at senior and at cutting edge levels was cited as a major challenge to reduce multiplicity of authorities and to simplify procedures.

2.1 In its second sitting on the 16th September, 2015, the Sub-Committee heard the following Departments/Ministries to know the initiatives taken by them towards ensuring easing out of the business environment in the country:-

- (i) Central Board of Direct Taxes;
- (ii) Central Board of Excise and Customs;
- (iii) Department of Commerce; and
- (iv) Directorate General of Foreign Trade

2.2 The Sub-Committee in its third sitting held on the 30th September, 2015, heard shortlisted stakeholders who had submitted their memoranda before the Sub-Committee in response to its Press Release. The Sub-Committee received very detailed and valuable suggestions on Ease of Doing Business along with the stumbling blocks that needed to be removed on urgent basis from the following stakeholders:-

- (i) Bombay Chamber of Commerce;
- (ii) Indian Merchants Chamber;
- (iii) PHD Chamber of Commerce & Industry;
- (iv) Telangana Chamber of Commerce;

- (v) Andhra Pradesh Chambers of Commerce and Industry Federation;
- (vi) U.S. India Business Council;
- (vii) Indian Banks' Association;
- (viii) Centre for Civil Society;
- (ix) DTA Consulting;
- (x) Organisation of Pharmaceutical Producers of India;
- (xi) Ms. Sommya Rao, Lawyer; and
- (xii) Ms. Renu S. Narvekar (Vice President-Taxation) of Tata Consultancy Services.

2.3 In its fourth sitting held on the 14th October, 2015, the Sub-Committee heard the following Departments/Ministries to know the better financial and legislative options for promoting ease of doing business:-

- (i) Department of Financial Services;
- (ii) Department of Economic Affairs;
- (iii) Reserve Bank of India;
- (iii) Ministries of Corporate Affairs;
- (iv) Department of Legal Affairs; and
- (v) Department of Justice.

2.4 The Sub-Committee in its fifth sitting held on the 28th October, 2015, heard the following Departments/Ministries to ease out the regulatory mechanism for promoting ease of doing business:-

- (i) Ministry of Environment, Forests & Climate Change;
- (ii) Ministry of Labour & Employment;
- (iii) Ministry of Power;
- (iv) Ministry of Civil Aviation;
- (v) Ministry of Shipping;
- (vi) Department of Land Resources.

2.5 The Sub-Committee felt that in a federal set up, it was extremely important for this Sub-Committee to hear the views of the top performing States so that their best practices could be followed by other State Governments. In this context, the Sub-Committee in its sixth sitting held on the 4th November, 2015, heard the representatives of following States and gathered valuable inputs on their best practices. Issues requiring facilitation from the Central Government mainly in the areas of environment clearance and taxation policies were flagged by the representatives of the State Governments.

- (i) Andhra Pradesh;
- (ii) Gujarat; and
- (iii) Punjab

2.6 In its seventh meeting held on 20th November, 2015, the Sub-Committee held a concluding evidence of the Secretary, DIPP on all its deliberations, primarily on the issues raised by stakeholders. The Sub-Committee also held its internal discussion on the modalities and structure of the report on that day.

2.7 The Sub-Committee considered and adopted its draft Report, at its sitting held on the 9th December, 2015.

Findings of the Sub-Committee

3. The Sub-Committee notes that the Government has been proactively working towards propelling India within the top 50 countries on the 'Ease of Doing Business' rankings given by the World Bank. Currently, India's position has been fluctuating around 130th amongst the 189 economies in the world and there has been an improvement of 12 ranks from that of last year. However, India continues to rank even lower than neighbouring countries like Nepal (94th Rank) and Sri Lanka (107th Rank) and amongst the BRICS Nations, of which India is an active member, Russia has managed to improve its ranking by over 50 points and is now at 51st Rank, ahead of China placed at 84th Rank. In stark contrast, India's progress has been abysmally slow. This Sub-Committee had been mandated to flag areas where there is need for improvement and small incremental changes that can make a substantial difference to the overall ranking and bring about appreciable change in the business environment.

3.1 The Sub-Committee is aware that on the procedural front, the Government has, through the DIPP, taken several initiatives to improve the environment for doing businesses. Some of these are simplifying the application process for industrial licences and making several processes online through the e-Biz website, exempting a large number of defence equipment manufacturing from compulsory licensing, and extending the initial validity period of industrial licences from two years to three so that there is enough time to obtain necessary clearances from authorities. It is however felt that manifold steps are needed on the procedural front which when take effect together can result in substantial improvement in India's rankings.

3.2 As already indicated earlier, there are ten indicators which are taken into account while deciding the ease of doing business ranking by the World Bank. The Sub-Committee observes that the recent rankings of the various State Governments on these parameters by the World Bank in collaboration with DIPP is a step in the right direction if taken in the right spirit. The Sub-Committee feels that the improvement in 'Ease of Doing Business' rankings is going to have an huge impact on the overall development of the country from various perspectives i.e. infusion of foreign funds, creation of job opportunities, making India a global manufacturing hub, improving the entrepreneurship eco system within the country so that Indians themselves get into manufacturing on a large scale. This would require huge amount of work to be done by the Government at the Centre and State levels with full co-operation and collaborative approach to bring about actual difference on the ground level from the perspective of both foreign investors and Indian entrepreneurs.

3.3 The Sub-Committee is of the view that things are yet to change on the ground. It observes that there is urgent need to bridge the gap further between implementation on paper and implementation on the ground. It is critical to ensure that reforms are felt at the ground level by the end users as well as the private sector. For example, despite reduction in the

number of forms it still takes over a week on an average to get an import consignment cleared unlike two hours in Singapore/Dubai. Taxation from the perspective of foreign and domestic investors continues to be a grey area. India still ranks at 157th on the ease of paying taxes. The Sub-Committee thinks that these are mere illustrations and there are several areas which need improvement.

3.4 The Sub-Committee while focussing on above stated areas submits its observations/recommendations elucidated 'indicator-wise' so that a comprehensive 360^o view of the entire exercise is available in a concise format. The Sub-Committee in its report has curtailed down on the narrative portion with the intent to keep the report focused on the issues raised by the Stakeholders and the consequent observations/recommendations.

Starting a Business

4. This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate. India's current ranking as per EOB Report, 2016 on Starting a Business is 155th. The number one economy in this context is New Zealand where it takes just a half day and just one procedure for starting a business and cost of doing so is mere 0.3% of the per capita income. The stakeholders invited by the Sub Committee highlighted some of the laws and regulations which need to be immediately addressed to bring about improvements in the Starting a Business indices. The issues brought to the attention of the Sub Committee by various stakeholders were:-

- (i) It was pointed out that the Company Act, 2013 places a huge compliance burden on small and medium companies. It was suggested that online single window approval mechanism coupled with self-assessment/declaration of having complied with the applicable regulations would enable a smooth process for settling up a business. It was also suggested that the applicant can submit all mandatory prior registrations to one single authority/window. This would considerably reduce bureaucratic delays.
- (ii) Need for standardized forms and documentation was also highlighted besides online interface and real time updates and it was emphasised that the opportunity to appeal, time bound responsibility and automated registration and periodic review would help in the smooth setting up of businesses. It was also suggested that the requirement for making annual filings for small and medium companies and start-ups should be reduced to a bare minimum.
- (iii) The following suggestions were pressed upon by various stakeholders during evidence before the Committee :-
 - (a) The cost of registration of a company *i.e* the fees required for incorporation and for a subsequent filing should be substantially reduced.
 - (b) The process of reserving a company name with online incorporation may be put in place and the requirement of digital signatures for all filings may be made optional.

- (c) Make electronic registration universal through unified registry.
- (d) Enhance dispute prevention and resolution standards.
- (e) Easy foreign investment by PIOs/OCIs or even foreign nationals should be allowed.

4.1 The Sub-Committee through the Secretary, Ministry of Corporate Affairs noted the steps being taken by that Ministry to simplify the setting up of business in the country so as the time of the registration of the company is further reduced bringing it to global levels. The issue of self certification by the companies with a turnover of less than Rs. two crores was also noted by it. It thinks that the role of the Ministry of Corporate Affairs is a very small part of the entire 'Ease of Doing Business' ranking by the World Bank but that small part is the most important aspect in determining the first image of the Government as the Ministry of Corporate Affairs is the first interface for any businessman starting a business in the country.

4.2 The Sub-Committee also notes the Ministry's goal to significantly reduce the average number of working days for starting a business. To achieve this, it needs to be ensured that the application for starting a business has to be perfectly submitted. It observes that even today, nearly 40% application for starting a business get through in first attempt and if the Ministry of Corporate Affairs further simplifies the procedure in submitting the application for starting a business and places due clarifications on implications of submission of erroneous online data, it could sharply reduce the number of days from the existing 28 days.

Observations and Recommendations:

4.3 **On the basis of the interactions with the various stakeholders, the Committee recommends as under:**

- (i) **There is an urgent requirement to further reduce the procedures and the time period for registration of an enterprise. For this, the Committee strongly recommends for review of all forms and rules associated with company incorporation, issuance of PAN/TAN, EPFO/ESI registration and VAT registration so that simplified administrative changes can be accomplished in an integrated manner.**
- (ii) **A unique business ID number which should incorporate all the information regarding a particular business and should be taken as the sole reference for registration and other regulatory processes.**
- (iii) **A single application form with a single payment gateway may be made for all registrations in one attempt. All department systems may be integrated on this platform. Real time registration with no inspection or physical documentation submission/checking may be done for issuances of VAT/PAN, TAN, EPFO/ESIC etc. and same may be done within one working day.**
- (iv) **The requirement for obsolete registrations may be phased out and the company name reservation process may be done on real time basis. The**

compliance requirements for small and medium enterprises need to be substantially eased out.

- (v) The regulatory processes in India have resulted in a situation that a large number of start ups are setting up bases in Singapore. Successful startups are moving out of India. The Committee is concerned to note this trend and is of the opinion that Regulation needs to be streamlined so that problems in getting seed capital are resolved and the start up culture in India gets a further boost.
- (vi) AADHAR, PAN and Passport may be linked to eliminate the basic need of verification, certification, and digital signature. This will also eliminate the need to pay fees to a Chartered Accountant (CA) /Company Secretary (CS) for cross-verification.
- (vii) Minimise the requirement of filing for small companies and start ups with basic stress on online filing with self certification and doing away with the need for services of Chartered Accountants. Small private limited companies should be exempted from event based filings. The filings should be required only in case where certain changes in ownership or holdings are done.
- (viii) The provisions of the Companies Act, 2013 with regard to liquidation and revival/rehabilitation are yet to commence. These need to be expedited within a specified time frame.
- (ix) The Companies Act, 2013 *inter-alia* seeks to provide approval of merger/demerger of companies through the National Company Law Tribunal (NCLT) instead of through the High Courts as provided under the Companies Act, 1956. The Committee recommends for simpler procedure for approval of merger/amalgamation of two or three small companies. Enabling provisions for cross border mergers need to be brought into force immediately.
- (x) The Committee recommends that the globally accepted best practices for allowing tax neutral merger at International level in case of group reorganisation to bring increased synergy and efficiency may also be studied and incorporated in the Indian context.
- (xi) The Committee was apprised that the process of getting a company declared as a dormant company has been simplified. The Committee recommends that a simple board resolution should suffice in case someone wants to get a company declared as a dormant company. The same company should be made active with just a simple board resolution *vice-versa*. Further, the Committee also recommends that dormant companies be exempted from all filings including income tax return filings as they would not be doing any business.

- (xii) **Finally the Committee recommends that the improvements made in the form of reformed services and simplified procedures need to be communicated regularly through both the print and electronic media to ensure transparency and wider usage of the simplified procedures.**

Dealing with Construction Permits

5. This topic tracks the procedures, time and cost to build a warehouse-including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, this year **World Bank** introduces a new measure, the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The number one economy in this context for the year 2016 is Singapore wherein it takes 10 procedures in 26 days for obtaining construction permits. The cost is 0.29% of the warehouse value. In contrast India's ranking is at 183rd. It takes 33 procedures in 191.52 days at 25.96% of the warehouse value.

5.1 The stakeholders who deposed before the Sub-Committee suggested that all construction related permissions must come within 30 days under a single window and construction industry should be treated as a separate category. It was also stressed that the burden of multiple taxation should be done away with so that the construction costs remain low. Further, a dedicated body may be established to support development works by creating an efficient and streamlined licensing and approval process besides, providing technical expertise/knowledge transfer and supporting capacity building. Submission of online documents was also stressed upon.

5.2 On this indicator of ease of doing business, the Sub-Committee understands that in context of cities of Delhi and Mumbai, there are number of procedures for which the applicant is required to go to individual Departments and get a No Objection Certificate (NOC). After receiving these NOCs, one has to come to the Municipal Corporation to get the building permit. The Sub-Committee notes that DIPP is contemplating for a provision that there should be a system in which the applicant should be required to file his application only with the concerned Municipal Department, and thereafter it should be the responsibility of that Municipal Department to get different NOCs from different departments. So, the applicant has to only interact once and that too with the Municipal Corporation. The Committee learns that the DIPP is recommending for creation of a common application form considering all the requirements of other related Departments also. This scheme has been initiated in Delhi and Maharashtra and both these States have already launched these common application forms on an online single window portal in Delhi and Mumbai, and it is now available to the public.

5.3 Further, the Sub-Committee notes that there are a number of inspections which are to be done by different agencies. It also notes that the DIPP had strongly advised Delhi and Maharashtra to carry out inspections by all agencies in a single day so that the requirement of inspection is also completed and the applicant has to spend only one day for that inspection. Delhi has started this process where the date for inspection is given by the software itself, and it is usually the next Wednesday of the day on which the application is made. Although all the Departments are not going for that inspection, a number of Departments are coming

together and it is learnt that process has been started. In Maharashtra also, a number of NOCs have been done away with. Similarly, a number of NOCs have been converted into self-certification or third party certification. Resultantly, 18 NOCs have been reduced to five NOCs. DIPP is also said to be trying to make a risk-based system in which for simple buildings where risks are low, there can be an expedited procedure where all existing inspections may not be required. Only in case of buildings where large crowd gathers or which are high-rises, a detailed inspection would be required.

Observations/Recommendations:

5.4 On the basis of the discussion and deliberations with the various stakeholders, the Committee recommends as under:

- (i) **The Committee has observed that the issue of construction permits is a grey area in the ‘Ease of Doing Business’ scenario and there is an urgent need for introduction of fast track building plan approval systems at least for low risk buildings.**
- (ii) **The Committee feels that there is an urgent need for introduction of a risk based classification system based on the structural requirements and intended usage. It recommended that a building certificate for the entire construction may be done in one single approval by introducing a single online window for application and approval of building permits.**
- (iii) **Bringing about necessary legislative changes for amending the building bye laws to introduce risk based categorisation of buildings based on low risks. Amendments in the building bye laws to accommodate simplified administrative changes may also be done atleast to bring Indian standards to the level of the best performing BRICS economy i.e. South Africa where it only takes 19 procedures and 141 days to obtain construction permits.**
- (iv) **There was also need to constantly update the Master Plan of the urban areas so that there is very little discretion for subjective interpretation.**
- (v) **One day time limit for approval of applications may be prescribed for low risk buildings.**
- (vi) **Development of an online application system which routes applications of all relevant offices for all NOCs without the requirement of applicant to visit multiple departments.**
- (vii) **A single post completion NOCs which should merge the occupancy certificate with the completion certificate for all low risk buildings.**
- (viii) **State Governments should demarcate areas nationwide for industrialization, where change in land use can conveniently be provided, without effecting fertile agricultural patches. This will speed up land acquisition, wherever required.**

- (ix) **Online linkage may be established for design approval records, ownership records, land area permissions, and constructor's bank account for auto-deduction upon violation.**
- (x) **Allow auto approval based on third party certification of structural design and architectural drawings by recognised structural engineers and architects respectively. Strong mechanism for penalty to be enforced on the engineer/architect in case there is any violation.**
- (xi) **Promote self-declaration and self certification along with increase in penalties in case of violation of any regulations.**

Getting Electricity

6. This topic tracks the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. In addition to assessing efficiency of connection process, new indicators were added to measure reliability of power supply and transparency of tariffs and the price of electricity. With reference to obtaining an electric connection the number one economy as per the year 2016 EOB ranking is South Korea, wherein it takes 3 procedures in 18 days to obtain an electricity connection at a per capita cost of 39.77%. In contrast India ranks at 70th position and the time consumed is 90.1 days with a per capita cost of 442.29%. This is the only index where India's ranking has been improved substantially from the last year. In terms of the best performing BRICS economy i.e. Brazil, it takes 4 procedures and 44 days at a cost of 29% of per capita income.

6.1 The various stakeholders highlighted the need for streamlining processes to ensure that time taken to provide external connection, meter installation and electricity flow could be reduced to at least 30 days. It was also pointed out that in Mumbai 7 procedures are involved and it takes around 67 days whereas in Delhi it takes 7 procedures and 140 days. The Sub-Committee through the Secretary, Power was informed that after detailed discussions with various agencies, it has been decided that the procedure for getting an electricity connection would be simplified and as such the time taken for each State would be substantially reduced. Only a three step procedure would be followed and the total time taken from request for connection to release of connection would be fifteen days in normal situations. It includes online submission of application alongwith all documents (0 day); field inspection (3 days); estimate preparation, load sanctioning and intimation for fee deposit (4 days); and installation of meter and flow of electricity (8 days).

6.2 The Sub-Committee was informed that utilities have been advised to change their internal rules and procedures in line with above and revert back for compliance to the Ministry of Power at the earliest. The Ministry of Power has been monitoring the progress regularly and has held several meetings with the state utilities. The status on various issues taken up by the Ministry of Power is as under:

- (a) Amendments in CEA regulation for allowing installation of transformers up to 500 KVA on double pole structure.

Status: Gazette notification printed on 24th April 2015 and has been put on the website of Ministry of Power.

- (b) Amendments in CEA notification to waive off electrical approval for 11 KV installations carried out by DISCOMs and allowing self certification by DISCOMs engineers in such cases. DISCOMs of Delhi and Mumbai have been advised to issue the necessary communication to all stake holders in this regard.

Status: Gazette notification printed on 24th April, 2015 and has been put on the website of Ministry of Power.

- (c) Change in Tariff Regulation to allow LT connection upto 150 KVA and rationalization of LT Tariff for taking LT connection up to 150 KVA.

Status: For Mumbai, it is already there. DERC has also made the necessary changes to allow LT connection up to 150 KVA, DERC will now rationalize the LT tariff for taking LT connection upto 150 KVA by merging LT-1 and LT-2 categories at the earliest.

- (d) Changes in Supply code to facilitate reduction in cost and time for new connection.

Status: Supply code regulation and Standard of Performance (SOP) regulation modified by Maharashtra Electricity Commission (MERC) & Delhi Electricity Regulatory Commission (DERC) to complete the process within 15 days.

6.3 The Ministry further informed about the specific improvements made in case of Delhi and Mumbai.

Delhi: PWD, the nodal agency informed that web based portal is ready for launch. Service provider will apply online on the portal. Inspection will not be required hence forth. Uniform rates have also been finalized. Once the payment is made through online mode, Right of way permission will be deemed to be granted. NHAI area falling in NCR will also follow the same process through web portal of PWD. The issue of online payment to be sorted out at the earliest.

Mumbai: Similar system developed by PWD for Delhi to be adopted for Mumbai also. Ministry of Power will expedite the issue with Development Commissioner and Principal Secretary, Government of Maharashtra, to coordinate in Mumbai.

6.4 The Sub-Committee is of the opinion that process improvement offered in Delhi and Mumbai need to be replicated in the rest of the country. All State Governments are stated to have been requested that efforts should be made to ensure that no physical movement of paper is done for release of new electricity connections w.e.f. 31st October, 2015. It notes that the average time required for getting an electric connection has come down, though not substantially. Since the connections are done by DISCOMs and Utilities, the Ministry had advised them to change their internal rules and procedures in line with the above time frame

so that these time frames are adhered to. It also notes the amendment carried out in the CEA regulation for allowing installation of transformers up to 500 KVA on double pole structure.

6.5 Amendment in the CEA notification to waive off electrical approval for 11 KV installations carried out by DISCOMs and self-certification so that they don't have to involve one more agency, that is, the Electrical Inspector to come and inspect the installation was appreciated by the Sub-Committee. There is change in Tariff Regulation to allow LT connections up to 150 KVA and rationalization of LT Tariff for taking LT connection up to 150 KVA. These improvements have helped in improving the ranking in getting electricity reduced by 29 points from 99 in 2015 to 70 in 2016.

Observations/Recommendations:

6.6 **On the basis of the interactions with the various stakeholders, the Committee is distressed to note the long time taken for getting an electricity connection in metropolitan cities like Mumbai and Delhi leave alone the precarious position in other States. In view of this, the Committee recommends as under:**

- (i) **Legislative changes that may be required for Delhi/Mumbai or by DERC/MERC electricity supply codes to enable necessary administrative changes so that the regulatory hurdles in obtaining speedier electricity connections are removed as soon as possible.**
- (ii) **Secretary, Power should take a monthly review meeting with the Delhi and Maharashtra DISCOMS and other concerned agencies until the time period for obtaining electricity connection is come down to International standards.**
- (iii) **The Committee is of the opinion that the progress and improvement to be brought out in cities of Delhi and Mumbai in due course needs to be replicated in the rest of the country. All State Governments should be requested that efforts should be made to ensure that no physical movement of paper is done for release of new electricity connections or for reduction or enhancement of electricity loads, for conversion of categories from industrial to commercial to residential or *vice-versa*. The State Government's utilities may accordingly revise their internal rules and procedures and revert back to the Ministry of Power for the compliance at the earliest.**
- (iv) **All processes be brought on to a single integrated online platform with a payment gateway so that the consumer can get an electricity connection sitting at his office or home.**
- (v) **Create hubs from where entrepreneurs can draw electricity initially to commence their production, while utilities follow up and regularize the supply in specified time.**
- (vi) **Connect ownership records with user agency and location and promote regular updation of local electric supply infrastructure. Enforce bank account linkage through ECS to draw minimum payment from secure account in case of default.**

Registering Property

7. This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, this year Doing Business adds a new measure to the set of registering property indicators, an index of the quality of the land administration system in each economy. The quality of land administration index has four dimensions: reliability of infrastructure, transparency of information, geographic coverage and land dispute resolution. As per 2016 EOB Report, the number one economy for ease of registering property is New Zealand where it takes 2 procedures and one day at 0.07% of the warehouse value for registration of property. In contrast, in India which is ranked at no 138th, it takes 7 procedures, 47 days at 7.51% of the property value for getting the registration work done. The best performing BRICS economy in this context is Russia which is ranked at 8th in this index of the Ease of Doing Business Report, wherein it takes 3 procedures and 15 days at 0.19% of the property value for getting the registration done.

7.1 The Sub-Committee heard various stakeholders in this context and the following issues emerged out of the discussions:-

- (i) Need for Establishment of a central online data base for land records.
- (ii) Digitisation of all remaining land records so that the entire data for the past 30 years is available to the public for online search.
- (iii) Integration of land records data base in a manner so that all mortgage data against these lands can be seen online.
- (iv) Creation of a unique property identification code by linking city survey numbers to municipal bodies so that all data in context of a particular property is available on online basis.
- (v) Provision for mandatory verification of records before registration and transfer. This would eliminate wrong practices and subsequent litigation.
- (vi) Determining extent of discrepancies and development strategies for bringing a spatial and textual component of all land data through use of technology.
- (vii) Complete ban on manual records and computerisation of Record of Rights (RoR) and making them available online.
- (viii) With specific reference to Delhi, all developmental agencies to integrate the database available with all agencies mainly MCD, DDA, NDMC, Gram Panchayats so that all the information is made online.
- (ix) Reduction of stamp duty to 2% so that cost of transfer of property is reduced.

7.2 Through the Secretary, Department of Land Resources, the Sub-Committee noted the details regarding the National Land Record Modernization programme alongwith steps taken on computerization for registration process itself which takes place at the level of registrar and sub-registrars. The Sub-Committee also understands that the process of Cadastral Map Survey has been going on so as to ensure proper integration of land records and property registration.

As the implementation of the Registration Act was under State Governments, the Department of Land resources in consultation with the Urban Development Ministry, have formulated a standardization process which has been put on the Department's website and the States have been asked to follow it.

7.3 The Sub-Committee observes that the ultimate aim of the National Land Record Modernization Programme is to go in for conclusive titling. In conclusive titling, the title for any land would be already pre-determined. It also observes that once the Department attained the conclusive titling regime that would result in lesser time-period taken for registration.

Observations/Recommendations:

7.4 **On the basis of the interactions with the various stakeholders, the Committee is distressed to note there is an extremely slow pace of implementation of the programme for updating of land records to bring them on to an online platform. This programme has been going on for over three decades and yet it has not been completed. The Committee feels that computerisation of Records of Rights (RoRs), digitization of maps, computerisation of registration automatic generation of mutation notices, development of modern record rooms/land record management centres at Tehsil/Taluka/Circle/Block level may be done on a war footing besides providing training and capacity building to the local officials and functionaries. In continuation, the Committee recommends as under:**

- (i) **Standardized formats of documents like the sale deed/agreement to sale, lease deed, gift, mortgage/exchange power of attorney, etc. may be made and be uploaded on the website of all State Governments.**
- (ii) **Conclusive land titling may be done by integrating space technology, forms of identification like the AADHAR Card may be used so that smooth transfer of property can take place from one owner to another owner. This exercise would help release substantial amount of capital that is locked in disputed lands across the country.**
- (iii) **The Committee observes that some States like Andhra Pradesh and Gujarat have done a commendable job as far as removing ambiguity in the process of land registration is concerned by bringing in great transparency. Besides, integration of land records, land registration has also been done in Andhra Pradesh and Gujarat along with few other states. It recommends that all the remaining State Governments may be asked to follow these best practices. The Committee considers it very significant and imperative that the release of funds under the centrally sponsored urban development schemes to the different State Governments may be linked to the performance of the States on these parameters.**
- (iv) **Online linkage of the flow of construction permit with completion, safety, occupation permits, builder/lender/buyer mortgages may be established so that buyer and seller could approach on this portal, using their combined AADHAR, PAN and Passport details verifiable by post signature documents**

till the system matures. Only online payments may be allowed for registering a property. Formal ownership to be provided by digital signature documents from the Registrar, with photograph as from Passport, AADHAR or PAN and even mentioning nomination, collateral/mortgage conditions, etc.

- (v) Connect various registering authorities digitally to reduce delays, which occur mainly for verification of records.
- (vi) Create single window and subsidized rates for registration, upto a certain limit in terms of value or property.
- (vii) Introduce online E Stamp facilities across Sub-Registrar Office in the state.
- (viii) Ensure data is digitized at sub-registrar's office, land records and municipal records for property tax.
- (ix) Integrate data at sub-registrar's office, land records and municipal records to facilitate property-wise mapping of transactions.
- (x) Integrate mutation process with registration process by automatic updation of land and municipal records with registration of property.

Paying Taxes

8. This topic addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes. As per the 2016 EOB rankings the number one economy is Qatar wherein it takes 4 procedures 41 days and around 11.28% of the net profits for filing taxes. In contrast India's rank is 157th wherein it takes 243 days at 60.63% of profits for paying taxes. India's rank was at 158th in the Doing Business Index last year (2015). The best performing BRICS economy in this regard is Russia which is ranked at position number 8 wherein it takes 7 procedures, 200 days and 28.81% of the net profit.

8.1 Almost all stakeholders invited by the Sub Committee flagged the issue of paying taxes. Being an important indicator for ease of doing business to attract the businessmen across the globe, the Sub-Committee considers that the Government should give due priority to improve the ranking in this indicator and safely position itself within 100th rank in the first two years and within 50th rank in the subsequent two years. Chairperson, CBDT while endorsing the views of the Sub-Committee informed that World Bank while doing a study on paying taxes, takes a sample company of a medium size in Mumbai or in Delhi and looks at three parameters, as far as, direct taxes are concerned. The first parameter is about the number of taxes. The second parameter is about the hours taken in compliance of preparing and doing the tax filing and the third parameter is the tax rate.

8.2 The Sub-committee observes that in case of tax rate on profits, Singapore is fairly low compared to other countries *viz.* Hong Kong, Denmark, Korea, Norway, UK, Finland etc. It varies anywhere from 15% to 25%. However, India's tax rate on profits is 25.28 per cent.

This 25.28 per cent is the effective tax rate that the World Bank has calculated though our top tax rate is 30 per cent-plus-surcharge etc. Therefore, India is in the same league with most of the developed countries in terms of the tax rate. The Sub-Committee takes note of the fact that the Finance Minister has announced further gradual reduction of the corporate tax rate which would certainly bring it to the international standards.

8.3 It was informed to the Sub-Committee by the Chairperson, CBDT that the issue of expanding the definition of 'accountant' under the Income Tax Act to include non-Chartered Accountants to represent the companies cases is under consideration of the Government. The Sub-Committee notes that a proposal to give certain rights to the Cost Accountants and Company Secretaries is under examination and a decision on this issue may be taken in the next Annual Budget (2016-2017).

8.4 There were a plethora of issues raised before the Sub-Committee on this indicator of ease of doing business, the main points which emerged from the deliberations with the stakeholders are compiled as under:-

- (i) Online single platform for registration, filing and processing of all central taxes with ample clarity in tax laws and appropriate time limit for adjudication of notices
- (ii) Rationalization of tax credit like CENVAT and TDS limits
- (iii) Complete automation for tracking, processing and sanctioning of export refunds like duty draw back and service tax refunds.
- (iv) Simplification of provisions under withholding tax u/s 195 IT Act- this would provide clarity to the assessed and also help in reducing the administrative workload of the companies and the Auditors to a great extent.
- (v) The requirement of the Tax Residency Certificate (TRC) be made essential only if the total payments to that non-resident exceeds Rupees One Crore in a year. This would greatly assist in mitigating unnecessary hardship to small payees. Similarly, the provision of TRC can be relaxed by seeking TRC once in three years instead of once in a year, from the overseas entity while annually getting a self-declaration from the same overseas entity
- (vi) It was impressed upon that the filing of Form 15 G/15 H/60 and 61 regarding non deduction of tax at source should be done electronically, which will lead to greater accountability and there would be a check on frivolous filing and false declarations. Further, this would also reduce the paperwork.
- (vii) It was argued that for the credit in respect of foreign taxes, Section 209 of IT Act be specifically amended to include 'credit for foreign taxes' as a deduction for purpose of advance tax in cases where the same is allowed under Section 90/91 of the Act. This would provide clarity to the assesseees as also improve the cash flow of these entities.
- (viii) For application for an Advance Ruling (AAR) u/s 245Q of the Income-tax Act, it has been suggested that since application for advance ruling is for the

purpose of benefit of assessee, the time limit does not serve any purpose and the assessee should be allowed to withdraw his application at any time and permission of the AAR should not be necessary for the same.

- (ix) As per the handbook issued by the AAR the time limit seems to be flexible and not mandatory to follow. It is suggested that adherence to this time limit be made mandatory, which will help reducing the level of litigations in the country.
- (x) It was suggested that the claim made during assessment proceedings be specifically incorporated in the Act making it duty bound on the Assessing Officer to accept all legitimate claims. This would greatly help in reducing the litigation work load on the appellate authorities.
- (xi) It was also suggested that suitable time limits be inserted in the IT Act for disposal of appeals. This would result in speeding up the hearings as also eliminate the undue hardship and litigation cost faced by the assessee.
- (xii) It was suggested that a specific time limit be introduced for processing of refunds. Further, it may be provided that if the refund is not received within the prescribed time limit, the assessee should have the right to set off the same against his advance tax payments of future years. This will help in making the system more efficient by ensuring greater liquidity.
- (xiii) A view was expressed that suitable time limit may be prescribed for the appeal giving effect to order passed by CIT(A)/ITAT to avoid delays. This would greatly help in reducing the administrative cost and ensuring greater liquidity.
- (xiv) It was further suggested that the books of accounts may be defined to include “digital format documents” as well and that the provisions of Section 140(c) be rationalized to allow any authorised person to sign the documents.
- (xv) Reduced Litigation - Government is the appellant in a significantly higher proportion of cases. This should be considerably reduced. For this, both the Government and Industry should have the benefit of not pursuing a matter in the Tribunal, if the disputed amount involved is low. It may be followed without prejudicing its right to agitate the issue later, if the same is deemed necessary.
- (xvi) The Department may consider either pre-printed declarations or holograms or digitized signature on all documents, subject to the assessee giving appropriate undertaking to the Government authorities signifying his responsibility on the document.
- (xvii) Officers should be made accountable for wrong assessments and punished for harrassing tax payers.
- (xviii) 100% benefit of doubt on law interpretation should be given to business houses or assesseees and not to the officer, at least at appeal level. Going in on appeal by paying 50% tax under duress, defeats the purpose of appeals. One can go to appeal without payment of minimum amount. This will reduce harassment.

- (xix) No assessment should be opened, selected for scrutiny after one year. Any tax demand should be raised within 6 to 12 months of submission of return.
- (xx) Even in case of IT raids, past accounts can only be reopened for a maximum of 3 years.
- (xxi) TDS refunds should be paid within 6 months of submission of returns. This should be mandatory.
- (xxii) While Government is paying 6% for TDS refunds, it is collecting 12% plus penalty besides prosecution for the delay. This should be rationalized as the interest should be the same for refunds as well as delays.
- (xxiii) For all other taxes such as service tax, State VAT, PF and ESI records, retrospective opening for scrutinies should be limited to only 2 or 3 years. No Department should levy tax on business houses after 2 to 3 years after submission of returns.
- (xxiv) Both in service tax and income tax the litigation takes a longer duration to get resolved. It causes undue cash flow issues to the contesting entities since the money is stuck with the tax bureau until final disposal. There needs to be speedy mechanism for disposal with prescribed timelines.
- (xxv) There should be thorough review of procedures to eliminate non-value-added compliance processes and to reduce compliance burden by removing duplicate processes.
- (xxvi) There were some general suggestions such as enhancing dispute prevention and resolution standards- creating and adhering to deadlines for hearings at all levels, creating realistic threshold for initiating prosecution proceedings, addressing issue of transfer pricing to bring greater clarity and certainty to enterprises across diverse industries, leveraging technology to facilitate e-correspondence including video conference for hearings etc.

Observations/Recommendations:

8.5 On the issue of paying taxes, India's rank in the Ease of Doing Business ranking has worsened from 156th in 2015 to 157th in the current rankings for 2016. The Committee is extremely distressed on the low ranking India has received as far as ease of filing taxes is concerned. This is despite the fact that substantial progress has been made in unifying the E-filing platforms for EPFO-ESIC returns. Similarly, E-filing platforms for filing VAT are also under preparation.

8.6 The distress area however involves filing of other taxes like the income tax, service tax and excise and customs. The Sub-Committee is of the opinion that the passage of Goods & Services Tax Bill (GST) would bring out substantial improvements in India's rankings on the issue of ease of paying taxes. India has attracted bad publicity due to complexities in its taxation procedures. The area of transfer pricing litigation has been a major area of concern for multinationals operating in India due to different interpretations by the tax authorities. **The Committee is concerned to note the element of subjectivity involved in interpreting the**

term 'same international transaction'. Various stakeholders have requested the CBDT to clarify as to what is meant by the term 'same'. The Committee observes that CBDT has already issued Circular No.10 of 2015 to clarify, *inter-alia*, that the international transaction for which a rollback provision is to be allowed should be the same as the one proposed to be undertaken in the future years and in respect of which the agreement has been reached. There cannot be a situation where rollback is finalised for a transaction which is not covered in the agreement for future years. The term same international transaction implies that the transaction in the rollback year has to be of same nature and undertaken with the same associated enterprises(s), as proposed to be undertaken in the future years and in respect of which agreement has been reached. In the context of Function, Assets and Risk (FAR) analysis, the restriction would operate to ensure that rollback provisions would apply only if the FAR analysis of the rollback year does not differ materially from the FAR validated for the purpose of reaching an agreement in respect of international transactions to be undertaken in the future years for which the agreement applies.

8.7 The Committee is concerned to note that controversy over many multinational companies *viz.* the Shell and Vodafone tax cases, which finally went against CBDT, have brought about a bad name for India as far the issue of taxation is concerned. Similarly, the recent controversy over Minimum Alternate Tax (MAT) on capital gains made by FIIs has further led to negative image of the country on tax matters. The Committee feels that there are far better ways to resolve tax issues instead of resorting to coercive methods to recover taxes which in any case are turned down later by the courts. The Committee is of the opinion that the taxation framework is very complex and arbitration, besides taking a lot of time and being expensive, creates a lot of noise that is not in the best interest of the country. The Committee feels that if 'Make in India' initiative is to succeed, taxation has to be stable and predictable. Policy uncertainty and tax disputes have made many foreign companies increasingly nervous about taking the plunge in India. The Committee strongly recommends that there should be a fair, predictable and stable tax regime in the country.

8.8 The Committee also feels that there is a tremendous need to improve the Department's interface with the tax payers and immediate steps to reduce physical interface of taxpayers with the tax authorities which is seen as harassment needs to be avoided by switching-over to e-hearing. It observes that there is a need to enhance transparency and bridge the expectation gap between tax payers and tax authorities. A lot of time, cost, effort can be saved and harassment prevented by use of technology and removing human interface. The Committee recommends that there should be electronic assessment which would help in achieving consistency and bringing about speedy dispute resolutions. It also recommends that cases selected for scrutiny based on the information in annual information written or mismatch in tax deducted at source should be settled through e- scrutiny without involving any physical interface.

8.9 The Committee observes that there is a need to widen the tax net and action against evaders should be taken as the tax evasion spoils the compliance culture as those who pay taxes feel that the system is against them. At present there are four crore tax payers in the country and CBDT needs to take steps to bring new assesses

within the tax structure on a regular basis. It also observes that as of now around 1% of the cases are taken for scrutiny but there is still substantial human interface bringing in instances of corruption and emergence of grievances. It notes that as per existing provisions of Income Tax Act, notice for re-assessment (under section 147) of income of an assessment year may be issued upto six years only if the income which has escaped assessment or it likely to escape assessment is exceeding one lakh rupees. Further, re-assessment notice may be issued upto sixteen years from the end of the relevant assessment year if the income in relation to any asset (including financial interest in any entity) located outside India, chargeable to tax, has escaped assessment.

8.10 The Committee understands that in case of a person where a search is conducted under section 132 of IT Act or requisition of books of accounts or documents is made under section 132 A of the Act, the Assessing Officer is required to assess the total income, under section 153 A of the Act, of six assessment years immediately preceding the assessment year relevant to the previous year in which such search is conducted or requisition is made.

8.11 The Committee is of the view that fighting the menace of Black Money has been the centerpiece of the Finance Minister's Budget Speech 2015-16. The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 provides that tax on undisclosed foreign assets shall be charged to tax on its value in the previous year in which such asset comes to notice of the assessing officer. Thus, under the new Act, there is no time limit for assessment and collection of tax in respect of undisclosed foreign assets.

8.12 The Committee also understands that re-assessment under section 147 of the IT Act is initiated on the basis of written satisfaction of the Assessing Officer that income has escaped assessment which is subject to further approval by higher Income-tax Authorities. Similarly, search is carried out on the basis of satisfaction of Pr. Director General/Pr. Director or Director of Income-tax duly recorded within the parameters provided under section 132 of the Act.

8.13 The Committee is distressed to note that search and seizure are at times used as tools for harassment of tax-payers for political reasons, or for settling personal scores. It recommends that the power to search and seizure should be done in the rarest of rare cases where it is firmly established that tax evasion has taken place and the case can withstand judicial scrutiny as it has been observed that the Department regularly loses cases in appeals and in higher courts.

8.14 The Committee recommends for extensive usage of technology for data analysis and verification of financial transactions in an efficient manner so that the volume of cash transactions is substantially reduced. It also feels that there is a need to create credible deterrence against tax evasion by ensuring quick disposal of cases by courts as at times, cases have been pending for over 15 years in many courts.

8.15 The Committee further recommends that the focus of the Department should be on non-intrusive measures through data collection linkage of information received from different sources to correlate this data into actionable intelligence. There should be

steps to promote voluntary compliance and to impart confidence in tax payers that they are dealing with a fair and judicious tax administration.

8.16 The Committee also recommends that monitoring and scrutiny should be resorted in only high risk categories. Low risk category cases should be outside the ambit of scrutiny unless subsequent complaints in the form of frauds are detected. It further recommends that manual selection for cases scrutiny should be avoided and scrutiny selection process should be fully objective and transparent. The Committee also recommends that dormant companies as classified by the Registrar of Companies should be exempted from filing income tax returns, as it unnecessarily creates a compliance burden besides there is no revenue generation due to the company being dormant.

8.17 It has been brought to the notice of the Committee that tax payers at times are subjected to undue harassment in the name of scrutiny and they are required to produce papers ranging upto six years from the end of the relevant assessment year. In this regard, it strongly recommends that the notice for re-assessment (under section 147 of IT Act) of income of an assessment year may be issued up to three years from the end of the relevant assessment year. This would give a very positive signal to investors and provide them with a comfort level knowing that they would not be subject to witch hunting. The Committee desires that the aim of Income Tax Authorities should be to include more and more people in the tax net instead of following the people who have paid their taxes and submitted their returns.

8.18 The Committee also notes with concern that there are several appellate layers for deciding tax appeals. It recommends that the process of settling tax appeals and time taken for assessment should be drastically reduced. It notes with concern and feels that there is sufficient scope for improvement in the quality of assessments for addressing tax payer's complaints and also for curtailing the tendency of making frivolous additions which cause grievances from the tax payers. It therefore strongly recommends that the globally accepted best practices may be studied so that India achieves its position amongst top 10 countries as far as the ease of paying taxes is concerned.

8.19 The Committee notes the response of the Government that a proposal to give certain rights to the Cost Accountants and Company Secretaries under the definition of 'accountant' under the Income Tax Act is under consideration. It recommends that the definition of 'accountant' under the Income Tax Act may be expanded so that people representing the companies' cases may also include non-Chartered Accountants *viz.* cost accountants, company secretary, income tax experts, practicing advocates, etc.

8.20 Tax rate is also an important consideration for deciding the ease of business rankings. Corporate tax rate should be brought down to 25%.

Trading Across the Borders

9. India's position on this crucial index is at number 133 whereas the 16 European Union economies get ranked as number one. Also, the best performing BRICS Economy on this

parameter is China. Drawing from the official presentation on this subject, the Sub-Committee on this parameter noted that the domain of the Customs Department is spread over 98 seaports including 12 major seaports, 43 airports, 100 container freight stations, 110 inland container depots and 105 land custom stations. The Sub-Committee was informed that the Indian customs contribute about 34 per cent of the indirect tax collections, which is on the higher side as compared to many other countries. It was also apprised that 60 per cent of the consignments are now simply allowed to pass through and only 40 per cent of consignments are put through examination, with the average time taken being six hours. It was submitted that the system provides a platform to all the agencies to exchange information on a real-time basis by removing manual filings. Besides, a Risk Management System (RMS) has also being introduced to expedite clearance of import-export shipments to bring the prevalent practices in line with international standards. It was also apprised to the Sub-Committee that the time taken on clearance of consignments in Dubai and Singapore, which are trans-shipment countries, is minimal as they hardly consume anything.

9.1 Further, the Sub-Committee observes that the role of the Ministry of Civil Aviation was also to facilitate trade across borders by ensuring that there are adequate warehousing facilities and custom clearances available at airports. The Sub-Committee notes that as far as space is concerned there are hardly any major constraints. However, the introduction of 24x7 EDI (Electronic Data Interchange) clearance systems at nine airports, which are the major export-import airports is an appreciable positive step. It was noted that even though the EDI clearance is 24x7, the trade itself is not shifting its business towards night-time and the export and import mostly during daytime leads to congestion. As a result, even though customs has provided its officers on 24x7 basis, including night-time, the actual cargo which is made available for clearance ranges from one per cent to about eight-ten per cent during night and leads to underutilization of the facilities available. The Sub-Committee was also apprised that the Electronic Data Interchange, both hardware and software network is coming to an end of its useful life and has to be replaced. That work is going on and it is expected that by August, 2016, the entire system would get upgraded.

9.2 It was also placed before the Sub-Committee that within cross border trade, as far as exports are concerned, consignments are cleared during the eight-ten working hours itself. But imports is a problem due to three major reasons firstly, inadequacy of the documentation in some cases leads to delays, secondly, there is too much of clogging at daytime and non-utilisation of night-time and thirdly, overloading of EDI network leads to downtime of the network itself. The Sub-Committee feels that the quick clearance of export-import by air is possible once a robust EDI is put in place and the documentation required is reduced.

9.3 The Ministry of Shipping is another important stakeholder to improve this indicator for ease of doing business. The Sub-Committee was informed that as far as the World Bank's Ease of Doing Business part is concerned, the JNPT at Mumbai was the only one which was under consideration. Further, it was submitted that, 27 out of 31 shipping lines which are reporting at present are now into E-Delivery Order mode, which covers almost 98 per cent of the cargo being handled by JNPT. It was also informed that by 31st of December, 2015, all ports will be in the electronic mode. On the issue of proper utilization of the existing ports in the country, the Sub-Committee notes that there is always a debate whether we have economies of scale at one place and make that more efficient or build new capacities in newer ports.

Hon'ble Prime Minister has recently laid foundation of the fourth terminal at JNPT, doubling up its capacity. Some private ports are also taking a substantial burden on the eastern side, as far as the containers are concerned. Besides, the Kerala Government has a proposal for setting up of trans-shipment hub with the support of private sector at Vizingham leading to greater movement of larger ships and shipping lines to the country.

9.4 The other stakeholders who appeared before the Sub-Committee raised the following points:-

- (i) Inefficient customs procedures have the possibility to frustrate the benefits that come from increased international trade. They represent sunk costs for importers and exporters. For the express industry, modernized customs procedures are a must in order to provide customers with the expected fast and reliable service. In that vein, the creation of time-definite customs clearance procedures for the benefit of the express industry in India would enhance and enable Indian companies to plug into today's modern supply chains.
- (ii) As is the case in other countries across the globe, Customs should consider electronic clearance systems that allow for Electronic Data Interchange (EDI) for import/export without any requirement to physically file documents. A paperless regime lifting all duties and taxes for low value shipments such as "gifts" or "samples" would increase the flow of cross-border e-commerce and allow inputs necessary for Indian businesses at minimal cost. Express delivery operators who have developed dedicated facilities with the ability to process both cargo and express shipments should be allowed to participate in the clearance process.
- (iii) India should aggressively ratify and implement the commitments undertaken as part of the WTO agreement on Trade Facilitation. Undertaking these reforms would be a great step in improving India's ranking in the Ease of Doing Business Index and would greatly benefit India businesses.
- (iv) Know Your Customer (KYC) norms have been revised for individuals by customs authorities which is a step in the right direction. However, for commercial establishments and express operators there continues to be a requirement to obtain documents to fulfill KYC norms. Allowing a single KYC document for commercial shipments makes sense and would increase the ease of doing business in India.
- (v) With the launch of the 'Make in India' and 'Digital India' initiatives, Government of India has recognised the need to boost electronic manufacturing to meet the Prime Minister's vision of "Net Zero" imports by 2020. However, many major manufacturers have idle capacities that have not been harnessed because of high duties and higher costs relative to other markets. Electronic manufacturing in particular has stalled because of fiscal shortfalls, infrastructure challenges and the lack of a component manufacturing ecosystem. To meet these challenges, the inverted duty structure should be fixed and competitive incentives should be provided for the export of IT products from India.

- (vi) Customs, Excise and Service Tax Drawback Rules, 1995 provide discretionary powers to the government authorities to grant time for filing drawback claims beyond three months from date of export. Such Rules are subjected to personal judgments. Considering the detailed documentation required for claiming Duty Drawback, it is better that the time limit of filing the claim is mandated as one year in the Rules itself.
- (vii) It was submitted by the stakeholders that improving customs administration through more ubiquitous electronic submission and processing, reducing customs clearance through a risk based inspection system and reducing the number of forms to be submitted for imports by merging forms is *sine qua non* for giving a push to exports from India.

Observations/Recommendations:

9.5 The Committee is of the opinion that the process of upgradation of customs software in allowing electronic acceptance documents is at a very elementary stage as there is still substantial human interface which includes physical submission of documents. The Committee is distressed to note that electronic/digital signatures are not being used by Customs to ensure legal validity of document. Traders are still required to submit hard copies and at times duplicate copies of papers. The Committee observed that at times multiple agencies are involved for obtaining certificates/NOCs resulting in delays. The Committee also observed that manual checking is rampant in case of both exports and imports leading to harassment and corruption. The Committee strongly recommends for preparation and implementation of a national single online application for getting all necessary certificates/NOCs. The whole process may be integrated as a 'National Trade Portal' and should include all trade related information including online Customs Duty calculator, DGFT/ITC-HS code into a single searchable data base that should be available online. The payment of Customs Duty may accordingly also be made online. The Committee observes that as long as there is human interface, there will be endemic delays, harassment and corruption. The Committee is distressed to note that hardly any shipment has been cleared in any of the major ports on just online basis despite introduction of the RMS based system.

9.6 The Committee is also concerned to note that in developed countries only 5% of the consignments are physically verified. In India voluminous documentation coupled with face to face interaction with government officials and differences with trade representatives on the interpretation of rules by Custom Officers result in delays/additional cost in-terms of demurrage and consequent harassment. The Committee is distressed to note that the Customs Department is completely out of sync. with the globally accepted best practices mainly due to human interface with the Government officials. There is complete disconnect between the customs inspectors and the Custom appraisers on the policy framework to such an extent that the importer/exporter has to virtually educate the customs officials on various policy changes. Rude and authoritative behaviour of the concerned officers on the ground level has created a very bad and negative perception of the Customs Department. Despite clearly framed guidelines exporters have to run from pillar to post to claim legitimate duty draw backs. The

Committee strongly recommends a dedicated time line to completely eliminate physical submission of papers and human interface to attain at least a ranking amongst top 50 countries as far as trade across borders is concerned.

9.7 The Committee also feels that trading across the borders with liberalized policies will be necessary for the success of 'Make in India' initiative. Focus should be placed on trade not only with South-Asian countries, but also with other Asian countries, the BRICS Nations, and other economic groups.

9.8 Besides, above recommendations, the Committee flagged following issues for necessary compliance on the part of the Government:-

- (i) Customs working hours are not 24X7 at all major airports despite a 2014 announcement by Customs. Delhi airport is the only operational 24X7 cargo and courier clearances. Chennai airport does not even have a courier /express clearance system round the clock.
- (ii) Airport space shortage for cargo leading to retrieval delays for imports and congestion for exports, long queue with trucks parked outside airport for hours and inadequate space for express and general cargo are major bottlenecks that need to be removed with a sense of urgency to make govt's 'Make in India' programme a success.
- (iii) Customs EDI goes down frequently every month and especially in December and March which are peak volume periods. Almost every month for a few hours in most major airports this leads to delay and missing connections for export of high value shipments. Authorities should pay special attention to attend to this irritation.
- (iv) Customs rules require No Objection Certificate (NOC) from various government agencies such as Additional Drug Controller and Textile Committee even for small samples of a few grams and less than USD 10 value even when these are trade samples of no commercial value. Capacity of accredited labs for testing is inadequate to provide report for all such large numbers even for several days. Corrective measures need to be taken urgently in this regard.
- (v) Logistics service activities (transit warehouse) in most states (processing centres) not clearly allowed from industrial parks such as Maharashtra Industrial Development Corporation (MIDCs) or Delhi.
- (vi) Foreign exhibitors and travelers to India receiving international shipments while residing in hotel or temporary residence struggle to get shipments of books or small trade samples as their Identity and Address proof on required KYC document, Passport does not have Indian address. Acceptable alternatives mechanism for address proof is not in place. Customs Rules for CHAs and courier companies does not provide for waiver either. Exhibitors and Student Counsels traveling for trade and educational events struggle in a big way. Rules should be amended to provide for such exigencies or situations.

- (vii) **Making entire clearance process online is a necessity to remove requirement of Terminal Handling Receipts.**
- (viii) **Improvement in infrastructure at JNPT to reduce the ports and terminal handling time and inland transportation and handling time by creation of online Single Window for clearance of goods is a necessity.**
- (ix) **India should aim to reducing time taken in clearance of goods to half a day.**
- (x) **All agencies involved in clearance of goods should introduce risk-based inspection by automated selection.**
- (xi) **Requirement of following documents need to be done away with:**
 - (a) **For exports: Packing List, Foreign Currency Exchange Form and Terminal Handling Receipts;**
 - (b) **For imports: Packing List, Foreign Currency Exchange Form, Cargo Release Order, Certified Engineer's Report, Inspection Report, Product Manual and Terminal Handling Receipts;**
- (xii) **Govt. should declare Chief Commissioner of Customs as administrative head of JNPT for all agencies involved in clearance of goods.**
- (xiii) **To conclude, the Committee emphasises on training of concerned officers on regular basis to repose trust in citizens and avoid opaque interpretation of customs rules. The major harassment occurs due to non acceptance of declaration papers by the custom officers who frequently question the valuation, classification, used/new capital goods and ask the importers for repeated submission of papers leading to a situation which encourages corruption. The Committee strongly recommends for a zero human interface system for imports/exports as until human interface is removed by use of technology, the ground situation is not going to improve. On a philosophical level we need to adopt a trust based system with implicit faith in our citizens. The Committee strongly feels that customs need to take the word of citizens at face value and devise a system to take care of exceptions without impeding the facilitation for the majority of importers/exporters.**

Resolving Insolvency

10. This topic identifies weaknesses in existing insolvency law and the main procedural and administrative bottlenecks in the insolvency process. India's rank in this parameter is 136th as per the 2016 EOB Report, which is in contrast to the number one economy i.e. Finland. The best performing BRICS economy in this context is South Africa which ranks at position number 41 on this index. According to World Bank, average duration of bankruptcy proceedings is around 4.3 years in India. The same duration is only 0.8 years in Singapore. It is very essential that our Insolvency Laws should be reoriented so that business and owners can channelize the resources and energies from unproductive to more productive assets.

10.1 The Secretary, Ministry of Corporate Affairs in official presentation before the Sub-Committee submitted that a committee headed by former Law Secretary Shri T.K. Vishwanathan was set up last year and tasked with formulating a bankruptcy code. It submitted an interim report earlier this year. A draft law that will allow for the faster closure of troubled businesses and give investors an easy exit is likely to be ready by the end of 2015, bringing India closer to putting in place a bankruptcy law. Once promulgated, the bankruptcy law will also considerably improve the ease of doing business in India.

10.2 The Sub-Committee understands that to achieve a better rank in this index, the Companies Act, 2013 needs to be amended to do away with minimum capital requirements and statutory requirement of a common seal for starting a company. The proposed amendment will also do away with the requirement for filing a declaration by a company before commencement of business or exercising its borrowing powers. The Sub-Committee notes that the Ministry is also contemplating to reduce the requirement to file Board resolution for all companies. Exemption to private companies from filing of all Board resolutions is also under consideration.

10.3 The Sub-Committee further notes that the delay is due to various pending litigations relating to constitution of National Company Law Tribunal (NCLT) and its appellate body National Company Law Appellate Tribunal (NCLAT). It was also submitted that reforms *inter-alia* include comprehensive regime for revival & rehabilitation of companies through NCLT prescribed repealing SICA-stricter timelines, no automatic moratorium, greater role for creditors, appointment of administrators. It was stated that the improved regime for winding up sterner requirements for filing statement of affairs, appointment of company liquidators with greater powers, strict timelines, etc. will be carried out after these amendments. It was further submitted before the Sub-Committee that the Bankruptcy Law Reforms Committee constituted by Department of Economic Affairs looking into the Uniform Insolvency Code has since submitted its recommendations on 4th November, 2015 wherein they have drafted the Insolvency and Bankruptcy Bill.

10.4 The stakeholders gave the following suggestions on this subject before the Sub-Committee:-

- (i) Alternate dispute resolutions to reduce commercial litigation substantially should be encouraged. Specific measures proposed include introducing industry-wise contract standardization and dispute resolution Sub-Committees.
- (ii) Introducing dedicated commercial benches/courts to fast track commercial cases was suggested. Specific measures proposed/include setting up of commercial benches in High Courts, introducing training programs for Judges handling commercial cases, and evaluating setting up of commission panels for high stake cases.
- (iii) A suggestion was given to introduce 'birth-death' electronic case management for commercial cases to streamline number of procedures. Specific measures proposed include case filing, judicial grid linkage, for smooth scheduling of trials and summons and release of certified judgment copies online.

Observations/Recommendations:

10.5 The Committee is distressed to note India's low ranking in this index and is of the opinion that urgent steps are needed to strengthen India's insolvency framework. With the Supreme Court upholding the constitutional validity National Company Law Tribunal (NCLT) a significant bottleneck has been removed for developing a frame work for resolving corporate insolvency. The Committee strongly recommends that National Company Law Tribunal which will replace the Company Law Board and the Board for Industrial and Financial Reconstruction (BIFR) for resolving insolvencies needs to be operationalised urgently by the Ministry of Corporate Affairs as this will be the main component of the proposed bankruptcy code as well. This reference would help in significantly improving India's ranking in the World Banks rankings as it will speed up the rehabilitation and winding-up of sick companies.

10.6 The Committee also notes that bringing about these changes would require amendments in the Companies Act, 2013 mainly relating to the selection and eligibility criteria for the Members of National Company Law Tribunal to operationalise it. In this context, the Committee recommends that the proposed Bankruptcy Code also needs to be operationalised to strengthen the insolvency process. The Committee strongly recommends for a coordinated effort between the Department of Economic Affairs and the Ministry of Corporate Affairs to ensure rapid enactment of the Bankruptcy Law reforms and also to ensure operationalisation of NCLT urgently. Besides the Committee also recommends that subsequent steps like introduction of commercial benches in High Courts, training programme for judges for handling commercial cases, electronic case management system to ensure speedier case filing, judicial grid linkage for rapid scheduling of trials and making availability of certified copies of the judgements online may be taken expeditiously.

10.7 The Committee also flagged following issues for necessary compliance on the part of the Government:-

- (i) Amendments to the Companies Act to include international best practices.
- (ii) Implementation of Fast Track Exit to allow inoperative and defunct companies to close.
- (iii) Defining insolvency in detail in the proposed Bankruptcy Law and lay down a process for their speedy resolution while analyzing its causes and reasons.
- (iv) The number of insolvents is on the rise resulting in increase of NPAs of the PSU banks. RBI should set up a commission or tribunal to deliberate on the issue of insolvents and suggest remedial measures for genuine cases.
- (v) Enforcing ethical behavior in lending agencies, and weeding out roots for corruption in lending agencies by introducing suitable mechanism for quick punishment of the erring officials is the crying need of the day.

Getting Credit

11. The Sub-Committee is pleased to note that India's ranking on this index is within the top 50 that is at position number 42nd wherein India has been clubbed with Russia. The best performing economy in this context is New Zealand. This topic explores two sets of issues- the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The credit for getting a high score for this indicator should be given to the strong banking system of the country.

11.1 The Sub-Committee was apprised about the credit flow alongwith the challenges of NPAs which were seen as a major contributing factor towards high interest rates in comparison to some developed economies. It was also informed about the programme prepared by the Government to ensure adequate capitalization of the public sector banks within the confines of BASEL requirements. The Sub-Committee observes the changes made in the reporting system in the banks alongwith the steps taken to address bad accounts. It feels that though India is ranked higher in the getting credit but still there is a large scope of improvement to attain ranking within top ten Countries. The issue of concern that came before the Sub-Committee was the rising Non-Performing Assets (NPAs) of public sector banks. The Sub-Committee observed that the problem of NPAs had assumed gigantic proportions and was in-turn affecting the financial health of public sector banks which in turn has badly affected the credit flow to entrepreneurs.

11.2 The stakeholders submitted following suggestions before the Sub-Committee:-

- (i) Quick disposal of pending cases before DRTs (Debt Recovery Tribunal) needs to be ensured.
- (ii) Online portal for DRTs/DRATs is required to be developed.
- (iii) More number of DRTs/DRATs to be set up.
- (iv) Appeals against orders of DRTs to be admitted by DRATs subject to deposit of minimum 75% of the amount of debt.
- (v) Proclaimed Offenders should be directed to declare assets on oath.
- (vi) Amendment to Code of Criminal Procedure to cover wilful defaulters under criminal codes.
- (vii) DM/CMM/CJM to be given permission for taking possession of secured assets under Section 13(4) of the SARFAESI Act within a fixed time period.
- (viii) Any reference before the BIFR to abate automatically on taking action u/s 13(4) of SARFAESI Act by 60% of secured creditors.
- (ix) Property valuers to be brought under a licensing authority with penal provisions for unholy alliance with malafide borrowers.
- (x) Borrowers in real estate sector should be forced by law to clear inventory at reduce prices to clear bank loans to create much needed liquidity in the banking sector. This will have twin benefits of bringing down exorbitant housing prices to satisfy high demand for affordable housing and inject liquidity in the economy starving for funds.

Observations/Recommendations:

11.3 The Committee was deeply concerned with the rising level of stressed loans estimated at about 10% to 12% of the total loan book of banks which has taken a heavy toll on the public sector banks' performance as they have to make higher provisions for bad loans. The gross NPAs of listed banks have risen to Rs. 3.1 lakh crore in fiscal 2015. The Committee strongly recommends that banking sector reforms are absolutely crucial for banks to clean up their books. The Committee is of the opinion that this cleaning up exercise would create a space for fresh lending that will trigger a renewed investment cycle.

11.4 The Committee hopes that banks would be better placed to lend when the economy revives and attempts are made to put stressed assets back on track. The Committee understands that this process is ongoing and banks are recognizing what needs to be done to deal with stressed assets, which need to be brought down to more acceptable levels. The Committee is of the opinion that not just by provisioning but by also putting some of these assets back on track by elevating them to performing levels over time, can the banks control their NPA levels.

11.5 The Committee was apprised that RBI is working with the government to change the governance process of banks, moving towards cleaning up banks' balance sheets and ensuring appropriate recapitalization. The Committee feels that banks would soon be in a position to do the kind of lending that the economy will need as the recovery picks up steam.

11.6 The Committee recommends that RBI should be giving new licences to more asset reconstruction companies, particularly foreign entities that want to bring in more capital into the business so that stressed assets are cleaned up by following the best global practices.

11.7 The Committee strongly recommends the following additional steps to be taken on priority to improve the health of the banking system and enhance credit flow at lower interest rates:-

- (i) Though the large industrial houses get credit on their good will, small entrepreneurs continue to struggle. The Banks must reduce their lengthy procedures and 'forms'. The Banks must also appoint a 'Counsellor' to properly advise and decipher the bank forms, and explain implications to the credit-seekers implications in their own language.
- (ii) Credit should be linked with the property registered as a collateral, referring to the portal of defectors as created by banks, so that the lending quality is improved. Lending norms should be framed in a manner that the banks do not over expose to one individual borrower, sector, or group of borrows representing the same industrial house.
- (iii) As a large number of small enterprises are expected to play an important role in the manufacturing sector, unsecured credit provision may be put in place against the business plan, up to a limit (may be Rs. 10lakh), with relevant checks and balances to encourage the start up culture within the country.

Enforcing Contracts

12. As per 2016 EOB Report, India's rank on this index is at position number 178th whereas the best performing economy is Singapore at number one. In India it takes on an average 1420 days for the entire judicial process to be over in stark contrast to Singapore where it takes 150 days for enforcing contracts. The best performing BRICS economy in this context is Russia which is placed at position number five where in it takes around 307 days for completing the judicial process. The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court. In addition, this year it introduces a new measure, the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the commercial court system.

12.1 The Sub-Committee finds that the World Bank study used three indicators to evaluate the enforcement of contracts namely, number of days taken to enforce contract, cost incurred as a percentage of claim and number of judicial procedure involved. The Sub-Committee observes that enforcement of contracts is a key parameter, since it has multiplier effects on all of the other nine parameters for deciding ease of doing business rankings. In the absence of robust contract enforcement mechanism, reforms in other parameters such as taxation, getting permits etc. are not likely to deliver their full impact.

12.2 The various stakeholders that deposed before the Sub-Committee gave the following suggestions:-

- (i) Provide standardised contract templates to reduce ambiguity.
- (ii) Set up specialised courts or commercial divisions in existing courts to resolve commercial disputes.
- (iii) Implement case management systems in courts to reduce delays.
- (iv) Initiate process of e-filing of proceedings and e-services of court proceedings in district and High Courts.
- (v) Appoint more judges to decrease case load.
- (vi) Urgently operationalise commercial courts and benches in Delhi and Mumbai.
- (vii) Introduce electronic filing of complaints, summons, payments and electronic case management systems in commercial courts and benches.
- (viii) Expedite measurable performance standards for judges and incentivize efficient processing of cases.
- (ix) Introduce specialised commercial dispute resolution training for judges assigned to commercial courts and benches.

12.3 The Sub-Committee notes the steps taken to reduce pendency in various courts as stated by the Secretary, Legal Affairs. He stated that the Code of Civil Procedure, 1908 was amended way back in 2002 wherein under Section 89, all the Courts throughout the country were mandated that as and when a dispute comes to them for adjudication, they should

persuade the parties to settle their dispute through Alternative Dispute Resolution Mechanism, that is, either through arbitration/conciliation or mediation, as Mediation Centers are working at present in almost all the High Courts. The Arbitration and Conciliation Act needs to be amended for expeditious disposal of disputes. On the issue of settlement of commercial disputes, the Sub-Committee advocates early passage of the Bill, which is under consideration of the Department-related Parliamentary Standing Committee on Law & Justice.

12.4 The Sub-Committee was also informed about the number of initiatives taken by the Department of Justice for strengthening the infrastructure of the judiciary, viz. Infrastructure Development in the Subordinate Judiciary, the e-Courts Mission Mode Project for computerisation and ICT-enablement of Courts. On the issue of e-Courts Mission Mode Project, the Sub-Committee was apprised that the first phase of the project was mandated to computerise 14,249 district and subordinate level courts all over the country. At the end of first phase in March, 2015, 13,672 Courts had been computerised. As informed to the Sub-Committee the second phase is going to cover the remaining Courts. In addition to computerisation, the Government is taking some other initiatives which can improve efficiency of Courts. The information relating to cases is currently available online from the District Court websites. The Government is now planning to make it available in a comprehensive manner through the 'National Judicial Data Grid'.

Observations/Recommendations:

12.5 **The Committee is concerned to note that the quality of judicial process in India has led to India's low ranking as far as enforcing contracts is concerned. The Committee makes the following recommendations in this context:**

- (i) **Simplifying litigation processes and procedures-providing fixed time lines for resolution of disputes, clarifying confusion between courts and tribunals, utilizing IT for processes of Courts and digitizing court records and encouraging binding alternative dispute redressal processes**
- (ii) **Implement electronic case management system/e-courts which will result in significant saving and reduction of time.**
- (iii) **Alternative dispute resolution mechanism and fast track courts should be promoted for quick dispute resolution.**
- (iv) **Enforcing contracts more rigorously and facilitating digital contracting may be taken up on priority.**
- (v) **Create a cadre of certified contract practitioners, who will play important role in dispute resolution in tribunals and commercial courts. Such certified practitioners should vet all mega contracts.**
- (vi) **Limit adjournments to unforeseen and exceptional circumstances only.**
- (vii) **Introduce pre-trial conferences as part of case management techniques for commercial courts/benches.**

- (viii) **Introduce financial incentives for parties in commercial cases to attempt mediation or conciliation.**
- (ix) **Introduce regular National Litigation Policy revisions to streamline litigation.**

Protecting Minority Investors

13. India's rank on this index of protecting minority investors is at position number 8th whereas the best performing economy is Hongkong at number one. This topic measures the strength of minority shareholder protection against misuse of corporate assets by directors for their personal gain as well as for shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The Sub-Committee has not deliberated on this index in detail and none of the stakeholders have suggested anything substantial on this topic. However, the Sub-committee feels that India's highest rank is because of its strong corporate laws including a very detailed Companies Act, 2013. These detailed rules and regulations sometimes also act as a bottleneck for faster growth. Proper safeguards need to be taken in this regard by incorporating suitable provisions in the Companies Act, 2013.

Best Practices to be Adopted by Other States

14. The Sub-Committee studied the best practices of the different States and finally shortlisted the following practices which could be replicated by the other State Governments:-

Integrated and comprehensive systems for VAT:

14.1 The Sub-Committee found that the State of Karnataka, has been amongst the first States to take up computerisation of the core processes to improve service delivery to citizens across Government Departments.

14.1.1 After the introduction of VAT, the number of registered dealers increased substantially as against assessment of annual returns under Sales Tax as the assessment under VAT prescribed monthly or quarterly submission of returns increasing the quantum of work in the assessment units many-fold under VAT.

14.1.2 The State realised that an integrated automation was the bedrock on which the success of VAT rests as tax evasion cannot be checked without cross-verification. At the same time, the pressing need to enhance revenue and control tax evasion required that compliance be made easier for Taxpayers. A need to provide taxpayers a better experience of interacting with Tax Administrations was felt and the Tax Administration undertook a massive automation drive to reengineer its manual processes and provide for electronic delivery of services anytime anywhere across the lifecycle of the tax payer. Some such initiatives are detailed below.

Registration of Taxpayer:

14.2 Background: Earlier process of registration with the Tax Administration in Karnataka required dealers to submit an application along with supporting documents and registration fee

at the tax administration office. Documents submitted by the applicant were verified manually, and involved physical verification of the site of business alongwith reconciliation of proof of payment of registration fee with the Treasury. Thereafter, Registration Certificate was generated and dispatched to the dealer. Given the sanctity of the physical Registration Certificate, Tax Administrations also had procedures defined for issuance of duplicate RC in case the Taxpayer lost the original one. New online system introduced in the States can be experienced in terms of process and benefits as follows:-

Process	Benefits
Businesses apply for registration online 24X7	Flexibility to dealers to register as per convenience avoiding hassles of multiple personal visits to department.
Scanned copies of supporting documents are submitted online	Eliminates need for a physical visit by Taxpayer to the Department.
System aided checks for verification of data submitted by the Applicant from external system (PAN, Aadhar, IGR (Inspector General of Registration) DRS (Department of registration and Stamps).	Eliminates need for physical RC document completely, thus eliminating the need for a process of issuance of duplicate RC etc. which cost the dealer time and money.
The status of the registration application can be tracked through website and certificate can be downloaded once it is approved by concerned ET Office.	Increase in accountability of the concerned officer/dealer in respect to document submissions and verification process.

Online services for Compliance of Labour Management Solution by Labour Department in Maharashtra:

14.3 In order to create enabling environment for the businesses, it was felt necessary to facilitate the interface with the Labour Department in a manner that provides transparency and lessens the burden of compliance on them. With this in mind, Labour Department, Government of Maharashtra decided to implement a Labour Management Solution. The Project is designed to provide businesses an online interface with the Labour Department so that they submit online license applications and the renewal of license applications. Under the Factories Act, 1948, the factories can now also apply online for exemptions under various provisions of the labour laws. In addition to this, the shops and establishments under the relevant Act can submit their registration applications online and can also apply for various exemptions. Through the e-interface created under this project, the businesses are enabled to file their monthly and annual returns online.

E-Initiatives by the Central Ministry for Labour & Employment

14.3.1 In this context the Sub-Committee would like to commend the initiatives taken by the Union Ministry of Labour & Employment that have been completed:-

- (i) Online Registration of establishments with ESIC and EPFO;
- (ii) Registration of employers with ESIC and EPFO integrated with e-biz portal of DIPP;
- (iii) Online payment of contributions for EPFO and ESIC through net-banking;
- (iv) Launching of Shram Suvidha Portal, which facilitates ease of reporting at one place for various labour laws. The portal will enhance convenience of reporting, transparency in labour inspections and monitoring of labour inspections;
- (v) Amendment in the 'Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by certain Establishments) Act, 1988' provides for simplification of procedure for furnishing returns and maintaining registers in relation to establishment's employing a small number of labours.

14.3.2 *Initiatives by the Ministry of Labour & Employment in pipeline:*

1. Legislative reforms : The Second National Commission on Labour had recommended for the enactment of a special law for small manufacturing units and also that the existing Labour Laws should be broadly grouped into four or five Labour Codes on functional basis. Accordingly, the Ministry has taken steps for –

- Drafting Small Factories Bill regulating the working and service conditions of workers in small manufacturing units employing less than 40 workers;
- Drafting four Labour Codes viz.-
 - * Labour code on Wages
 - * Labour Code on Industrial Relations
 - * Labour Code on Social Security & Welfare
 - * Labour Code on Safety & Working Conditions

By simplifying, amalgamating and rationalizing the relevant provisions of the Central Labour Laws, these reforms will help in catalyzing the creation of employment opportunities in the country.

2. *Common Registration under 5 Central Labour Acts, by integration with DIPP's E-Biz Portal:* Work is in progress, in association with Department of Industrial Policy & Promotion, for design of portal for Common Registration under 5 Labour Acts. The development work has since been completed and the facility is likely to be launched very shortly. The Acts covered include:

- * The Employees Provident Fund & Miscellaneous Provisions Act, 1952,
- * The Employees State Insurance Act, 1948,
- * The Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996,

- * The Contract Labour (Regulation & Abolition) Act, 1970, and
- * The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.

Land related interventions in Gujarat:

14.4 **Background:** The model followed by Gujarat Industrial Development Corporation oversees and ensures reduction in complexity across all processes in getting land. Although there might be some implementation issues but it is still a wholesome move and addresses concerns of all the relevant stakeholders. An entrepreneur has following options while purchasing land in Gujarat:

- Government Land
- Private Land
- Land in GIDC Estate
- Forest Land
- Land Parcel in Special Economic Zone (SEZ) or Industrial Park (IP)

14.4.1 GIDC has a very simplified land acquisition procedure in the state with minimum direct government participation. An entrepreneur can approach Gujarat industrial Development Corporation (GIDC) for a speedier acquisition with fewer hassles. GIDC operates and maintains 182 functional estates, ranging from mini to mega sizes, across various districts in Gujarat. It has an inventory of 36,000 hectares of land in the state.

14.4.2 **Processes Involved:** Government intervention in land related matters can be in any one of the following three domains.

- Acquisition and conversion of land
- Development of land and Supporting infrastructure
- Allotment of Land

14.4.3 In case of land acquisition the government body needs to ensure that compensation made to the land owners is fair and equitable. It has also to ensure that proper relief and rehabilitation measures are taken to prevent any instability caused by litigation from the land owner. The Government body has the ability get faster land conversions (from agricultural to non agricultural), land title clearances and environmental clearances for the land.

14.4.4 If an entrepreneur chooses to approach the GIDC for allotment of land, the following steps need to be undertaken within the stipulated time for each activity mentioned:

- Purchase of Application Form
- Submission of Application with D.D. of Scrutiny Fee (Acknowledgement within 7 days)
- Issuance of Offer-cum-Allotment letter (OCA) (7 days for non-commercial and for chemical cases, on receipt of NOC from GPCB)

- Agreement Execution along with down payment (30 days from date of OCA)
- Possession Advice (within 3 days)
- Taking over a Physical Possession (20 days)

Best practices from other states

14.5 Although the Sub-Committee has chosen to showcase Karnataka's Tax registration system, Maharashtra's labour law integration system and GIDC's model for land related interventions as best practice but some of the other states have taken commendable initiatives as listed below:-

- (i) Haryana State Industrial & Infrastructure Development has land rates clearly spelt out on its website.
- (ii) If the land required is in private hands, Andhra Pradesh Industrial Infrastructure Corporation acquires the land on behalf of the investor. However, investor has to acquire consent of at least 70% of the existing land owners.
- (iii) In Andhra Pradesh, one member of land owners family whose land is acquired is guaranteed employment in the industry that is being set up on the land.
- (iv) Online registration of shops and establishments in Maharashtra and Delhi.
- (v) Online application of construction permits in Maharashtra and Delhi.
- (vi) Real-time allotment of TIN for VAT registration in Delhi.
- (vii) Commercial Divisions created in High Courts of Maharashtra and Delhi.
- (viii) One stop clearance system (Invest Punjab) set up for investment projects in the State. 'Invest Punjab' also acts as a unified state regulator for regulatory and fiscal clearances.
- (ix) 131 types of industries exempted from pollution consent requirement in Punjab.
- (x) Online pollution consent management system implemented in Gujarat.
- (xi) GIS based land identification system implemented in Gujarat.
- (xii) Simplification of labour laws in Jharkhand.
- (xiii) Single window clearance in Rajasthan.

Major Hurdles Identified by the State Governments

15. The State Governments highlighted environmental clearances and issues of taxation as major hurdles. The issue of taxation has been addressed as part of the ten indicators earlier in the Report. The Sub-Committee deliberated on the environmental issues which are discussed here. It was concerned to note that environment clearance acts as a major hurdle and was identified by all the state government representatives who gave their deposition before the Sub-Committee. The Sub-Committee in this regard heard the Secretary Ministry of Environment and climate change who gave a detailed deposition before the Sub-Committee stressing the

improvements made. He mentioned that the Ministry is using more and more technology in the decision-making process. For example, the entire process of submitting an application and thereafter moving it from stage to stage has been made on-line for environment clearances, wildlife clearances, forest clearances and CRZ clearances. These are the four major clearances for which on-line submissions have already been done. It is possible now for a project proponent to not only submit its application but actually to track it and see where it is moving and whether it is moving as per the required timeline which has been prescribed.

15.1 The second initiative he mentioned was greater application of space technology as far as forest clearances are concerned. With the use of space technology, it is now possible for the ministry to exactly identify the area which is proposed for diversion and to co-relate it with the coordinates which are available with the Forest Survey of India. This gives greater precision to decision-making and it avoids arbitrariness. Ministry has given greater delegation of authority. Regional Empowered Committees have been created. There are ten of them at the different stages and they have a regional responsibility. These regionally Empowered Committees are delegated with the power of giving approvals for forest clearances up to 100 acres or 40 hectares. It is observed that about 90 per cent of the cases for forest clearances which used to come to the Ministry are no longer required to come to the Ministry. The decision can be taken at the regional office by the regionally Empowered Committee which comprises representatives from the States, experts as well as other bodies which operate in that region.

15.2 The other initiative taken has been that some of the institutions which had not been operating like the Standing Committee of the National Board of Wildlife were duly constituted which is meeting regularly and they have, more or less, cleared all the projects which have been submitted to them.

15.3 Finally, the Secretary brought to the notice of the Sub-Committee, the concept of an eco-sensitive zone around the protected areas. In the last about one year, the ministry has been able to notify and get approval for almost 33 per cent of the protected areas in the country; There is a certain procedure under the Environment Protection Act whereby draft notifications are issued and after draft notifications the response of the people is invited. After the period of public consultation in our notifications are issued. He apprised the Sub-Committee that for about 33 per cent of the protected areas, specific notifications, in consultation with the State Governments, have already been approved.

15.4 On a query by the Chairman regarding a comparative study with other countries at similar stage of development like India on time taken to get environment clearance, the Secretary stated that the Ministry has hired a legal consultant who has done a Gap Analysis Report after studying our environment related laws of about a dozen countries in the world. Based on that Gap Analysis Report and the good practices or procedures which are followed in other countries, the Ministry proposes to undertake amending the regulations wherever necessary or to streamline procedures which can be done administratively. That Gap Analysis Report presentation has been made and the next step would be to propose the kind of provisions or best practices which are required to be done.

15.5 Other issues like sand mining, state level clearances, approval of building plans were discussed at length to formulate a revised simplified procedure for the State level authorities

and district level authorities to give clearances at their level. That, they need not come either to the State level or to the headquarters except if there are very complex and huge projects.

15.6 The representative of the State Government of Andhra Pradesh sought the Sub-Committee's intervention in making laws related to environment more transparent and available in the Public Domain. He stressed upon specific timelines on environmental issues instead of keeping issues pending. **The Committee recommends that the issue of environmental clearances needs to be aligned in a manner that the Ministry is in a position to say 'Yes' or 'No' within a specific timeline and let the investor take a decision as to whether to invest or not to invest.**

15.7 The representative of the State Government of Gujarat highlighted the case of the chemical clusters in Gujarat referring to Vapi, Ankleshwar and Ahmedabad which are considered to be in critically polluted category, because when they were set up, the Chemical Oxygen Demand (COD) was 500, but has now recently been reduced to 250 which is impossible for the Chemical Industry to achieve. It was pointed out that the COD norms are the same for disposal on land and at twenty kilometers deep into the sea. He further apprised that the Environment Ministry accepts that the norms for land and sea cannot be the same but it is yet to notify it officially. This is hampering the growth of chemical industry in Gujarat. **The Committee strongly recommends for revision of the Comprehensive Environmental Pollution Index (CEPI) so that investments in these chemical clusters is not affected.**

15.8 The representatives of State Government of Punjab raised issue of not getting permission from the Forest Department for the roadside access even for entry and exit. He informed that lots of industries are facing problems because the roadside plantation allowed by the Road and Building Department, but not getting access for entry and exit for their projects as the forest clearance is held up for quite a long time denying the success of a project.

15.9 **The Committee appreciates the initiatives taken by the Ministry of Environment and Climate Change but notes with concern the reservations expressed by the representatives of the State Governments. The Committee recommends that a quarterly meeting with the Chief Secretaries of States may be held by the Ministry of Environment and Climate so as the issues flagged by the state governments are addressed, in the meetings on priority basis.**

Conclusion

16. It has been said that a conclusion is the place where one gets tired of thinking. However, in our parallel perspective we would like to think of the Conclusion as the place where the resolve and determination of the deliberations that the Sub-Committee has had during the past months, clearly emerges to make a statement of hope and positivity that is unarguably needed if we are to move forward and make visible progress.

16.1 Taking note of the concluding evidence of the Secretary, Department of Industrial Policy and Promotion (DIPP) and the steps/initiatives that have been/are being pushed by the DIPP, the Sub-Committee notes that this nodal wing of the Government entrusted with the onerous task for developing and implementing strategies for ease of doing business has been able to position itself as the driving force for the task at hand and is creating the desired momentum, which if it finds support and synergy, from all stakeholders, can go on to achieve the visioned success.

16.2 However, drawing from our wide deliberations, discussions and taking due note of all inputs on the subject, the Committee, while appreciating the resolve, push and direction of the Government, observes that the following broader issues, which are proving to be a dampener to the steps that are being taken need to be addressed by the concerned in right earnest:

- (i) The pace of change, that is needed, is quite slow for which the key concerns that have been noticed relate to the perception of India being seen internationally, as a complex, difficult destination with bureaucratic hurdles at manifold points in terms of getting clearances and doing business.
- (ii) There is sluggish movement towards having transparent and completely online processes, in tune with similar systems in other economies of the world hindering various steps like ability to register companies in a day or two, reduction in agencies involved for getting a construction permit, etc. to allow hassle free service to the stakeholders.
- (iii) We need to have pragmatic approach with the realization that to make a turnaround on the ground, besides hard work and administrative measures, change of mindset is absolutely necessary. For this, an exercise to weed out unnecessary rules, vagueness in regulations, obsolete Acts etc is the utmost need of the hour. Involvement and use of technology at all levels of decision making may also greatly help the existing business climate. There is also the need to reduce human intervention and technology can play a determining role to achieve this.
- (iv) This is need for a coordinated approach on part of the various Ministries/ Departments of the Central Government, state governments and various agencies and stakeholders with a clear resolve that India needs to improve not for World Bank's sake, but for India's sake and the economic progress of the country is interlinked to making doing business with ease.
- (v) The exercise undertaken by DIPP along with the World Bank to evaluate the performance of the States need to become a collaborative and continuous process as States remain the key units on whom the Country's progress depends.
- (vi) Excessive time taken to obtain clearances, manifold inspections, multiplicity of forms and documentation, outdated and vague procedures etc. remain stumbling blocks for any desirous businessman.
- (vii) Reforms in Labour laws, which have been pending for decades, need to be urgently pushed to bring them in tune with the existing times. Offering clarity and simplification that proves beneficial to all concerned.
- (viii) The country has to become a nation of job creators rather than job seekers. By 2020, India is expected to have over 900 million people in the

working age group and most of the jobs for the young will need to come from the private sector. Needless to say, it is imperative to simplify the regulatory landscape, if India has to usher in a Start up revolution which as of today, faces difficulties in terms of the tax system and ability to get sustained investment, as the initial bid of investment is forthcoming from family and friends, but follow up investments are difficult to get through due to taxes being very high. In other economies like Singapore, such taxes are exempted. Thus, there is a need to make our tax regime on a par with that of the best in the World. There is a need to create a separate regime for start-ups to enable them compete with the best in the World.

- (ix) There should be appreciation of the fact by all concerned that the envisaged task to improve India's ranking is a huge task requiring concerted efforts not only by the executive through administrative measures but also by the Legislature through appropriate laws and the Judiciary by ensuring that there is quicker enforcement of contracts so that this entire life-cycle of doing business in India can improve at the earliest.

16.3 The Committee in its various recommendations has tried to highlight the steps required to be taken to bring about a change in the entire ecosystem of doing business with ease. Going forward, the Committee feels that DIPP should have in parallel, a statistical analysis of end user perception and validation so the changes can be perceived and witnessed on the ground. It also notes that India has aroused expectations globally and not delivering now would be a disappointment. India has the potential to be the pride of the BRICS.

16.4 The Committee strongly commends the hard work along with the substantial groundwork that has been put in by the DIPP and appreciates the team which has been entrusted with this very important task in nation building. The Committee would like to supplement and complement the effort of the DIPP in this yeoman exercise and would like to conclude with the thought that the journey is difficult and we have miles to go but the direction has been set for India to occupy its deserved place in the comity of nations.

16.5 It has been correctly said that the past is where the lesson is learnt and the future is where we apply the lesson. Though a beginning has been made through various initiatives and policies towards the ease of doing business, it is highly critical to maintain and further upgrade these initiatives through sustained monitoring and pragmatic innovative solution oriented measures.

OBSERVATIONS & RECOMMENDATIONS - AT A GLANCE

1. **On the basis of the interactions with the various stakeholders, the Committee recommends as under:** (Para 4.3)

- (i) **There is an urgent requirement to further reduce the procedures and the time period for registration of an enterprise. For this, the Committee strongly recommends for review of all forms and rules associated with company incorporation, issuance of PAN/TAN, EPFO/ESI registration and VAT registration so that simplified administrative changes can be accomplished in an integrated manner.**
- (ii) **A unique business ID number which should incorporate all the information regarding a particular business and should be taken as the sole reference for registration and other regulatory processes.**
- (iii) **A single application form with a single payment gateway may be made for all registrations in one attempt. All department systems may be integrated on this platform. Real time registration with no inspection or physical documentation submission/checking may be done for issuances of VAT/PAN, TAN, EPFO/ESIC etc. and same may be done within one working day.**
- (iv) **The requirement for obsolete registrations may be phased out and the company name reservation process may be done on real time basis. The compliance requirements for small and medium enterprises need to be substantially eased out.**
- (v) **The regulatory processes in India have resulted in a situation that a large number of start ups are setting up bases in Singapore. Successful startups are moving out of India. The Committee is concerned to note this trend and is of the opinion that Regulation needs to be streamlined so that problems in getting seed capital are resolved and the start up culture in India gets a further boost.**
- (vi) **AADHAR, PAN and Passport may be linked to eliminate the basic need of verification, certification, and digital signature. This will also eliminate the need to pay fees to a Chartered Accountant (CA) /Company Secretary (CS) for cross-verification.**
- (vii) **Minimise the requirement of filing for small companies and start ups with basic stress on online filing with self certification and doing away with the need**

for services of a Chartered Accountants. Small private limited companies should be exempted from event based filings. The filings should be required only in case where certain changes in ownership or holdings are done.

- (viii) The provisions of the Companies Act, 2013 with regard to liquidation and revival/rehabilitation are yet to commence. These need to be expedited within a specified time frame.
- (ix) The Companies Act, 2013 *inter-alia* seeks to provide approval of merger/demerger of companies through the National Company Law Tribunal (NCLT) instead of through the High Courts as provided under the Companies Act, 1956. The Committee recommends for simpler procedure for approval of merger/amalgamation of two or three small companies. Enabling provisions for cross border mergers need to be brought into force immediately.
- (x) The Committee recommends that the globally accepted best practices for allowing tax neutral merger at International level in case of group reorganisation to bring increased synergy and efficiency may also be studied and incorporated in the Indian context.
- (xi) The Committee was apprised that the process of getting a company declared as a dormant company has been simplified. The Committee recommends that a simple board resolution should suffice in case someone wants to get a company declared as a dormant company. The same company should be made active with just a simple board resolution *vice-versa*. Further, the Committee also recommends that dormant companies be exempted from all filings including income tax return filings as they would not be doing any business.
- (xii) Finally the Committee recommends that the improvements made in the form of reformed services and simplified procedures need to be communicated regularly through both the print and electronic media to ensure transparency and wider usage of the simplified procedures.

2. On the basis of the discussion and deliberations with the various stakeholders, the Committee recommends as under: (Para 5.4)

- (i) The Committee has observed that the issue of construction permits is a grey area in the 'Ease of Doing Business' scenario and there is an urgent need for introduction of fast track building plan approval systems at least for low risk buildings.
- (ii) The Committee feels that there is an urgent need for introduction of a risk based classification system based on the structural requirements and intended usage. It recommended that a building certificate for the entire

construction may be done in one single approval by introducing a single online window for application and approval of building permits.

- (iii) **Bringing about necessary legislative changes for amending the building bye laws to introduce risk based categorisation of buildings based on low risks. Amendments in the building bye laws to accommodate simplified administrative changes may also be done atleast to bring Indian standards to the level of the best performing BRICS economy *i.e.* South Africa where it only takes 19 procedures and 141 days to obtain construction permits.**
- (iv) **There was also need to constantly update the Master Plan of the urban areas so that there is very little discretion for subjective interpretation.**
- (v) **One day time limit for approval of applications may be prescribed for low risk buildings.**
- (vi) **Development of an online application system which routes applications of all relevant offices for all NOCs without the requirement of applicant to visit multiple departments.**
- (vii) **A single post completion NOCs which should merge the occupancy certificate with the completion certificate for all low risk buildings.**
- (viii) **State Governments should demarcate areas nationwide for industrialization, where change in land use can conveniently be provided, without effecting fertile agricultural patches. This will speed up land acquisition, wherever required.**
- (ix) **Online linkage may be established for design approval records, ownership records, land area permissions, and constructor's bank account for auto-deduction upon violation.**
- (x) **Allow auto approval based on third party certification of structural design and architectural drawings by recognised structural engineers and architects respectively. Strong mechanism for penalty to be enforced on the engineer/architect in case there is any violation.**
- (xi) **Promote self-declaration and self-certification along with increase in penalties in case of violation of any regulations.**

3. **On the basis of the interactions with the various stakeholders, the Committee is distressed to note the long time taken for getting an electricity connection in metropolitan cities like Mumbai and Delhi leave alone the precarious position in other States. In view of this, the Committee recommends as under:** (Para 6.6)

- (i) **Legislative changes that may be required for Delhi/Mumbai or by DERC/MERC electricity supply codes to enable necessary administrative changes so that the regulatory hurdles in obtaining speedier electricity connections are removed as soon as possible.**
- (ii) **Secretary, Power should take a monthly review meeting with the Delhi and Maharashtra DISCOMS and other concerned agencies until the time period for obtaining electricity connection is come down to International standards.**
- (iii) **The Committee is of the opinion that the progress and improvement to be brought out in cities of Delhi and Mumbai in due course needs to be replicated in the rest of the country. All State Governments should be requested that efforts should be made to ensure that no physical movement of paper is done for release of new electricity connections or for reduction or enhancement of electricity loads, for conversion of categories from industrial to commercial to residential or *vice-versa*. The State Government's utilities may accordingly revise their internal rules and procedures and revert back to the Ministry of Power for the compliance at the earliest.**
- (iv) **All processes be brought on to a single integrated online platform with a payment gateway so that the consumer can get an electricity connection sitting at his office or home.**
- (v) **Create hubs from where entrepreneurs can draw electricity initially to commence their production, while utilities follow up and regularize the supply in specified time.**
- (vi) **Connect ownership records with user agency and location and promote regular updation of local electric supply infrastructure. Enforce bank account linkage through ECS to draw minimum payment from secure account in case of default.**

4. **On the basis of the interactions with the various stakeholders, the Committee is distressed to note there is an extremely slow pace of implementation of the programme for updating of land records to bring them on to an online platform. This programme has been going on for over three decades and yet it has not been completed. The Committee feels that computerisation of Records of Rights (RoRs), digitization of maps, computerisation of registration automatic generation of mutation notices, development of modern record rooms/land record management centres at Tehsil/Taluka/Circle/Block level may be done on a war footing besides providing training and capacity building to the local officials and functionaries. In continuation, the Committee recommends as under:**

(Para 7.4)

- (i) **Standardized formats of documents like the sale deed/agreement to sale, lease deed, gift, mortgage/exchange power of attorney, etc. may be made and be uploaded on the website of all State Governments.**
- (ii) **Conclusive land titling may be done by integrating space technology, forms of identification like the AADHAR Card may be used so that smooth transfer of property can take place from one owner to another owner. This exercise would help release substantial amount of capital that is locked in disputed lands across the country.**
- (iii) **The Committee observes that some States like Andhra Pradesh and Gujarat have done a commendable job as far as removing ambiguity in the process of land registration is concerned by bringing in great transparency. Besides, integration of land records, land registration has also been done in Andhra Pradesh and Gujarat along with few other states. It recommends that all the remaining State Governments may be asked to follow these best practices. The Committee considers it very significant and imperative that the release of funds under the centrally sponsored urban development schemes to the different State Governments may be linked to the performance of the States on these parameters.**
- (iv) **Online linkage of the flow of construction permit with completion, safety, occupation permits, builder/lender/buyer mortgages may be established so that buyer and seller could approach on this portal, using their combined AADHAR, PAN and Passport details verifiable by post signature documents till the system matures. Only online payments may be allowed for registering a property. Formal ownership to be provided by digital signature documents from the Registrar, with photograph as from Passport, AADHAR or PAN and even mentioning nomination, collateral/mortgage conditions, etc.**
- (v) **Connect various registering authorities digitally to reduce delays, which occur mainly for verification of records.**
- (vi) **Create single window and subsidized rates for registration, upto a certain limit in terms of value or property.**
- (vii) **Introduce online E-Stamp facilities across Sub-Registrar Officers in the State.**
- (viii) **Ensure data is digitized at sub-registrar's office, land records and municipal records for property tax.**
- (ix) **Integrate data at sub-registrar's office, land records and municipal records to facilitate property-wise mapping of transactions.**

- (x) **Integrate mutation process with registration process by automatic updation of land and municipal records with registration of property.**

5. **On the issue of paying taxes, India's rank in the Ease of Doing Business ranking has worsened from 156th in 2015 to 157th in the current rankings for 2016. The Committee is extremely distressed on the low ranking India has received as far as ease of filing taxes is concerned. This is despite the fact that substantial progress has been made in unifying the E-filing platforms for EPFO-ESIC returns. Similarly, E-filing platforms for filing VAT are also under preparation.** (Para 8.5)

6. **The Committee is concerned to note the element of subjectivity involved in interpreting the term 'same international transaction'. Various stakeholders have requested the CBDT to clarify as to what is meant by the term 'same'. The Committee observes that CBDT has already issued Circular No.10 of 2015 to clarify, *inter-alia*, that the international transaction for which a rollback provision is to be allowed should be the same as the one proposed to be undertaken in the future years and in respect of which the agreement has been reached. There cannot be a situation where rollback is finalised for a transaction which is not covered in the agreement for future years. The term same international transaction implies that the transaction in the rollback year has to be of same nature and undertaken with the same associated enterprises(s), as proposed to be undertaken in the future years and in respect of which agreement has been reached. In the context of Function, Assets and Risk (FAR) analysis, the restriction would operate to ensure that rollback provisions would apply only if the FAR analysis of the rollback year does not differ materially from the FAR validated for the purpose of reaching an agreement in respect of international transactions to be undertaken in the future years for which the agreement applies.** (Para 8.6)

7. **The Committee is concerned to note that controversy over many multinational companies *viz.* the Shell and Vodafone tax cases, which finally went against CBDT, have brought about a bad name for India as far the issue of taxation is concerned. Similarly, the recent controversy over Minimum Alternate Tax (MAT) on capital gains made by FIIs has further led to negative image of the country on tax matters. The Committee feels that there are far better ways to resolve tax issues instead of resorting to coercive methods to recover taxes which in any case are turned down later by the courts. The Committee is of the opinion that the taxation framework is very complex and arbitration, besides taking a lot of time and being expensive, creates a lot of noise that is not in the best interest of the country. The Committee feels that if 'Make in India' initiative is to succeed, taxation has to be stable and predictable. Policy uncertainty and tax disputes have made many foreign companies increasingly nervous about taking the plunge in India. The Committee strongly recommends that there should be a fair, predictable and stable tax regime in the country.** (Para 8.7)

8. **The Committee also feels that there is a tremendous need to improve the Department's interface with the tax payers and immediate steps to reduce physical interface of taxpayers with the tax authorities which is seen as harassment needs**

to be avoided by switching-over to e-hearing. It observes that there is a need to enhance transparency and bridge the expectation gap between tax payers and tax authorities. A lot of time, cost, effort can be saved and harassment prevented by use of technology and removing human interface. The Committee recommends that there should be electronic assessment which would help in achieving consistency and bringing about speedy dispute resolutions. It also recommends that cases selected for scrutiny based on the information in annual information written or mismatch in tax deducted at source should be settled through e-scrutiny without involving any physical interface. (Para 8.8)

9. The Committee observes that there is a need to widen the tax net and action against evaders should be taken as the tax evasion spoils the compliance culture as those who pay taxes feel that the system is against them. At present there are four crore tax payers in the country and CBDT needs to take steps to bring new assesses within the tax structure on a regular basis. It also observes that as of now around 1% of the cases are taken for scrutiny but there is still substantial human interface bringing in instances of corruption and emergence of grievances. It notes that as per existing provisions of Income Tax Act, notice for re-assessment (under section 147) of income of an assessment year may be issued upto six years only if the income which has escaped assessment or it likely to escape assessment is exceeding one lakh rupees. Further, re-assessment notice may be issued upto sixteen years from the end of the relevant assessment year if the income in relation to any asset (including financial interest in any entity) located outside India, chargeable to tax, has escaped assessment. (Para 8.9)

10. The Committee understands that in case of a person where a search is conducted under section 132 of IT Act or requisition of books of accounts or documents is made under section 132A of the Act, the Assessing Officer is required to assess the total income, under section 153A of the Act, of six assessment years immediately preceding the assessment year relevant to the previous year in which such search is conducted or requisition is made. (Para 8.10)

11. The Committee is of the view that fighting the menace of Black Money has been the centerpiece of the Finance Minister's Budget Speech 2015-16. The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 provides that tax on undisclosed foreign assets shall be charged to tax on its value in the previous year in which such asset comes to notice of the assessing officer. Thus, under the new Act, there is no time limit for assessment and collection of tax in respect of undisclosed foreign assets. (Para 8.11)

12. The Committee also understands that re-assessment under section 147 of the IT Act is initiated on the basis of written satisfaction of the Assessing Officer that income has escaped assessment which is subject to further approval by higher Income-tax Authorities. Similarly, search is carried out on the basis of satisfaction of Pr. Director

General/Pr. Director or Director of Income-tax duly recorded within the parameters provided under section 132 of the Act. (Para 8.12)

13. **The Committee is distressed to note that search and seizure are at times used as tools for harassment of tax-payers for political reasons, or for settling personal scores. It recommends that the power to search and seizure should be done in the rarest of rare cases where it is firmly established that tax evasion has taken place and the case can withstand judicial scrutiny as it has been observed that the Department regularly loses cases in appeals and in higher courts.** (Para 8.13)

14. **The Committee recommends for extensive usage of technology for data analysis and verification of financial transactions in an efficient manner so that the volume of cash transactions is substantially reduced. It also feels that there is a need to create credible deterrence against tax evasion by ensuring quick disposal of cases by courts as at times, cases have been pending for over 15 years in many courts.** (Para 8.14)

15. **The Committee further recommends that the focus of the Department should be on non-intrusive measures through data collection linkage of information received from different sources to correlate this data into actionable intelligence. There should be steps to promote voluntary compliance and to impart confidence in tax payers that they are dealing with a fair and judicious tax administration.** (Para 8.15)

16. **The Committee also recommends that monitoring and scrutiny should be resorted in only high risk categories. Low risk category cases should be outside the ambit of scrutiny unless subsequent complaints in the form of frauds are detected. It further recommends that manual selection for cases scrutiny should be avoided and scrutiny selection process should be fully objective and transparent. The Committee also recommends that dormant companies as classified by the Registrar of Companies should be exempted from filing income tax returns, as it unnecessarily creates a compliance burden besides there is no revenue generation due to the company being dormant.** (Para 8.16)

17. **It has been brought to the notice of the Committee that tax payers at times are subjected to undue harassment in the name of scrutiny and they are required to produce papers ranging upto six years from the end of the relevant assessment year. In this regard, it strongly recommends that the notice for re-assessment (under section 147 of IT Act) of income of an assessment year may be issued up to three years from the end of the relevant assessment year. This would give a very positive signal to investors and provide them with a comfort level knowing that they would not be subject to witch hunting. The Committee desires that the aim of Income Tax Authorities should be to include more and more people in the tax net instead of following the people who have paid their taxes and submitted their returns.** (Para 8.17)

18. **The Committee also notes with concern that there are several appellate layers for deciding tax appeals. It recommends that the process of settling tax appeals and**

time taken for assessment should be drastically reduced. It notes with concern and feels that there is sufficient scope for improvement in the quality of assessments for addressing tax payer's complaints and also for curtailing the tendency of making frivolous additions which cause grievances from the tax payers. It therefore strongly recommends that the globally accepted best practices may be studied so that India achieves its position amongst top 10 countries as far as the ease of paying taxes is concerned. (Para 8.18)

19. The Committee notes the response of the Government that a proposal to give certain rights to the Cost Accountants and Company Secretaries under the definition of 'accountant' under the Income Tax Act is under consideration. It recommends that the definition of 'accountant' under the Income Tax Act may be expanded so that people representing the companies' cases may also include non-Chartered Accountants *viz.* cost accountants, company secretary, income tax experts, practicing advocates, etc. (Para 8.19)

20. Tax rate is also an important consideration for deciding the ease of business rankings. Corporate tax rate should be brought down to 25%. (Para 8.20)

21. The Committee is of the opinion that the process of upgradation of customs software in allowing electronic acceptance documents is at a very elementary stage as there is still substantial human interface which includes physical submission of documents. The Committee is distressed to note that electronic/digital signatures are not being used by Customs to ensure legal validity of document. Traders are still required to submit hard copies and at times duplicate copies of papers. The Committee observed that at times multiple agencies are involved for obtaining certificates/NOCs resulting in delays. The Committee also observed that manual checking is rampant in case of both exports and imports leading to harassment and corruption. The Committee strongly recommends for preparation and implementation of a national single online application for getting all necessary certificates/NOCs. The whole process may be integrated as a 'National Trade Portal' and should include all trade related information including online Customs Duty calculator, DGFT/ITC-HS code into a single searchable data base that should be available online. The payment of Customs Duty may accordingly also be made online. The Committee observes that as long as there is human interface, there will be endemic delays, harassment and corruption. The Committee is distressed to note that hardly any shipment has been cleared in any of the major ports on just online basis despite introduction of the RMS based system. (Para 9.5)

22. The Committee is also concerned to note that in developed countries only 5% of the consignments are physically verified. In India voluminous documentation coupled with face to face interaction with Government officials and differences with trade representatives on the interpretation of rules by Custom Officers result in delays/additional cost in-terms of demurrage and consequent harassment. The Committee is

distressed to note that the Customs Department is completely out of sync with the globally accepted best practices mainly due to human interface with the Government officials. There is complete disconnect between the customs inspectors and the Custom appraisers on the policy framework to such an extent that the importer/exporter has to virtually educate the customs officials on various policy changes. Rude and authoritative behaviour of the concerned officers on the ground level has created a very bad and negative perception of the Customs Department. Despite clearly framed guidelines exporters have to run from pillar to post to claim legitimate duty draw backs. The Committee strongly recommends a dedicated time line to completely eliminate physical submission of papers and human interface to attain at least a ranking amongst top 50 countries as far as trade across borders is concerned. (Para 9.6)

23. The Committee also feels that trading across the borders with liberalized policies will be necessary for the success of 'Make in India' initiative. Focus should be placed on trade not only with South-Asian countries, but also with other Asian countries, the BRICS Nations, and other economic groups. (Para 9.7)

24. Besides, above recommendations, the Committee flagged following issues for necessary compliance on the part of the Government:- (Para 9.8)

- (i) Customs working hours are not 24X7 at all major airports despite a 2014 announcement by Customs. Delhi airport is the only operational 24X7 cargo and courier clearances. Chennai airport does not even have a courier /express clearance system round the clock.
- (ii) Airport space shortage for cargo leading to retrieval delays for imports and congestion for exports, long queue with trucks parked outside airport for hours and inadequate space for express and general cargo are major bottlenecks that need to be removed with a sense of urgency to make govt's 'Make in India' programme a success.
- (iii) Customs EDI goes down frequently every month and especially in December and March which are peak volume periods. Almost every month for a few hours in most major airports this leads to delay and missing connections for export of high value shipments. Authorities should pay special attention to attend to this irritation.
- (iv) Customs rules require No Objection Certificate (NOC) from various government agencies such as Additional Drug Controller and Textile Committee even for small samples of a few grams and less than USD 10 value even when these are trade samples of no commercial value. Capacity of accredited labs for testing is inadequate to provide report for all such large numbers even for several days. Corrective measures need to be taken urgently in this regard.

- (v) **Logistics service activities (transit warehouse) in most states (processing centres) not clearly allowed from industrial parks such as Maharashtra Industrial Development Corporation (MIDCs) or Delhi.**
- (vi) **Foreign exhibitors and travelers to India receiving international shipments while residing in hotel or temporary residence struggle to get shipments of books or small trade samples as their Identity and Address proof on required KYC document, Passport does not have Indian address. Acceptable alternatives mechanism for address proof is not in place. Customs Rules for CHAs and courier companies does not provide for waiver either. Exhibitors and Student Counsels traveling for trade and educational events struggle in a big way. Rules should be amended to provide for such exigencies or situations.**
- (vii) **Making entire clearance process online is a necessity to remove requirement of Terminal Handling Receipts.**
- (viii) **Improvement in infrastructure at JNPT to reduce the ports and terminal handling time and inland transportation and handling time by creation of online Single Window for clearance of goods is a necessity.**
- (ix) **India should aim to reducing time taken in clearance of goods to half a day.**
- (x) **All agencies involved in clearance of goods should introduce risk-based inspection by automated selection.**
- (xi) **Requirement of following documents need to be done away with:**
 - a) **For exports: Packing List, Foreign Currency Exchange Form and Terminal Handling Receipts;**
 - b) **For imports: Packing List, Foreign Currency Exchange Form, Cargo Release Order, Certified Engineer's Report, Inspection Report, Product Manual and Terminal Handling Receipts;**
- (xii) **Government should declare Chief Commissioner of Customs as administrative head of JNPT for all agencies involved in clearance of goods.**
- (xiii) **To conclude, the Committee emphasises on training of concerned officers on regular basis to repose trust in citizens and avoid opaque interpretation of customs rules. The major harassment occurs due to non acceptance of declaration papers by the custom officers who frequently question the valuation, classification, used/new capital goods and ask the importers for repeated submission of papers leading to a situation which encourages corruption. The Committee strongly recommends for a zero human**

interface system for imports/exports as until human interface is removed by use of technology, the ground situation is not going to improve. On a philosophical level we need to adopt a trust based system with implicit faith in our citizens. The Committee strongly feels that customs need to take the word of citizens at face value and devise a system to take care of exceptions without impeding the facilitation for the majority of importers/exporters.

25. The Committee is distressed to note India's low ranking in this index and is of the opinion that urgent steps are needed to strengthen India's insolvency framework. With the Supreme Court upholding the constitutional validity National Company Law Tribunal (NCLT) a significant bottleneck has been removed for developing a frame work for resolving corporate insolvency. The Committee strongly recommends that National Company Law Tribunal which will replace the Company Law Board and the Board for Industrial and Financial Reconstruction (BIFR) for resolving insolvencies needs to be operationalised urgently by the Ministry of Corporate Affairs as this will be the main component of the proposed bankruptcy code as well. This reference would help in significantly improving India's ranking in the World Banks rankings as it will speed up the rehabilitation and winding-up of sick companies. (Para 10.5)

26. The Committee also notes that bringing about these changes would require amendments in the Companies Act, 2013 mainly relating to the selection and eligibility criteria for the Members of National Company Law Tribunal to operationalise it. In this context, the Committee recommends that the proposed Bankruptcy Code also needs to be operationalised to strengthen the insolvency process. The Committee strongly recommends for a coordinated effort between the Department of Economic Affairs and the Ministry of Corporate Affairs to ensure rapid enactment of the Bankruptcy Law reforms and also to ensure operationalisation of NCLT urgently. Besides the Committee also recommends that subsequent steps like introduction of commercial benches in High Courts, training programme for judges for handling commercial cases, electronic case management system to ensure speedier case filing, judicial grid linkage for rapid scheduling of trials and making availability of certified copies of the judgements online may be taken expeditiously. (Para 10.6)

27. The Committee also flagged following issues for necessary compliance on the part of the Government:- (Para 10.7)

- (i) Amendments to the Companies Act to include international best practices.
- (ii) Implementation of Fast Track Exit to allow inoperative and defunct companies to close.
- (iii) Defining insolvency in detail in the proposed Bankruptcy Law and lay down a process for their speedy resolution while analyzing its causes and reasons.

- (iv) **The number of insolvents is on the rise resulting in increase of NPAs of the PSU banks. RBI should set up a commission or tribunal to deliberate on the issue of insolvents and suggest remedial measures for genuine cases.**
- (v) **Enforcing ethical behavior in lending agencies, and weeding out roots for corruption in lending agencies by introducing suitable mechanism for quick punishment of the erring officials is the crying need of the day.**

28. **The Committee was deeply concerned with the rising level of stressed loans estimated at about 10% to 12% of the total loan book of banks which has taken a heavy toll on the public sector banks' performance as they have to make higher provisions for bad loans. The gross NPAs of listed banks have risen to Rs. 3.1 lakh crore in fiscal 2015. The Committee strongly recommends that banking sector reforms are absolutely crucial for banks to clean up their books. The Committee is of the opinion that this cleaning up exercise would create a space for fresh lending that will trigger a renewed investment cycle.** (Para 11.3)

29. **The Committee hopes that banks would be better placed to lend when the economy revives and attempts are made to put stressed assets back on track. The Committee understands that this process is ongoing and banks are recognizing what needs to be done to deal with stressed assets, which need to be brought down to more acceptable levels. The Committee is of the opinion that not just by provisioning but by also putting some of these assets back on track by elevating them to performing levels over time, can the banks control their NPA levels.** (Para 11.4)

30. **The Committee was apprised that RBI is working with the Government to change the governance process of banks, moving towards cleaning up banks' balance sheets and ensuring appropriate recapitalization. The Committee feels that banks would soon be in a position to do the kind of lending that the economy will need as the recovery picks up steam.** (Para 11.5)

31. **The Committee recommends that RBI should be giving new licences to more asset reconstruction companies, particularly foreign entities that want to bring in more capital into the business so that stressed assets are cleaned up by following the best global practices.** (Para 11.6)

32. **The Committee strongly recommends the following additional steps to be taken on priority to improve the health of the banking system and enhance credit flow at lower interest rates:-** (Para 11.7)

- (i) **Though the large industrial houses get credit on their good will, small entrepreneurs continue to struggle. The Banks must reduce their lengthy procedures and 'forms'. The Banks must also appoint a 'Counsellor' to properly advise and decipher the bank forms, and explain implications to the credit-seekers implications in their own language.**

- (ii) **Credit should be linked with the property registered as a collateral, referring to the portal of defectors as created by banks, so that the lending quality is improved. Lending norms should be framed in a manner that the banks do not over expose to one individual borrower, sector, or group of borrows representing the same industrial house.**
- (iii) **As a large number of small enterprises are expected to play an important role in the manufacturing sector, unsecured credit provision may be put in place against the business plan, up to a limit (may be Rs. 10 lakh), with relevant checks and balances to encourage the start up culture within the country.**

33. **The Committee is concerned to note that the quality of judicial process in India has led to India's low ranking as far as enforcing contracts is concerned. The Committee makes the following recommendations in this context: (Para 12.5)**

- (i) **Simplifying litigation processes and procedures-providing fixed time lines for resolution of disputes, clarifying confusion between courts and tribunals, utilizing IT for processes of Courts and digitizing court records and encouraging binding alternative dispute redressal processes**
- (ii) **Implement electronic case management system/e-courts-which will result in significant saving and reduction of time.**
- (iii) **Alternative dispute resolution mechanism and fast track courts should be promoted for quick dispute resolution.**
- (iv) **Enforcing contracts more rigorously and facilitating digital contracting may be taken up on priority.**
- (v) **Create a cadre of certified contract practitioners, who will play important role in dispute resolution in tribunals and commercial courts. Such certified practitioners should vet all mega contracts.**
- (vi) **Limit adjournments to unforeseen and exceptional circumstances only.**
- (vii) **Introduce pre-trial conferences as part of case management techniques for commercial courts/benches.**
- (viii) **Introduce financial incentives for parties in commercial cases to attempt mediation or conciliation.**
- (ix) **Introduce regular National Litigation Policy revisions to streamline litigation.**

34. **The Committee recommends that the issue of environmental clearances needs to be aligned in a manner that the Ministry is in a position to say 'Yes' of 'No' within a**

specific timeline and let the investor take a decision as to whether to invest or not to invest. (Para 15.6)

35. The Committee strongly recommends for revision of the Comprehensive Environmental Pollution Index (CEPI) so that investments in these chemical clusters is not affected. (Para 15.7)

36. The Committee appreciates the initiatives taken by the Ministry of Environment and Climate Change but notes with concern the reservations expressed by the representatives of the State Governments. The Committee recommends that a quarterly meeting with the Chief Secretaries of States may be held by the Ministry of Environment and Climate so as the issues flagged by the State Governments are addressed, in the meetings on priority basis. (Para 15.9)

37. However, drawing from our wide deliberations, discussions and taking due note of all inputs on the subject, the Committee, while appreciating the resolve, push and direction of the Government, observes that the following broader issues, which are proving to be a dampener to the steps that are being taken need to be addressed by the concerned in right earnest: (Para 16.2)

- (i) The pace of change, that is needed, is quite slow for which the key concerns that have been noticed relate to the perception of India being seen internationally, as a complex, difficult destination with bureaucratic hurdles at manifold points in terms of getting clearances and doing business.
- (ii) There is sluggish movement towards having transparent and completely online processes, in tune with similar systems in other economies of the world hindering various steps like ability to register companies in a day or two, reduction in agencies involved for getting a construction permit, etc. to allow hassle free service to the stakeholders.
- (iii) We need to have pragmatic approach with the realization that to make a turnaround on the ground, besides hard work and administrative measures, change of mindset is absolutely necessary. For this, an exercise to weed out unnecessary rules, vagueness in regulations, obsolete Acts etc is the utmost need of the hour. Involvement and use of technology at all levels of decision making may also greatly help the existing business climate. There is also the need to reduce human intervention and technology can play a determining role to achieve this.
- (iv) This is need for a coordinated approach on part of the various Ministries/ Departments of the Central Government, State Governments and various agencies and stakeholders with a clear resolve that India needs to

improve not for World Bank's sake, but for India's sake and the economic progress of the country is interlinked to making doing business with ease.

- (v) The exercise undertaken by DIPP along with the World Bank to evaluate the performance of the States need to become a collaborative and continuous process as States remain the key units on whom the Country's progress depends.
- (vi) Excessive time taken to obtain clearances, manifold inspections, multiplicity of forms and documentation, outdated and vague procedures etc. remain stumbling blocks for any desirous businessman.
- (vii) Reforms in Labour laws, which have been pending for decades, need to be urgently pushed to bring them in tune with the existing times. Offering clarity and simplification that proves beneficial to all concerned.
- (viii) The country has to become a nation of job creators rather than job seekers. By 2020, India is expected to have over 900 million people in the working age group and most of the jobs for the young will need to come from the private sector. Needless to say, it is imperative to simplify the regulatory landscape, if India has to usher in a Start up revolution which as of today, faces difficulties in terms of the tax system and ability to get sustained investment, as the initial bid of investment is forthcoming from family and friends, but follow up investments are difficult to get through due to taxes being very high. In other economies like Singapore, such taxes are exempted. Thus, there is a need to make our tax regime on a par with that of the best in the World. There is a need to create a separate regime for start-ups to enable them compete with the best in the World.
- (ix) There should be appreciation of the fact by all concerned that the envisaged task to improve India's ranking is a huge task requiring concerted efforts not only by the executive through administrative measures but also by the Legislature through appropriate laws and the Judiciary by ensuring that there is quicker enforcement of contracts so that this entire life-cycle of doing business in India can improve at the earliest.

38. The Committee in its various recommendations has tried to highlight the steps required to be taken to bring about a change in the entire ecosystem of doing business with ease. Going forward, the Committee feels that DIPP should have in parallel, a statistical analysis of end user perception and validation so the changes can be perceived and witnessed on the ground. It also notes that India has aroused expectations globally and not delivering now would be a disappointment. India has the potential to be the pride of the BRICS. (Para 16.3)

39. The Committee strongly commends the hard work along with the substantial groundwork that has been put in by the DIPP and appreciates the team which has been entrusted with this very important task in nation building. The Committee would like to supplement and complement the effort of the DIPP in this yeoman exercise and would like to conclude with the thought that the journey is difficult and we have miles to go but the direction has been set for India to occupy its deserved place in the comity of nations. (Para 16.4)

40. It has been correctly said that the past is where the lesson is learnt and the future is where we apply the lesson. Though a beginning has been made through various initiatives and policies towards the ease of doing business, it is highly critical to maintain and further upgrade these initiatives through sustained monitoring and pragmatic innovative solution oriented measures. (Para 16.5)

MINUTES

I
FIRST MEETING

The Sub-Committee met at 3.00 P.M. on Wednesday, the 8th July, 2015 in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

MEMBERS PRESENT

1. Shri Chandan Mitra - *Chairman*
2. Shri Sultan Ahmed
3. Shri Jitendra Chaudhury
4. Shri Sudheer Gupta
5. Dr. Kambhampati Haribabu
6. Adv. Narendra Keshav Sawaikar
7. Shri Vinod Kumar Sonkar

SECRETARIAT

Shri S.K. Verma, *Joint Secretary and Financial Adviser*

Shri A.K. Gandhi, *Director*

Shri Rakesh Naithani, *Joint Director*

Shri Goutam Kumar, *Assistant Director*

WITNESSES

Representatives from Department of Industrial Policy & Promotion

1. Shri Amitabh Kant, Secretary
2. Shri Shatrughan Singh, Additional Secretary
3. Shri Shailendra Singh, Joint Secretary
4. Shri Ravinder, Director

2. At the outset, the Chairman welcomed the Members to the first meeting of the Sub-Committee. He apprised that this Sub-Committee has been constituted to consider an extremely important subject *i.e.*, 'The Ease of Doing Business'. He informed that the Government has been working on bringing India, whose current position has been fluctuating around 142nd out of 189 countries, within the top 50 countries on the Ease of Doing Business Index carried out by the World Bank. He also informed that this Sub-Committee has been specifically constituted to flag areas where there is a need for improvement and expressed hope that small incremental changes could make a substantial difference to the overall ranking.

2.1 The Chairman, thereafter, shared the Roadmap for achieving the desired objective of the Sub-Committee which included issuance of a press release in all major national dailies inviting public opinion; preparation and forwarding of questionnaire to the concerned Ministry/Department for obtaining their viewpoints; recording of oral evidence of the concerned officials and witnesses; collective oral evidence of different Secretaries and witnesses in one common meeting for inter-Departmental consensus; and preparation of draft Report on the basis of findings arrived at as a consequence of above exercise. He further informed that the Report containing specific and pointed recommendations shall be submitted to Parliament and forwarded to the Government for appropriate necessary action. He then invited the Members to share their ideas on the Roadmap as well as the subject.

2.2 Members while appreciating the initiative of the Chairman in creation of this Sub-Committee and its roadmap offered various suggestions *viz.* inclusion of State Governments in the list of stakeholders; obtaining various notifications issued by the DIPP on this subject for better understanding; interaction with North-eastern and backward States for developing better business models in those states etc. The Chairman assured the Members that their suggestions would be incorporated in the roadmap depending on their feasibility.

3. The Chairman thereafter welcomed the Secretary, DIPP to the meeting and informed him that the Sub-Committee was aware that the Department of Industrial Policy and Promotion had taken several initiatives to improve the environment for doing business like simplifying the application form for industrial licences; making the process online through the e-biz website; exempting a large number of defence equipments from compulsory licensing and extending the initial validity period of industrial licences from two to three years so that there is enough time to obtain necessary clearances from the authorities. He also informed that this Sub-Committee intends to give impetus to the already initiated Governmental efforts.

4. The Secretary, DIPP submitted that improving the ranking of ease of doing business in our country is an extremely challenging and a complex area to work as it involves various agencies of Government including different Departments/Ministries and a lot of work centers. Converging, integrating and changing the mindset of officers both at senior and at cutting edge levels is another challenge. He made a power-point presentation to illustrate his points.

4.1 In the presentation, he submitted that the make in India initiative promoting India as an investment destination and Global Hub for manufacturing, design and innovation had been launched on 25th September, 2014. This initiative primarily focused on new processes, new infrastructure, new sectors and on evolving a new mindset. The World Bank's 'Ease of Doing Business' report ranks India at 142nd out of total 189 countries across the world. India is having a very low ranking of 184 and 186 in parameters like dealing with construction permits and enforcing contracts. Other major reasons for such a low ranking are non-credibility with respect to starting a business and ambiguity in issues like resolving insolvency. He then apprised the Committee about the initiatives taken by the DIPP to improve 'Ease of Doing Business' climate within the Country which included conversion from manual to online system; promotion of self compliance and self certification; preparing timelines, punishing delays; sharing of information across platforms; eliminating unnecessary steps and requirements; use of simplified forms; creating single online window platform for Central, State and *parastatal* bodies etc.

4.2 He also apprised the Committee about the initiatives taken by various other Ministries, Departments and States. He informed that nine indicators containing 98 points for 'Ease of Doing Business' have been shared with the State Governments/UT Administrations and all the States will be ranked in the coming month on 'Ease of Doing Business' index based on their performance on the above mentioned indicators. He also submitted that the Government is contemplating to give wide publicity to the rankings obtained by the States on these indicators to initiate a healthy competition amongst various States.

5. Based on the deliberations, the Chairman and Members raised some queries *viz.* focus areas to give impetus to 'Ease of Doing Business'; impact of insolvency on 'Ease of Doing Business'; identifying six best practices as pointed out by Accenture Services Limited in their comparative study; replication of the New Industrial Policy of Telengana on a nation-wide scale; status and outcome of single window system in States; etc The Members also desired to have a copy of the major recommendations of the World Bank Group as contained in its Reform memo.

6. Secretary, DIPP responded to the queries of the Members and assured that the documents desired by the Sub-Committee would be made available shortly. He also submitted that the Department was taking several steps in improving ranking on 'Ease of Doing Business' and was hopeful that India's ranking could be improved by at least 25 places from the current ranking in the upcoming rankings by the World Bank.

7. The Chairman while summing up the meeting thanked the Secretary, DIPP and other representatives for giving a clear and optimistic picture and wished them best in there endeavors. He further assured DIPP for cooperation from the Sub-Committee, wherever possible, to achieve this ambitious target of reaching the rank of 50th in the next 2-3 years. He also requested the Secretary to furnish written replies to the queries raised by the Members at the earliest.

(Witness then withdrew)

8. A verbatim record of the proceedings was kept.

9. The meeting, thereafter, adjourned at 4.25 P.M.

II
SECOND MEETING

The Sub-Committee met at 3.00 P.M. on Wednesday, the 16th September, 2015 in Main Committee Room, Ground Floor, Parliament House Annexe, New Delhi.

MEMBERS PRESENT

1. Shri Chandan Mitra — *Chairman*
2. Shri Vayalar Ravi
3. Dr. Ashok S. Ganguly
4. Shri Sultan Ahmed
5. Shri Jitendra Chaudhury
6. Shri Sudheer Gupta

SECRETARIAT

Shri S.K. Verma, *Joint Secretary and Financial Adviser*

Shri A.K. Gandhi, *Director*

Shri Rakesh Naithani, *Joint Director*

Shri Goutam Kumar, *Assistant Director*

WITNESSES

Representatives of CBDT

- (i) Shrimati Anita Kapur, Chairperson
- (ii) Shrimati Rani S. Nair, Member (CBDT)
- (iii) Shrimati Nishi Singh, DGIT (System)
- (iv) Shrimati P.S. Saksena, JS (TPL-I)
- (v) Shri V. Anandarajan, JS (TPL-I)
- (vi) Shri Akhilesh Ranjan, JS (FT&TR-I)

Representatives of CBEC

- (i) Mr. A.K.Kaushal, Member Customs & Special Secretary
- (ii) Mr. L. Satya Srinivas, Joint Secretary, Customs
- (iii) Mr. S.P. Sahu, Commisioner, Single Window
- (iv) Mr. R.P. Singh, Director Customs

Representatives of Department of Commerce & DGFT

- (i) Shri Ajay Kumar Bhalla, Additional Secretary
- (ii) Shri Rajani Ranjan Rashmi, Additional Secretary
- (iii) Shri D.K. Singh, Additional DGFT
- (iv) Shri Santosh Kumar Sarangi, JS
- (v) Ms Sushmita Dasgupta, Economic Adviser
- (vi) Ms Rupa Dutta, Economic Adviser
- (vii) Shri Ajay Srivastava, Joint DGFT

Representative of DIPP

Shri Shailendra Singh, Joint Secretary

2. At the outset, the Chairman welcomed the Members to the meeting of the Sub-Committee. He apprised the Sub-Committee about the Timeline for examination of this subject and sought the cooperation from all the Members so that the Report on the subject may be presented before the end of ensuing Winter Session (2015) of Parliament. He then informed the agenda for the day *i.e.* recording of evidence of the representatives of CBDT, CBEC, Department of Commerce and DGFT. He also informed that a representative of the DIPP has been invited to assist the Sub-Committee. He also shared with the Sub-Committee recently published rankings of the States on the basis of the Ease of Doing Business index prepared by the World Bank's on specified parameters which include setting up of business, allotment of land, labour reforms and procedure for environmental clearance etc. Thereafter, the Committee invited representatives of CBDT & CBEC to present their viewpoints followed by representatives of Department of Commerce and DGFT.

3. Chairperson, CBDT submitted that one of the parameters of 'Ease of Doing Business' rankings is paying taxes and based on that, the countries are ranked. She stated that the World Bank does this study on paying taxes, they take a sample company of a medium size in Mumbai or in Delhi and look at three parameters, as far as, direct taxes are concerned. The first parameter is about the number of taxes. The second parameter is about the hours taken in compliance of preparing and doing the tax filing and the third parameter is the tax rate itself. She also stated that in these three parameters based on which the World Bank has done the rankings, we ranked amongst the top 10 economies of the World.

3.1 Talking about the tax rates on profits, she informed that in case of Singapore it is fairly low whereas in case of other countries *viz.* Hong Kong, Denmark, Korea, Norway, UK, Finland, it varies from anywhere from 15% to 25%, however, India's tax rates on profit is 25.28 per cent. This 25.28 per cent is the effective tax rate that the World Bank has calculated though our top tax rate is 30 per cent-plus-surcharge etc. And therefore India is not too far off from the developed countries in terms of the tax rates but the Finance Minister has already announced that he is going to further reduce the tax rate which would certainly make life easier for our corporates.

3.2 On the issue of scrutiny of cases by the tax officers and allegation of tax terrorism, she submitted that in the financial year 2012-13, the total returns that we received were 3.22 cr. Out of this, only 2.88 lakhs, that is, less than one per cent, were subjected to scrutiny. In 2013-14, the returns filed were 3.77 cr; the cases selected for scrutiny were only 0.81 per cent. In 2014-15, 4 crore returns have been filed. We are running our computer assisted selection system, through which we select cases for scrutiny and it looks that we will still be in the range of one per cent. It is only a very extremely miniscule percentage of tax-payers who have to come to our office and whose cases are looked into. She also mentioned that the selection of cases for scrutiny is done by computers and minimum human intervention is allowed.

3.3 The Chairman asked the Chairperson, CBDT about the nexus between big companies and CAs by which auditing reports are submitted and tailored in a way that benefit companies and are aimed at reducing the burden of tax payments on them. He desired to expand the definition of 'accountant' under the Income Tax Act so that people representing the companies' cases may also include non-CAs. The Chairperson replied that in order to ensure that some kind of verification in terms of auditors, who are doing the company audit, is also done for tax purposes. The tax auditors and CAs have been used for certain verifications which the Tax Department requires under the provision of law. A proposal to give certain rights to the Cost Accountants and Company Secretaries is under examination and may be decided during the next Budget.

4. Member, CBEC then informed the Sub-Committee that domain of the Customs Department is spread over 98 seaports, 12 major seaports, 43 airports, 100 container freight stations, 110 inland container depots and 105 land customs stations. It was brought to the notice of the Department that the time taken by some countries in terms of hours only whereas we are taking in terms of days in clearance of consignments. To this, the Member submitted that Dubai and Singapore are, basically, trans-shipment countries and hardly consume anything. Indian customs contribute about 34 per cent of the indirect tax collections, which is on the higher side as compared to many countries.

4.1 He also informed that 60 per cent of the consignments are now simply allowed to pass through and only 40 per cent of consignments are put through examination, with the average time taken being six hours. The system provides a platform to all the agencies to exchange information on a real-time basis by removing manual filings. Besides, a Risk Management System (RMS) has also being introduced to expedite clearance of import-export shipments to bring the prevalent practices in line with international standards.

5. Thereafter, Additional Secretary, Department of Commerce made a power point presentation and mainly highlighted the role of the Department of Commerce & DGFT. He informed the Sub-Committee that the Department is helping the trade, exporters and importers in going through the process of obtaining the required certificates in a conducive environment. The Department is also instrumental in removing the glitches in imports and aimed at facilitating the trade in carrying out the activities and minimizing their interface with the people who actually administer the various provisions of the Act and Departments.

6. Based on the deliberations, the Chairman and Members raised some queries, some of them were answered by Chairperson, CBDT, Member, CBEC and the representatives of Department of Commerce & DGFT. The Chairman while summing up the meeting thanked the officials for their presentations. He requested the officials to furnish written replies to the queries raised by the Members at the earliest.

(Witness then withdrew)

7. A verbatim record of the proceedings was kept.
8. The meeting, thereafter, adjourned at 5.30 P.M.

III
THIRD MEETING

The Sub-Committee met at 3.00 P.M. on Wednesday, the 30th September, 2015 in Committee Room 'A', Ground Floor, Parliament House Annexe, New Delhi.

MEMBERS PRESENT

1. Shri Chandan Mitra - *Chairman*
2. Shri Vayalar Ravi
3. Shri Sudheer Gupta
4. Adv. Narendra Keshav Sawaikar

SECRETARIAT

Shri S.K. Verma, *Joint Secretary and Financial Adviser*

Shri A.K. Gandhi, *Director*

Shri Rakesh Naithani, *Joint Director*

Shri Goutam Kumar, *Assistant Director*

WITNESSES

Sl.No.	Name of Firm/Individual	Name of Representatives
1	2	3
1.	Bombay Chamber of Commerce	1. Shri F.N. Subedar, Chairman, Taxation & Accountancy Committee, Bombay Chamber [and Chairman, Tata Services Ltd.]; 2. Shri Sudhir Kapaida, Chairman Direct Taxation Group, Bombay Chamber [and Partner and National Tax Leader, Ernst & Young]; 3. Shri Dilip Save, Member, Indirect Taxation Group; and 4. Ms. Saloni Roy
2.	Indian Merchants Chamber	Shri Malav Dani, Chairman – Ease of Doing Business, Indian Merchants' Chamber

1	2	3
3.	PHD Chamber of Commerce and Industry	1. Shri Anil Khaitan, Chairman, Industry Affairs Committee 2. Shri Anil Chopra, Chairman, Direct Taxes Committee 3. Shri Bimal Jain, Chairman, Indirect Taxes Committee 4. Shri Vivek Seigell, Director
4.	Andhra Pradesh Chambers of Commerce and Industry Federation & Managing Director Sravan Shipping Services Pvt. Ltd., Visakhapatnam	Shri G. Sambasiva Rao, Vice President Andhra Pradesh Chambers of Commerce and Industry Federation & Managing Director, Sravan shipping Services Pvt. Ltd., Visakhapatnam
5.	US India Business Council	1. Shri Banmali Agarwala, CEO, GE India 2. Shri Rahul Dwivedi, Manager, USIBC
6.	Indian Banks' Association	1. Shri K. Unnikrishnan, Deputy Chief Executive 2. Ms. Jayasree Menon, Sr. Vice President 3. Shri P.K. Arora
7.	OPPI (Organisation of Pharmaceutical Producers of India)	1. Shri Tabrez Ahmad, SG, OPPI 2. Ms. Manisha, CLG 3. Shri Amitabh Baxi, Director, Abbott 4. Shri Dhritiman Biswas, Associate Director, Abbott
8.	Centre for Civil Society	1. Dr. Parth J. Shah, President; 2. Shri Prashant Narang, Senior Manager
9.	DTA Consulting	1. Shri Sanjeev Sharma 2. Shri Rajendra Chand 3. Shri Sugato Hazra 4. Shri Sanjeev Jindal 5. Shri I.M. Wadhwa
10.	Mudita Advisory, Policy Consultant	1. Ms. Sommya Rao, Lawyer 2. Shri Arju Attam, Consultant 3. Shri Vinay Kesari, Partner
11.	Tata Consultancy Services	Ms. Renu S. Narvekar, (Vice President – Taxation) of TCS

2. At the outset, the Chairman welcomed the Members to the third meeting of the Sub-Committee. He apprised the Sub-Committee about agenda for the day *i.e.* recording of oral evidence of stakeholders who have submitted their memorandum in response to the Press-Release issued by the Sub-Committee. Total 11 stakeholders including Chambers of Commerce, Indian Banks Association, Tax Consultation Firms, Experts and individuals were invited before the Sub-Committee to make their presentation. Following is the gist of suggestions made by the Stakeholders:

- (i) Introduction of single window system for all kinds of industrial approvals within a time-frame.
- (ii) Self-certification of the authenticity of documentary evidences and other related certificates.
- (iii) Pinning the responsibilities on the concerned officials for the delay in granting industrial approvals.
- (iv) Simplification of relevant laws and their implementation.
- (v) Simplification of labour laws and their implementation.
- (vi) Taking into account the observations made by UNO on the subject of 'Ease of Doing Business'.
- (vii) Simplification of procedures and formalities to make them more user-friendly.
- (viii) Simplification of forms and other formats to cut-down red-tapism.
- (ix) Make the investment climate more industry-friendly by ensuring transparency and accountability to attract not only the domestic industrial entrepreneurs but also foreign investors.
- (x) Encouraging alternate dispute resolutions to reduce commercial litigations by up to 35%, thereby reducing inflow of cases.
- (xi) Introducing dedicated commercial benches/courts to fast track commercial cases.
- (xii) Introducing 'birth-death' electronic case management for commercial cases to streamline number of procedures.
- (xiii) Promote certainty in tax policy, both at the central and state levels, to attract long term foreign investors in India.
- (xiv) Provide predictability to companies on intellectual property protection to encourage indigenous innovation and boost manufacturing in India.
- (xv) Encourage State Governments to share best practices in e-governance and engage with the private sector to bring about overall improvement in 'Ease of Doing Business'
- (xvi) Encourage the Government to work with the private sector in improving overall operational efficiency of existing companies through fresh FDI and make available basic infrastructure across all key sectors to promote investments.

3. Based on the deliberations, the Chairman and Members raised some queries which were satisfactorily responded by the non-official witnesses. Representative of DIPP also responded to the queries of the Members pointed towards him and submitted that the Department was taking several steps in improving ranking on 'Ease of Doing Business'. The Chairman while summing up the meeting thanked the various stakeholders and representative of DIPP.

(Witness then withdrew)

4. The Committee thereafter decided to hear views of the Chief Secretaries of some of the States which have been given higher rankings on the basis of the 'Ease of Doing Business' index prepared by the World Bank.

5. A verbatim record of the proceedings was kept.

6. The meeting, thereafter, adjourned at 5.35 P.M.

IV
FOURTH MEETING

The Sub-Committee met at 11.30 A.M. on Wednesday, the 14th October, 2015 in Committee Room-A, Ground Floor, Parliament House Annexe, New Delhi.

MEMBERS PRESENT

1. Shri Chandan Mitra — *Chairman*
2. Shri Vayalar Ravi
3. Dr. Ashok S. Ganguly
4. Shri D. Kupendra Reddy
5. Shri Sultan Ahmed
6. Shri Jitendra Chaudhury
7. Dr. Kambhampati Haribabu

SECRETARIAT

Shri S.K. Verma, *Joint Secretary and Financial Adviser*

Shri A.K. Gandhi, *Director*

Shri Rakesh Naithani, *Joint Director*

Shri Goutam Kumar, *Assistant Director*

WITNESSES

Representatives of DFS

- (i) Shrimati Anjuly Chib Duggal, Secretary
- (ii) Shri Md. Mustafa, Joint Secretary
- (ii) Shri Attesh Singh, Director

Representative of DEA

Dr. Saurabh Garg, Joint Secretary

Representatives of RBI:-

- (i) Shri N.S. Vishwanathan, Executive Director
- (ii) Shri Sudarshan Sen, Principal Chief General Manager

Representatives of Ministry of Corporate Affairs

- (i) Shri Tapan Ray, Secretary
- (ii) Shri Amardeep Singh Bhatia, Joint Secretary
- (iii) Shri K.V.R. Murthy, Joint Secretary
- (iv) Shrimati Sibam Swain, Economic Advisor

Representatives of Department of Legal Affairs

- (i) Shri P.K. Malhotra, Secretary
- (ii) Shri M. Khandelwal, Additional Government Advocate

Representative of Department of Justice

Shri Atul Kaushik, Joint Secretary

Representative of DIPP

Shri Ravinder, Director

2. At the outset, the Chairman welcomed the Members to the meeting of the Sub-Committee on 'Ease of Doing Business'. He apprised the Members about the hearing of various stakeholders *i.e.* Chamber of Commerce and Industry, US India Business Council, Indian Banks Association, Tax Consultation Firms and Some Experts in the last meeting of the Sub-Committee. Thereafter, Chairman, informed the Members about the agenda for the day *i.e.* recording of evidence of the representatives of RBI, Departments of Economic Affairs and Financial Services, Ministries of Corporate Affairs and Law and Justice.

3. The deposition commenced with the Secretary, Department of Financial Services giving a complete background of issues concerning credit flow along with challenges of NPAs which were seen as a major contributing factor towards high interest rates. The Secretary further gave a detailed presentation on the programme prepared by the Government to ensure adequate capitalisation of the Public Sector Banks within confines of Basel requirements.

3.1 The issue of re-capitalisation of Banks including their dis-investment and amendments to the Banking Regulation Act was discussed at length. The Secretary also apprised the Members about the changes made in the reporting system in the banks along with the steps being taken to address bad accounts. Strengthening of DRTs was also another issue which was discussed at length during the meeting along with the facility being provided to small scale entrepreneurs through Mudra Loans. The Secretary also gave a detailed account of the difference in Gross NPAs of Public Sector Banks and Private Sector Banks.

4. After this presentation, the representative of Department of Economic Affairs gave a detailed background on the bankruptcy laws along with the steps being taken to evolve a comprehensive code of procedures relating to bankruptcy.

5. The representative of the RBI also gave a detailed account of the steps being taken by the RBI to address the issue of NPAs and to ensure an adequate credit flow to investors. The

discussion was followed by a presentation by the Secretary, Ministry of Corporate Affairs on the steps being taken by the ministry to simplify the setting up of the businesses in the country so as the time of registration of the company is further reduced bringing it to global levels. The issue of self-certification by the companies with a turnover of less than Rupees two crores was also discussed.

6. Further, the Secretary, Department of Legal Affairs gave a detailed presentation on the steps being taken to reduce pendency in various courts. Constitution of commercial courts and amendment in the Arbitration and Conciliation Act were discussed at length so that India improves its low ranking on the issue of enforceability of contracts. The Secretary also gave a detailed account of the steps being taken to bring about more transparency and speed through computerisation of courts. The presentation was followed by a detailed account by the representative of Department & Justice who gave a detailed account of the Centrally Sponsored Scheme on infrastructure development in the subordinate judiciary, the e-courts mission project for computerisation and ICT enablement of courts. He also gave a detailed account of the steps being taken to create an enabling environment for the judiciary to function in a smoother manner and create efficiency in courts. He also apprised the Sub-Committee of the progress being made in the e-Courts Mission. Along with development of 'National Judicial Data Grid'. Members raised queries on the subject which were satisfactorily answered by the representative of both the Ministry.

(Witness then withdrew)

7. A verbatim record of the proceedings was kept.
8. The meeting, thereafter, adjourned at 2.00 P.M.

V
FIFTH MEETING

The Sub-Committee met at 3.00 P.M. on Wednesday, the 28th October, 2015 in Committee Room – ‘A’ Ground Floor, Parliament House Annexe, New Delhi.

MEMBERS PRESENT

1. Shri Chandan Mitra — *Chairman*
2. Shri Vayalar Ravi
3. Shri D. Kupendra Reddy
4. Shri Sultan Ahmed
5. Shri Jitendra Chaudhury
6. Shri Sudheer Gupta
7. Dr. Kambhampati Haribabu
8. Adv. Narendra Keshav Sawaikar
9. Shri Vinod Kumar Sonkar
10. Shri Kamlesh Paswan

SECRETARIAT

Shri S.K. Verma, *Joint Secretary and Financial Adviser*

Shri Rakesh Naithani, *Joint Director*

Shri Goutam Kumar, *Assistant Director*

WITNESSES

Representatives of Ministry of Land Resources

- (i) Shri Vijay S. Madan, Secretary
- (ii) Shrimati H.S. Meena, Joint Secretary

Representatives of Ministry of Environment, Forest and Climate Change

- (i) Shri Ashok Lavasa, Secretary
- (ii) Dr. S.S. Negi, Director General of Forest and Special Secretary
- (iii) Shri Manoj Kumar Singh, Joint Secretary
- (iv) Dr. S.K. Khanduri, Inspector General of Forests (Wildlife)
- (v) Shri H.C. Chaudhary, Director, (ROHQ)
- (vi) Shri S.P. Vashishth, DIG (WI)

Representatives of Ministry of Labour and Employment

- (i) Shri H. L. Samaria, Additional Secretary
- (ii) Shri K.K. Jalan, CPFC
- (iii) Shri Deepak Kumar, DG, ESIC
- (iv) Shri Manish Gupta, Joint Secretary

Representatives of Ministry of Shipping

- (i) Shri Rajiv Kumar, Secretary
- (ii) Shri Alok Srivastava, Additional Secretary
- (iii) Shri Deepak Shetty, DG, Shipping
- (iv) Shri Rabinder Agarwal, Joint Secretary (Ports/Sagarmala)
- (v) Shri Anil Diggikar, Chairman (JNPT)
- (vi) Shri M.T. Krishna Babu, Chairman (VPT)

Representatives of Ministry of Civil Aviation

- (i) Shri Rajiv Nayan Choubey, Secretary
- (ii) Dr. Renu Singh Parmer, Economic Adviser, MoCA
- (iii) Shri B.B. Dash, Joint Commissioner of Securities (CA), DCAS

Representatives of Ministry of Power

- (i) Shri P.K. Pujari, Secretary
- (ii) Shri B.P. Pandey, Additional Secretary
- (iii) Shri B.N. Sharma, Additional Secretary
- (iv) Shrimati Jyoti Arora, Joint Secretary
- (v) Shri Arun Kumar Verma, Joint Secretary
- (vi) Shri A.K. Singh, Joint Secretary
- (vii) Shri Anifuddha Kumar, Joint Secretary
- (viii) Shri Major Singh, Chairperson, CEA
- (ix) Shrimati Subha Sharma, Secretary, CERC
- (x) Shri M.K. Goel, CMD, PFC
- (xi) Shri I.S. Jha, CMD, PGCIL
- (xii) Shri Rajeev Sharma, CMD, REC
- (xiii) Shri A.K. Jha, CMD, NTPC
- (xiv) Shri K.M. Singh, CMD, NHPC
- (xv) Shri P.C. Pankaj, CMD, NEEPCO
- (xvi) Shri Harveer Singh, Registrar APTEL

Representative of DIPP

Shri Ravinder, Director

2. At the outset, the Chairman welcomed the Members to the meeting of the Committee and shared the positive news of India moving up by 12 ranks in the 'Ease of Doing Business' ranking. The Chairman also apprised the Members that the Government is also setting up a Committee to simplify income tax laws in order to facilitate the 'Ease of Doing Business'. Thereafter, the Chairman welcomed the representatives of the Department of Land Resources, Ministry of Environment and Forests and Ministry of Labour and Employment and asked them to commence their deposition before the Committee.

3. The Secretary, Environment and Forests gave a detailed presentation on the steps that had been taken by the Ministry towards easing the way the business is done. He mentioned that the entire process for submitting an application and thereafter moving from stage to stage has been made online for Environment clearances, Wild Life clearances, Forest clearances and Coastal Regulation Zone clearances. He stated that it was possible for a project proponent to submit an application and also track it online as per the prescribed timeline. He gave a detailed background of the application of Space Technology for Forest Clearances and of the issues concerning greater delegation of authority to the regionally empowered committees. He also mentioned that the Ministry is in the process of notifying the eco-sensitive zones as per Supreme Court directives.

4. The Secretary answered questions of Members relating to various clearances for construction permits, sand mining and the role of State Governments in expediting these clearances. The role of National Green Tribunal in the present context wherein it has become road block in the infrastructure project was also discussed at length, along with the issues concerning supervision by Central Pollution Control Board.

5. The deposition then concluded and was followed by a presentation by the Secretary, Land Resources. The Secretary gave a detailed background on one of the 10 indicators for Doing Business rankings *i.e.*, the registration of properties.

5.1 He gave a detailed background of the National Land Record Modernisation Programme along with steps taken on computerization for registration process itself which takes place at the level of registrars and sub-registrars. He also mentioned that the process of Cadastral Map Survey has been going on so as to ensure proper integration of land records and property registration. As the implementation of the Registration Act was under State Governments, the Department of Land Resources in consultation with the Urban Development Ministry, have formulated a standardization process which has been put on the Department's website and the States have been asked to follow it.

5.2 The Secretary also mentioned that the ultimate aim of the National Land Record Modernization Programme is to go in for conclusive titling. In conclusive titling, the title for any land would be already pre-determined. He informed the Committee that once the Department attained the conclusive titling regime, that would result in lesser time-period taken for registration. This deposition was followed by an interaction with the Additional Secretary, Ministry of Labour and Employment. The official representative gave a detailed background of the efforts being made to reduce complexities in the compliance of labour laws through governing reports and bringing in transparency and accountability in the enforcement of the labour laws. He mentioned that on line registration of establishment with ESIC and EPFO has already commenced. He further mentioned that a process of legislative reforms has already

been initiated which would merge the 44 Acts regarding the existing labour laws into four Codes. The evidence concluded with the Secretary giving a detailed background regarding concern of Members on the issue of social security.

6. The second round of evidence commenced with the Chairman welcoming the Secretaries of Ministries of Power, Civil Aviation and Shipping. The Secretary, Ministry of Power gave a detailed analysis regarding the issue of speed in getting an electricity connection which was the part of one of 10 components required for Ease of Doing Business. He mentioned that the Ministry had been working with state governments of Delhi and Maharashtra to speed up this process and to make it online. The Chairman expressed his concern over the long time *i.e.* 67 days in Mumbai and 140 days in Delhi, which are required to obtain an electricity connection. The Chairman sought the opinion of the Secretary on bringing the timeline to 15 days. The evidence concluded with the Secretary giving a background of the role of the State Governments and the distinct role of the Central Government which is just to facilitate in the process.

7. The evidence by Power Secretary was followed by deposition by the Secretary, Ministry of Civil Aviation. The Secretary, Civil Aviation gave a comprehensive background where modernization has taken place at Airports in terms of adequate warehousing facilities including 24 x 7 clearance of imports-exports through EDI (Electronic Data Interchange) clearance system. He also elaborated the role of Customs Department in facilitating faster trade across borders. He also gave a detailed analysis of what actually needs to be done to further speed up import-export clearances at various airports. This evidence was followed by a presentation by the Secretary, Shipping. The Secretary gave a detailed background on the steps being taken to bring out single window clearance along with steps taken to improve the shipping infrastructure with the country. He also mentioned about the integral role of the Customs Department and the need to bring the whole process of import and export on a single platform.

8. A suggestion was also made for traders to do their business during the night time as the congestion at the various airports and ports was lesser during the night time. The Secretary concluded the evidence by giving a background of the constraints which the Ministry faced in the present day context.

(Witness then withdrew)

9. A verbatim record of the proceedings was kept.

10. The meeting, thereafter, adjourned at 5.30 P.M.

VI
SIXTH MEETING

The Sub-Committee met at 3.00 P.M. on Wednesday, the 4th November, 2015 in Committee Room 'A' Ground Floor, Parliament House Annexe, New Delhi.

MEMBERS PRESENT

1. Shri Chandan Mitra — *Chairman*
2. Shri Vayalar Ravi
3. Shri D. Kupendra Reddy
4. Shri Sultan Ahmed
5. Shri Jitendra Chaudhury
6. Shri Sudheer Gupta
7. Shri Vinod Kumar Sonkar

SECRETARIAT

Shri S.K. Verma, *Joint Secretary and Financial Adviser*

Shri Rakesh Naithani, *Joint Director*

Shri Goutam Kumar, *Assistant Director*

WITNESSES

Representatives of Government of Andhra Pradesh

- (i) Shri Lingaraj Panigrahi, Special Chief Secretary
- (ii) Shri S.S. Rawat, Secretary, Department of Industry

Representatives of Government of Punjab

- (i) Shri Anirudh Tiwari, Principal Secretary, Industry
- (ii) Shri Gaurav Khanna, Investment Facilitation Officer

Representatives of Government of Gujarat

- (i) Shri Arvind Agarwal, Additional Chief Secretary
- (ii) Shri Sanjay Prasad, Principal Secretary, Labour & Employment
- (iii) Shri P.D. Vaghela, Commissioner, Commercial Tax
- (iv) Shri Hardik Shah, Member Secretary, Gujarat Pollution Board
- (v) Ms. Dipti J. Parikh, Chief Town Planner & Others

Representatives of Department of Industrial Policy and Promotion

Shri Ravinder, Director

2. At the outset, the Chairman welcomed the Members to the meeting of the Sub-Committee and apprised them about the timeline for examination of the subject. He sought cooperation from all the Members of the Sub-Committee so that the Report on the subject could be presented during the ensuing Winter Session of Parliament (2015). He then apprised the Members about the agenda for the day *i.e.* recording of evidence of the Chief Secretaries of the States of Andhra Pradesh, Gujarat and Punjab on the initiatives taken by them on the parameters of 'Ease of Doing Business' in their respective States.

3. The Special Chief Secretary, Government of Andhra Pradesh made a power-point presentation wherein he highlighted the steps that had been taken by the Government of Andhra Pradesh leading to its high ranking at second position despite having been carved out recently as a separate State. He flagged areas wherein facilitation from the Central Government was required, namely in the areas of environmental clearances, methodology for Income and Corporate Tax collection. He also gave a comparative analysis of the scale of development in China and the need to develop Industry Clusters on the pattern of China in the country.

4. The deposition was followed by queries from Members, which were satisfactorily answered by the State representatives. Thereafter, the Additional Chief Secretary of Gujarat made a power-point presentation highlighting the steps taken by Government of Gujarat. He stated that with 71.14 per cent marks Gujarat ranked number one. He expressed the view that the ranking among States was a very healthy and very pro-active exercise which has initiated a competitive trend amongst State Governments leading them to really put in their best to move forward. The main issue wherein Gujarat Government had sought facilitation from the Central Government was on the parameters relating to environmental clearances. In this regard, he sought revision of the Comprehensive Environment Pollution Index (EPI) and revision in the criteria for grant of special category status which puts Gujarat at a disadvantage and sought a level playing field. The deposition was followed by queries from Members, which were satisfactorily answered.

5. The deposition was followed by a power-point presentation by the Principal Secretary, Industry, Punjab. He gave a comprehensive background and apprised the Members that when people were running around different offices, the State of Punjab came out with Udyog Sahayak-The Single Clearance Window System. Elaborating on this, he informed that under this system, an investor would come and give his application at one point. Then the copies of that application would be sent to different Departments. He further informed that earlier it was the investor who was chasing those applications whether it was in Pollution Control Board or somewhere else. In this background, a solution was contemplated to get all these people in one place so that this entire physical process of sending applications could be avoided and there is one person who is responsible and answerable. Punjab thus brought all Departments under a single roof and all clearances were given at one place within a specified time frame.

6. The Principal Secretary, Industry, Punjab finally concluded with the two points *i.e.* difficulty in getting permission from the Forest Department even for entry and exit of any project and second the need for deputing some senior officer from DIPP for co-ordination with the representatives of the State Government for the purpose of deciding the Ease of Business Rankings. The deposition was followed by queries from Members, which were satisfactorily answered by the representatives.

(Witness then withdrew)

7. A verbatim record of the proceedings was kept.

8. The meeting, thereafter, adjourned at 5.30 P.M.

VII
SEVENTH MEETING

The Sub-Committee met at 3.00 P.M. on Friday, the 20th November, 2015 in Committee Room 'A' Ground Floor, Parliament House Annexe, New Delhi.

MEMBERS PRESENT

1. Shri Chandan Mitra — *Chairman*
2. Shri Vayalar Ravi
3. Shri D. Kupendra Reddy
4. Shri Jitendra Chaudhury
5. Shri Sudheer Gupta
6. Dr. Kambhampati Haribabu

SECRETARIAT

Shri S.K. Verma, *Joint Secretary and Financial Adviser*

Shri Rakesh Naithani, *Joint Director*

Shri Goutam Kumar, *Assistant Director*

WITNESSES

Representatives of Department of Industrial Policy and Promotion

- (i) Shri Amitabh Kant, Secretary
- (ii) Shri Shailendra Singh, Joint Secretary
- (iii) Shri Ravinder, Director

2. At the outset, the Chairman welcomed the Members to the meeting of the Sub-Committee and apprised the Members about this being the last meeting in the series of oral evidences on the subject 'Ease of Doing Business'. He then invited the Secretary, DIPP to make his concluding observations on the subject and also to highlight the specific issues which need to be addressed on priority to achieve the desired ranking in ease of business parameter.

3. The Secretary, DIPP mentioned that internationally, India is still seen as a very complex, very difficult destination which is highly bureaucratic in terms of getting clearances and doing business. He informed that what is happening in India is that people who are regulating don't even know what they are regulating. So, first, we all should be very clear

what we want to regulate and put it in the public domain on the net. There should be systematic use of technology so that everything can be done online. He elucidated that all over the world, everybody has moved to completely online processes. People are able to register their companies in one day. In India, there are too many agencies involved in the regulatory processes. He also mentioned that even though India has jumped up 12 positions and would have jumped up much more because the cut-off dates for paying taxes was till 31st December and many of the changes that have brought in were not taken into consideration. He then highlighted issues pertaining to each index of ease of doing business which needs immediate attention.

3.1 The Secretary, DIPP further mentioned that India needs to improve not for World Bank's sake, but for India's sake. India needs to make itself a very easy and a very simple place to do business and the entire country has to improve. It was also informed to the Sub-Committee that this time DIPP has given 340 points to the States to evaluate them on these ease of doing business parameters. He further mentioned that the country has to become a nation of job creators rather than job seekers. By 2020, India is expected to have over 900 million people in the working age group. Most of the jobs for the young will need to come from the private sector. Needless to say, it is imperative to simplify the regulatory landscape if India has to usher in a Start up revolution.

4. The Sub-Committee appreciated the role of DIPP as driving force which has initiated the momentum to go on the path of ease of doing business. It observed that the important thing was to show things on ground, and that will require a lot of hard work. It will also require a change of mindsets because we have built up so many acts, rules, regulations and forms so many Acts and so many forms that all of them have to be linked together and put online. Everything has to be put online and made simple. The Sub-Committee was also of the view that there is a need to go beyond abolishing forms and to do away with redundant requirements. The need to remove human intervention was stressed and the only way India could move forward is to use technology to leapfrog. It noted that India is growing at 7.5% and in case we want to sustain this growth rate or to improve upon, the regulatory processes need to be simplified to the extent possible.

5. The Sub-Committee expressed happiness over the hard work and substantial groundwork that has been covered by the DIPP and appreciated the team which has been entrusted with this very important task of nation building.

(Witness then withdrew)

6. A verbatim record of the proceedings was kept.

7. The meeting, thereafter, adjourned at 4.10 P.M.

VIII
EIGHTH MEETING

The Sub-Committee met at 05.00 P.M. on Wednesday, the 9th December, 2015 in Room No. 63, First Floor, Parliament House, New Delhi.

MEMBERS PRESENT

1. Shri Chandan Mitra — *Chairman*
2. Shri Vayalar Ravi
3. Shri D. Kupendra Reddy
4. Shri Jitendra Chaudhury
5. Shri Sudheer Gupta
6. Dr. Kambhampati Haribabu

SECRETARIAT

Shri S.K. Verma, *Joint Secretary and Financial Adviser*

Shri A.K. Gandhi, *Director*

Shri Rakesh Naithani, *Joint Director*

Shri Goutam Kumar, *Assistant Director*

2. At the outset, the Chairman welcomed the Members of the Sub-Committee and informed them that due to extended hearing of the witnesses by the Main Committee, the time of the sitting of the Sub-Committee was extended by one hour. The Sub-Committee then took up for consideration its draft report on the Ease of Doing Business and after some deliberations adopted the same with some minor modifications of editorial nature. The Sub-Committee authorised its Chairman to carry out these modifications.

3. The Sub-Committee thereafter decided to present its Report to the Main Committee in due course for their consideration and adoption.

4. The meeting, thereafter, adjourned at 6.00 P.M.

*V
FIFTH MEETING

The Department Related Parliamentary Standing Committee on Commerce met at 3.30 P.M. on Thursday, the 17th December, 2015 in Room No. 123, First Floor, Parliament House Annexe, New Delhi.

MEMBERS PRESENT

1. Dr. Hari Babu Kambhampati — *in the Chair*

RAJYA SABHA

2. Shri Joy Abraham
3. Shrimati Thota Seetharama Lakshmi
4. Shri Shantaram Naik
5. Shri Jesudasu Seelam
6. Dr. C.P. Thakur

LOK SABHA

7. Shri Subhash Chandra Baheria
8. Shri Bodhsingh Bhagat
9. Shri Jitendra Chaudhury
10. Shri K.R.P. Prabakaran
11. Shri Dipsinh Shankarsinh Rathod
12. Shri Charanjeet Singh Rori
13. Adv. Narendra Keshav Sawaikar
14. Shri Vinod Kumar Sonkar

SECRETARIAT

Shri S.K. Verma, *Joint Secretary and Financial Adviser*

Shri A.K. Gandhi, *Director*

Shri Narendra Kumar, *Joint Director*

2. At the outset, the Committee authorised Dr. Hari Babu Kambhampati, M.P. to chair the meeting of the Committee in the absence of the Chairman. The Committee, thereafter, considered its 122nd Report on Ease of Doing Business and adopted the same without any changes and amendments therein. The Committee then authorized Dr. Hari Babu Kambhampati, M.P. to authenticate the *** 122nd Reports on behalf of the Committee.
3. The Committee thereafter decided to present/lay the 122nd Report ***of the Committee on 21st December, 2015 to the House. The Committee then decided that all the three reports will be presented in Rajya Sabha by the Chairman and in his absence by Shri Shantaram Naik, M.P. and in the absence of both of these members, Shrimati Thota Seetharama Lakshmi, M.P. will present these reports. The Committee further decided that in Lok Sabha, the reports would be simultaneously laid by Shri Vinod Kumar Sonkar, M.P. and in his absence Shri Dipsinh Shankarsinh Rathod, M.P.
4. The Committee then adjourned at 4.00 P.M.

APPENDICES

Government of India
Ministry of Commerce and Industry
Department of Industrial Policy and Promotion

BACKGROUND NOTE FOR THE DEPARTMENT RELATED PARLIAMENTARY STANDING
COMMITTEE ON COMMERCE - A SUB-COMMITTEE TO EXAMINE THE SUBJECT 'EASE
OF DOING BUSINESS'

BACKGROUND NOTE ON EASE OF DOING BUSINESS

1. **Background**

Mandate of Department of Industrial Policy and Promotion

The role of the Department of Industrial Policy and Promotion (DIPP) is to promote the industrial sector in India and facilitate balanced development of industries.

Objectives, Functions and Laws Administered

The broad objectives of the Department, in line with its defined role, are as follows: (i) Acceleration of industrial growth by providing financial, infrastructural and other support; (ii) Facilitation of foreign investment in industries and co-ordination with different agencies for faster investment approvals; (iii) Facilitating development of industries in North East and other special category states; (iv) Improving the intellectual property rights regime consistent with the country's international commitments; (v) Maintaining a sound information base of macroeconomic indicators of industrial production and prices; (vi) Initiating measures towards procedural changes to make the functioning of the department more transparent and responsive. Over the years, the role of DIPP has evolved from being a regulator and administrator of the industrial sector to that of a facilitator of new technology and Foreign Direct Investment inflows into the country.

The key functions of DIPP

(i) Formulation and implementation of industrial policy and administration of Industries (Development & Regulation) Act, 1951; (ii) Monitoring and stimulation of industrial growth in general as also the industries specifically assigned to DIPP as per Allocation of Business Rules, 1961; (iii) Promotion of industrial development in North East and special category states of J&K, Himachal Pradesh and Uttarakhand through appropriate incentive framework; (iv) Formulation of Foreign Direct Investment Policy and promotion and facilitation of direct foreign and nonresident investments; (v) Nodal department for investment related issues in

Bilateral/Regional Economic Cooperation Agreements; (vi) Formulation of policies relating to Intellectual Property Rights in the field of Patents, Trade Marks, Industrial Design and Geographical Indication of Goods and administration of regulations and rules under IPR; (vii) Compilation of Wholesale Price Index and monthly industrial production statistics for use in construction of the Index of Industrial Production.

2. **Ease of Doing Business**

Background

The Hon'ble Prime Minister during the launch of 'Make in India' programme on 25th September, 2014 has made an announcement that the Government of India will bring transparency in its decisions and push for ease of doing business to occupy a rank within the top 50 countries in Ease of Doing Business Study of the World Bank Group.

Currently India ranks at 142nd in the list of 189 economies In the World Bank's "Doing Business Report, 2015". In Doing Business Report the World Bank ranks countries on ten indicators, which are:

- Starting a Business;
- Dealing with Construction Permits;
- Getting Electricity;
- Registering Property;
- Getting Credit; .
- Protecting Investors;
- Paying Taxes;
- Trading Across Borders;
- Enforcing Contracts; and
- Resolving Insolvency.

The Government of India recognizes the importance of the regulatory environment in promoting entrepreneurship and has undertaken a drive to make India as one of the easiest place to do business.

The World Bank has constituted a team to draft a Doing Business Reforms Memo, which visited India from 10th November, 2014 to 5th December, 2014. The mission has interacted with various stakeholders to understand the regulatory environment in India. Department of Industrial Policy and Promotion (DIPP) in partnership with the World Bank Reforms team and CII organized a workshop to better understand the methodology adopted and the recommendations on 11-12 November 2014. Officers from the Central Ministries concerned and State Governments of Delhi and Maharashtra attended this workshop. After detailed study of the regulatory environment in India, the World Bank Group has sent its recommendations in a Reforms Memo dated 19th December 2014. The Reform Memo has been circulated by DIPP among the Departments/Ministries concerned.

Further, after a detailed study of the Doing Business Report, 2015, interaction with the Central Ministries and State Governments, discussions at the workshop and study of the Reforms Memo, Department of Industrial Policy and Promotion has listed specific action points for the State Governments of NCT of Delhi and Maharashtra and Ministries of Government of India. These recommendations have been circulated to all the agencies concerned.

The Principal Secretary to the Prime Minister and the Cabinet Secretary have conducted detailed review of the action points on 22nd November and 26th November respectively. The Cabinet Secretary has also hosted an interactive session with the representatives of industry to obtain their views on factors that are hindering manufacturing and measures that may be taken up by Government to improve Ease of Doing Business. Further, the Cabinet Secretary has chaired a meeting on ‘Enforcing Contract’ and ‘Resolving Insolvency’ indicators on 22nd December 2014.

A National Workshop on ‘Make in India’ was organized on 29.12.2014 with Secretaries of Government of India, Chief Secretaries of all State Governments and representatives of industry to draw a road map of the future course of action. On the sidelines of the workshop a separate session was organized on ‘Ease of Doing Business’ where Chief Secretaries of State Governments actively participated. The concluding session was chaired by the Hon’ble Prime Minister of India.

Initiatives taken by DIPP

The Department of Industrial Policy and Promotion (DIPP) has taken up a series of measures to improve Ease of Doing Business. Emphasis has been on simplification and rationalization of the existing rules and introduction of information technology to make governance more efficient and effective. The measures taken are:

Process of applying for Industrial License (IL) and Industrial Entrepreneur Memorandum (IEM) has been made online and this service is now available to entrepreneurs 24x7 at the **eBiz website**. This had led to ease of filing applications and online payment of service charges. Following 14 services have been integrated with eBiz portal which will function as a single window portal for obtaining clearances from various governments and government agencies:

-
- | | |
|---|---|
| a. Industrial Licence (DIPP) | b. Industrial Entrepreneurs Memorandum (DIPP) |
| c. Employer Registration with ESIC | d. Employer Registration with EPFO |
| e. Company name availability (MCA) | f. ‘Allotment of Directors’ Identification Number (DIN) |
| g. Certificate of company’s incorporation | h. Declaration of commencement of business (MCA) |
| i. RBI’s Foreign Collaboration General Permission Route | j. Advance Foreign Remittance (RBI) |
| k. Permanent Account Number (PAN) | l. Tax deduction Account Number (TAN) |
| m. Issue of Explosive licence (PESO) | n. Importer exporter code (IEC-DGFT) |
-

2. Notification has been issued on 12-03-2015 by DGFT to limit number of documents required for export and import to three.
3. Ministry of Corporate Affairs has introduced an integrated process for incorporation of a company, wherein applicants can apply for Director's Identification Number (DIN) and company name availability simultaneous to incorporation application.
4. A comparative study of practices followed by the States for grant of clearance and ensuring compliances was conducted through M/s Accenture Services (P) Ltd. and **six best practices** were identified. These were circulated among all the states for peer evaluation and adoption. The study has also identified bottlenecks faced by industries and steps required to improve the business environment in States.
5. Minister of State (Independent Charge), Commerce and Industry has requested Chief Ministers of all the States and Administrators of all the UTs **to partner with DIPP** in taking these initiatives forward to ease the business regulatory environment in the country.
6. An interactive session was held by Cabinet Secretary with representatives of industries to identify factors impeding growth of manufacturing on 28th November, 2014.
7. Application forms for Industrial Licence (IL) and Industrial Entrepreneur Memorandum (IEL) have been simplified.
8. *Vide* Press Note 3 (2014), Defence products' list for industrial licensing has been issued, wherein large number of parts/components, castings/forgings etc. have been **excluded from the purview of industrial licensing**. Similarly dual use items, having military as well as civilian applications (unless classified as defence item) will also not require Industrial License from defence angle. For these items only an Industrial Entrepreneur Memorandum (IEM) has to be filed.
9. *Vide* Press Note 5 (2014), initial **validity period** of Industrial License has been increased to three years from two years. This will give enough time to licensees to procure land and obtain the necessary clearances/approvals from authorities.
10. MHA has stipulated that it will grant **security** clearance on Industrial Licence Applications within 12 weeks. In matters other than Explosives and FIPB cases, security clearances are valid for three years unless there is a change in composition of management or shareholding.
11. Partial commencement of production is being treated as commencement of production of all the items included in the license. This has obviated the hardship of licensees to get their Industrial License extended even though they have started production.
12. To facilitate investors and to reply to their queries, **Frequently Asked Questions (FAQs)** by applicants for grant of industrial license have been developed and uploaded **on DIPP website**.
13. *Vide* Press Note 4 2014), the **NIC Code NIC 2008** has been adopted, which is the advanced version of industrial classification. This code will allow Indian businesses to be part of globally recognized and accepted classification that facilitate smooth approvals/registration.

14. *Vide* Press Note 6 (2014), the 'Security Manual for Licensed Defence Industry' has been issued. This has obviated the requirement of affidavit from applicants. Earlier, **an affidavit signed before Judicial Magistrate** was required from the applicant to confirm that they will comply with the safety & security guidelines/procedures laid down by the Ministry of Defence and Ministry of Home Affairs in Government of India. The applicants were facing difficulties in obtaining such affidavit and this was severely delaying the issue of License even after approval of Licensing Committee.

15. A **checklist with specific time-lines** has been developed for processing all applications filed by foreign investors in cases relating to Retail/NRI/EoU foreign investments. This has been placed on the DIPP website.

16. An Investor Facilitation Cell has been created in 'Invest India' to guide, assist and handhold investors during the entire life-cycle of the business.

17. Process of applying for Environment and Forests clearances has been made online through Ministry of Environment and Forests' portals <http://environmentclearance.nic.in/> and <http://forestsclearance.nic.inj>.

18. Requirement for Environment Assessment Report is required for industrial shed, school, college, hostel for education institution above 20,000 square meters of build-up area up to 150,000 square meters of build-up area.

19. The issue of time taken in **registration with Employees Provident Fund Organization (EPFO) and Employees State Insurance Corporation (ESIC)** was taken up with the Ministry of Labour and Employment, Director General, ESIC and Central Provident Fund Commissioner. Both the processes have been automated and ESIC registration number is being provided on a real-time basis.

20. A unified portal for Registration of Units for LIN, Reporting of Inspection, submission of returns and Grievance Redressal has been launched by Ministry of Labour and Employment.

21. DIPP has requested all Secretaries of Government of India and Chief Secretaries of the States ZU'I' to **simplify and rationalize the regulatory environment**. In order to improve the regulatory business environment they have been requested to take the following measures on priority:

- a. All returns should be filed on-line through a unified form;
- b. A check-list of required compliances should be placed on Department's web portal;
- c. All registers required to be maintained by the business should be replaced with a single electronic register;
- d. No inspection should be undertaken without the approval of the Head of the Department; and
- e. For all non-risk, non-hazardous businesses a system of self-certification should be introduced.

22. The registration process of VAT and Professional tax has been merged into a single process with single ID on 1st January, 2015 by the Government of Maharashtra.

23. The time required for giving a new electric connection in Mumbai has been reduced to 21 days from 67 days. The number of procedures involved has been cut down to 3 from existing 7.

24. Municipal Corporation of Delhi has launched online application process for grant of construction permits for residential and industrial buildings on 16th March, 2015 and commercial buildings in April, 2015.

Step forward

A detailed document on action to be taken on various measures of ease of doing business by States with specific timelines was prepared and circulated to all States/Union Territories. These action points relate to the following broad areas:

- | | | |
|-------------------------------|--------------------------------------|---------------------------|
| (i) setting up a business | (iv) labour compliances | (vii) inspection reforms |
| (ii) land and building | (v) infrastructure related utilities | (viii) enforcing contract |
| (iii) environment compliances | (vi) finance and tax | (ix) exiting a business |

All the State Governments/Union Territories have been requested to complete these reform measures against the indicated timelines so that State is not ranked poorly in sub-national study. The draft methodology for ranking of the States has been shared with the States and their comments have been sought.

A comparative study of practices followed by the States for grant of clearance and ensuring compliance was conducted through M/s Accenture Services (P) Ltd. and six best practices were identified. These best practices were shared with all State Governments and Union Territories and their comments were sought. These comments were considered before finally circulating these best practices among States/Union Territories for replication. The best practices were identified for grant of clearance and obtaining compliances in the following areas:

- (1) Finance & Tax related compliances
- (2) Labour Law Related compliances
- (3) Infrastructure & Utilities Related Approvals
- (4) Land & building
- (5) Environment clearances
- (6) Other business regulatory compliances

Chief Ministers of all State and Administrators of all Union Territories have been requested to partner with Department of Industrial Policy and Promotion in taking these initiatives forward to ease the business regulatory environment in the country.

Sl. No.	Name of the Organization	Suggestions submitted by the Organisation	Comments of DIPP
1	2	3	4
1.	PHD Chamber of Commerce and Industry (PHDCCI), New Delhi	<p>The need of the hour is not to rework or make minor changes/ clarifications but to dispense with redundant and unnecessary regulations.</p> <p>Some of the laws and regulations which needs to be tackled immediately on Ease of Doing Business are as follows:-</p> <ol style="list-style-type: none"> 1. Company Law 2013: This Act places huge compliance burden on comparative small companies. They suggested that the limits for make of the compliance be based on net worth and turnover instead of investment. 2. Environmental Laws: These laws makes running of industrial units very difficult. 3. Labour Laws: Industrial accidents are treated as non bailable offences. This immediately vitiate the problem and causes immense hardship as industrial units go into tailspin. Accidents must be treated par with road accidents. 4. Shops & Establishments: The number of clarifications required by small restaurants and such establishments are more than 20. This must be brought down to 3 to 4 as in the case of most developed economies. There must be greater flexibility in running these small businesses without the need to seek permission and deal with interferences. 	<p>DIPP agrees with the need to carry out detailed analysis of existing laws and repeal of redundant provisions.</p> <p>The Ministry of Corporate Affairs has set up a Committee to review the Companies Act and recommend necessary changes.</p> <p>An effort should be made to simplify procedures and improve performance without compromising on environment and industrial safety issues.</p>

1	2	3	4
2.	Bombay Chamber of Commerce and Industry (BCCI), Mumbai	<p>Starting a Business</p> <p>1. Prior permission or approval for ‘starting up new unit of business.</p> <p>Single window approach – An online ‘Single Window’ approval mechanism coupled with self-assessment/declaration of having complied with the applicable regulations will enable smooth set-up process.</p> <p>The applicant can submit all mandatory prior registrations to one single Authority/window. This would considerably reduce bureaucratic delays for setting up of business.</p> <p>Standardize forms and documentation to accommodate information which is required by various authorities.</p> <p>Online interface and real time/periodic status updates. This will ensure much needed speed, transparency and ease of operations.</p> <p>Opportunity to appeal – This will bring better discipline in processing prior approvals/permissions.</p> <p>Time bound response and automated approval/permission – To ensure certainty and ease and curb corruption and ensure transparency.</p> <p>Reducing duplication – To eliminate duplication of reporting and thereby reduce time incurrence and costs involved.</p> <p>Periodic review – This would ensure that the process remains simple and relevant all the time.</p> <p>2. Regular on-going compliances and approvals, if any – This will reduce time and costs involved in making annual filings before a plethora of regulators and result in smooth functioning of business thereby enabling ‘Ease of Doing Business’.</p>	<p>The suggestions given on starting a business are supported by DIPP and should be followed by all Ministries and State Governments.</p> <p>These suggestions are relevant only once GST is introduced. These suggestions may be kept in mind in drafting GST Act.</p>

1	2	3	4
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Paying Taxes- Indirect Tax

1. Single-Window registration, filings and processing-

Common Registration: A common registration covering both central excise and service tax is a desirable option.

Digital Mechanism: It would ensure smooth transition to the Goods and Service Tax (GST) regime,

Centralized Processing - Recommended to permit assessee to file a common return for all premises.

2. GST

Classification disputes owing to multiple rates in GST –

In order to avoid the continuance of disputes it would be preferential to not have multiple rates of GST.

3. Reinstate transfer of CENVAT credit by units registered as Large Tax Payer Units (LTUs) –

The benefit of freely transferring CENVAT credit between registered units of an entity registered with LTU should be reinstated.

Need to be examined by Department of Revenue

4. Processing Refunds

Export Refunds – The AIR DBK rates should be fixed at a significantly higher level and exporter should be allowed to claim the DBK under special brand rate only if the AIR is less than 70 percent of the taxed paid on inputs/services.

DIPP supports these reforms and these should be taken up with Department of Revenue

Complete Automation for tracking, processing and sanctioning of service tax refunds: The entire refund filing and processing mechanism should be shifted online to benefit both exporter and revenue.

5. Clarity in tax laws and periodic issue of circulars etc. – This would cumulate in the previous year and should be issued on April 1.

Need to be examined by Department of Revenue

1	2	3	4
	<p>6. Time limit for adjudication of Show Cause Notice: This would greatly help in stimulating the investment appetite in the country by providing certainty and transparency in tax laws.</p>		<p>Need to be examined by Department of Revenue</p>
	<p>7. Rationalisation of tax credits: Service tax paid on input service for setting up of a business should be allowed as CENVAT credit. Further, it is suggested to dispense with the time limit of one year for availment of CENVAT credit on inputs and input services.</p>		<p>DIPP supports this reform.</p>
	<p>8. Due date of payment of Service Tax: The present due date for payment of tax is 6th of the next month and March 31st for the month of March. It is suggested that the due date be extended to 15th of the next month.</p>		<p>DIPP supports this reform.</p>
	<p>9. Annual renewal of Letter of Undertaking (LUT) for export of goods without payment of excise duty – The requirement of annual renewal of the LUT should be done away with and instead replaced with the requirement of renewal of the LUT once every 5 years.</p>		
	<p>10. Easily comprehensible tax legislation – Reduced Indirect Tax rates to maximum 3 layers – exempted good – minimum number – merit rate & Standard rate. All goods should be strictly fall within these 3 rate structure. Reduced exemptions, Input Tax credits based on “Cost to Business”.</p>		<p>Need to be examined by Department of Revenue.</p>
	<p>Paying Taxes – Direct Tax</p>		
	<p>1. Limits for TDS – The limit of Rs.10,000 deduction of TDS @ 10% was set in FY 2007-08 and since then the slabs have been progressively rationalized. Therefore it is essential that the TDS rates also be rationalized.</p>		
	<p>2. Withholding tax u/s 195 – This would provide clarity to the assessee and also help in reducing the administrative workload of the Companies and the Auditors to a great extent.</p>		<p>DIPP supports this reform</p>

1	2	3	4
	<p>The requirement of the Tax Residency Certificate (TRC) be made essential only if the total payments to that non-resident exceeds INR 1 crore in the year. This would greatly assist in mitigating unnecessary hardship to small payees.</p>		<p>Further examination of the issue is required before a view is taken on this issue.</p>
	<p>3. Filing of Form 15G/15H/60 and 61 regarding non-deduction of tax at source – It is preferable that electronic filing of these forms are introduced. Greater accountability would be maintained and there would be a check on frivolous filing and false declarations. Further, this would also reduce the paperwork.</p>		<p>DIPP agrees with the recommendations. However, fee should be forfeited.</p>
	<p>4. Credit in respect of foreign taxes – Section 209 be specifically amended to include “credit for foreign taxes” as a deduction for purpose of advance tax in cases where the same is allowable under Section 90/91 of the Income-tax Act. This would provide clarity to the assesseees as also improve the cash flow of these entities.</p>		<p>DIPP agrees with the recommendation. Point is not clear and need further examination.</p>
	<p>5. Application for an Advance Ruling u/s 245Q of the Income-tax Act – It is suggested that since application for advance ruling is for the purpose of benefit of assessee, the time limit does not serve any purpose and the assessee should be allowed to withdraw his application at any time and permission of the AAR is not necessary for the same.</p>		<p>DIPP agrees with this suggestion.</p> <p>DIPP agrees with this suggestion.</p>
	<p>6. Time limit for disposal of AAR application – As per the handbook issued by the AAR, the time limit seems to be flexible and not mandatory to follow. It is suggested that adherence to this time limit be made mandatory, which will help reducing the level of litigations in the country.</p>		<p>DIPP agrees with this suggestion.</p>
	<p>7. Claim made during assessment proceedings – It is suggested that the same be specifically incorporated in the Act making it duty bound on the AO to accept all legitimate claims. This would greatly help in reducing the litigation work load on the appellate authorities.</p>		<p>DIPP agrees with this suggestion.</p>

1	2	3	4
	<p>8. Time limit for disposal of appeals – It is suggested that suitable time limits be inserted in the Act. This would result in speeding up of the hearings as also eliminate the undue hardship and litigation cost faced by the assessee.</p>		DIPP agrees with this suggestion.
	<p>9. Refunds due from Income-tax Department – It is suggested that a specific time limit be introduced for processing of refunds. Further, it may be provided that if the refund is not received within the time limit, the assessee has got the right to set off the same against his advance tax payments of future years. This will help in making the system more efficient by ensuring greater liquidity.</p>		DIPP agrees with this suggestion. Responsibility to remain with the person who has authorized.
	<p>10. Delay in passing of the order giving effect to the CIT(A)/ITAT Order – It is suggested that suitable time limit may be prescribed for the appeal giving effect order. This would greatly help in reducing the administrative cost and ensuring greater liquidity.</p>		If the value involved is low the Government may not opt for 2 nd appeal.
	<p>11. Maintenance of books of accounts on digital format – It is suggested that books of accounts may be defined to include “digital format documents” as well. This would greatly help in the administrative easing of the workload of the organization.</p>		DIPP agrees with the suggestion of digital signing of documents.
	<p>12. Limits for Form 3CD Tax Audit – The limits for conducting tax audit be increased to INR 5 Crores from INR 1 Crore for business and INR 50 lacs from INR 25 lacs in case of an assessee carrying on profession. This would help majority of the small assesseees from getting into the rigmarole of tax audit.</p>		To be examined by Department of Revenue.
	<p>13. Signing of Returns/Appeal Papers – It is suggested that the provisions of Section 140(c) be rationalized to allow any authorized person to sign the documents.</p>		
	<p>14. Reduced Litigation – Government if the appellant in a significantly higher proportion of cases. This should be considerable reduced. For this, both the Government & Industry should have the benefit of not pursuing a matter, if the values involved are low, in the Tribunal without prejudicing its right to agitate the issue later, if the same is deemed necessary.</p>		

15. **Signature of Assessee on all documents** – Either pre-printed declarations or holograms or digitized signature may be allowed on all documents, subject to the assessee giving appropriate undertaking to the Government authorities signifying his responsibility on the document.

Cross Border Trading – Indirect Tax

Requirement for certainty and simplification in customs valuation assessment for Related Party Transactions (RPTs) -

Discontinuance of Extra Duty Deposit (EDD): The requirement of payment of EDD should be done away with as it serves no real purpose for protecting interest of customs authorities.

Codification of assessment procedure in customs law with clear time-lines for disposal: A procedure for assessment by SVB authorities should be codified in the Customs Law instead of being driven by Circulars and Public Notices also with clear time-lines in the law for disposal of cases. This recommendation also finds support from the Report submitted to the Ministry of Finance by the Tax Reforms Administration Committee (TARC).

Assessment to be part of OSPCA: As performed in developed countries, the chamber recommends that assessment of Related Party transactions could be handled as part of post-clearance audit (OSPCA) with focus on valuation related risks.

3. Telangana Chamber of Commerce and Industry (TECCI), Telangana

TECCI stated that they are preparing an exclusive report on the subject which will be sent as and when it is ready. Meanwhile they have made the following suggestions:

1. Introduction of single window system for all kinds of Industrial approvals with a time-frame.
2. Self-certification of the authenticity of documentary evidences and other related certificates.

DIPP agrees with the suggestions.

1	2	3	4
		<ol style="list-style-type: none"> 3. Pinning the responsibilities on the concerned officials for the delay in granting industrial approvals. 4. Simplification of relevant laws and their implementation. 5. Simplification of labour laws and their implementation. 6. Taking into account the observations made by UNO earlier in this regard. 7. Simplification of procedures and formalities to make them more user-friendly. 8. Simplification of forms and other formats to cut-down red-tapism and 9. Make the investment climate more industry-friendly by ensuring transparency and accountability to attract not only the domestic industrial entrepreneurs but also foreign investors. 	<p>DIPP agrees with the suggestions.</p>
4.	Andhra Pradesh Chambers of Commerce and Industry Federation, Andhra Pradesh	<ol style="list-style-type: none"> 1. Starting a Business – For starting a Business in India, the Govt. should appoint a technical committee and give clearance for the project. 2. Dealing with Construction permits/Plan approvals – They suggested that all permission must come in 30 days under single window and treat Industry as separate category by encouraging entrepreneur in the initial stage by reducing the burden of multiple taxation. 3. Registering property – (a) Actual transactional value to be taken by registering authorities and income tax authorities has no business in this issue. (b) For the Industries land has to be registered as per the acres and not on approved layouts only they can charge in sq.yards. 	<p>Significant amount of black money is involved and authorities should retain power to assess value, if it seems significantly low compared to the market value.</p>

1	2	3	4
	<p>4. Paying taxes – (a) There should be stable tax regime where investor is assured that tax rates do not go up often. For promoting exports – all service tax paid by the firm including for rents, fees, sub contracts to be reimbursed even for deemed export companies.</p>		<p>These suggestions are not acceptable and will promote evasion of tax.</p>
	<p>(b) Income Tax –</p>		
	<p>(1) Officers should be made accountable for wrong assessments and punished for tax terrorism.</p>		
	<p>(2) Benefit of doubt on law interpretation should be 100% given to business house not officer at least on appeal. Going on appeal by paying 50% even tax terrorism is there, it defeats the purpose of appeals. Party can go to appeal without payment of minimum amount. This will reduce harassment.</p>		<p>DIPP agrees with the suggestion that assessment should be finalized within 6 months.</p>
	<p>(3) No assessment should be opened, selected for scrutiny after one year. Any tax demand should be levied only within 6 to 12 months of submission of return only.</p>		
	<p>(4) All assessments and tax demands should be raised within 6 months of submission of returns.</p>		<p>There is no reason to equate the two.</p>
	<p>(5) Even in case of IT raids, past accounts can only be reopened for a maximum of only 3 years.</p>		<p>No justification exists for such reduction.</p>
	<p>(6) TDS refunds should be paid within 6 months of submission of returns. This should be mandatory.</p>		
	<p>(7) While Govt. is paying 6% for TDS refunds, it is collecting 12% + penalty + prosecution for our delay. This should be rationalized, interest should be same for refunds and delays and collection also.</p>		<p>Drawings are personal expenditure. They cannot be claimed as expenditure.</p>
	<p>(8) All other taxes also like, service tax, State VAT, PF and ESI records, retrospective opening should be limited to only 2 or 3 years. All</p>		<p>CA has no role with these cases. Duty to pay taxes</p>

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		Departments should not levy any tax on business house after 2 to 3 years on submission of returns. Any tax demand should be within a maximum of 24 months of submission of returns.	lies with the assessee.
		(9) The IT officers are dis-allowing for drawing more than ₹20,000 from the expenditure side. This limit has to be increased to Rs.1 Lakh.	Entrepreneurs can file case against complainant under IPC if complaint is false.
		(10) In cases, where there are more than 10 cases of tax raised on clients after CA certification, the license may be suspended.	Inspections should be conducted only after permission of an officer not below the rank of Chief Commissioner of Income Tax.
		5. RTI activity/Grievances –	
		(a) Case has to be booked against false complaints that are harassing the entrepreneurs.	No suggestion, only observation.
		(b) Depending upon the contribution of the Industry in relation to taxes/employment only senior government authorities allowed to inspect the industry instead of petty officer from different organizations.	No suggestion, only observation.
		6. Getting credit: Government has announced CGTMS scheme by which without collateral banks can pay one crore. In reality, 90% of the people who are eligible not getting the loan as per the banking guidelines.	DIPP agrees with the suggestion
		7. Enforcing contracts: As per the World Bank ranking, we are in 186th position in enforcing contracts.	Bankruptcy Law Reforms Commission has given its report and draft new legislation.
		8. Getting electricity – There should be simplified procedures for getting electricity connection and the total time taken from request for connection will be 15 days in normal situations.	
		9. Resolving Insolvency: A new bankruptcy law coupled with practical changes, removing the judicial bottlenecks and delays, will be crucial to the reform process.	

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5.	U.S.-India Business Council, New Delhi	<p data-bbox="440 323 561 352">Customs</p> <p data-bbox="440 401 1179 768">Modernize customs procedures: Customs should consider electronic clearance systems that allow for Electronic Data Interchange (EDI) for import/export without any requirement to physically file documents. A deminimise regime lifting all duties and taxes for low value shipments that applies to commercial shipments, including business to consumer shipment, in the same as to gifts or samples would increase the flow of cross border e-commerce and allow inputs necessary for Indian business at minimal cost.</p> <p data-bbox="440 814 1179 919">Know Your Customer (KYC): Allowing a single KYC documents for commercial shipments makes sense and would increase the ease of doing business in India.</p> <p data-bbox="440 961 1179 1066">Net Zero Imports: The inverted duty structure should be fixed and competitive incentives should be provided for the export of IT production from India.</p> <p data-bbox="440 1108 1179 1255">Bring certainty in Laws and avoid discretionary powers: Considering the detailed documentation required for claiming Brand Rate Duty Drawback, the time limit of filing the claim be mandated as one year in the Rules itself.</p> <p data-bbox="440 1297 659 1327">Defence Offsets</p> <p data-bbox="440 1373 1179 1436">Simplification by the Defence Ministry in the offset policy should bring efficiency.</p> <p data-bbox="440 1482 1179 1885">Offset Reform is Crucial for Defence Industrial partnership: An amended offset policy enabling application of progressive offset clauses in evolved Defence Procurement Procedure (DPP) towards existent previous iterations of the DPP enables greater industrial workshare and participation by Indian Industry across a wider spectrum of work. DRDO's role as a technology evaluation and procurement agency must also be in harmony with overall strategic procurement directives issued with the Integrated Defence Staff and Service Headquarters.</p>	<p data-bbox="1203 401 1422 579">DIPP agrees with the suggestion. To be examined by Department of Revenue.</p> <p data-bbox="1203 625 1422 877">DIPP agrees with the suggestions. In KYC a single document with photograph and address can be used.</p> <p data-bbox="1203 961 1422 1066">To be examined by Department of Revenue.</p> <p data-bbox="1203 1150 1422 1213">DIPP agrees with the suggestion.</p> <p data-bbox="1203 1482 1422 1545">DIPP agrees with the suggestion.</p> <p data-bbox="1203 1745 1422 1808">No specific suggestion.</p>

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Financing, Investment, FDI			
	Infrastructure Finance: There is an imminent need to foster the development of a long-term debt market in India – one with enough depth to be able to finance long-term, capital-intensive infrastructure projects.		This issue requires further examination.
	Overseas Remittances through bankers: RBI should allow netting off of remittances without requiring prior approval from them. Instead they can obtain the gross payable and receivable information in any of the remittance documents submitted to the bankers where they can figure out the actual gross receivable and payable amounts. This will reduce bank charges at both end and also avoid exchange rate fluctuation risk.		No specific suggestion.
	Availability of Data and Access to information: In India, finding and accessing information is painful and sometimes impossible. This is not a small matter and it will take considerable effort to do this well. They helped many regions to improve their visibility and also happy to help India as well.		No specific suggestion. This issue requires further examination.
	Banks credit extension requires a relook especially for startups and entrepreneurs.		
	FDI in Business-to-Consumer e-Commerce: In the spirit of promoting Make in India and Digital India, e-Commerce models must be allowed to enable small and medium business across the country to each national and global consumers. USBIC urges the DIPP to allow at least 51% FDI in e-Commerce – and ultimately 100%. USBIC urges GOI to clarify the obligations lie with those who sell the products, not the online market places on which they are sold.		No specific suggestion.
	Payment structures related to infrastructure need to be modified. As the balance of risk shifts, banks and funds will play a greater role in India’s infrastructure development.		No specific suggestion.

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	<p>Overall perception: Accountability on the part of Government officials need to be inculcated with action taken against erring officials as well proactive measures being taken to mitigate any damage to India's reputation as an investment friendly jurisdiction as well ease of doing business in India.</p> <p>Grant of State and Central incentives: In order to attract foreign investors to set up manufacturing facilities in India, both the State and Central Governments will have to work together to grant adequate incentives to incentivize foreign players to set up their manufacturing base in India. This will require a fresh approach and policy changes to be implemented for the overall success for this initiative.</p> <p>Authorised Dealer-Category: Under Circular No.3/2013-2014 Rupee Drawing Arrangements (RDAs) allow banks to obtain prior approval of RBI, the first time they enter into a Rupee Drawing Agreement with non-resident exchange house from select countries which are FATF compliant for opening and maintaining rupee accounts under the RDAs. The GOI should either provide written clarification that the Reserve Bank would allow money transfer providers to offer sends under Circular No.3/2013-2014 (as updated June,15, 2014) from countries where it is operating through locally licensed agents, or alternatively, amend the circular to reflect such allowances.</p> <p>USIBC requested that the Government do away with the vertical restriction and implements the TRAI's recommendations on issues related to New DTH licenses and on issues relating to Media ownership.</p> <p>The Government needs to support the industry by lowering entertainment taxes/providing tax holidays to build multiplexes to promote growth.</p> <p>Global Norms</p> <p>Data localization: Data localization would hamper economic growth. Data Localization could negatively impact the Indian economy.</p>		<p>This issue requires further examination.</p> <p>Department of Revenue and State Governments to examine in the light of revenue requirements.</p> <p>To be examined by the Department of Telecommunication.</p> <p>To be examined by Ministry of Petroleum and Natural Gas.</p>

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		<p>Remote Access: RA restrictions for licensed operators should be removed, reverting to the status <i>quo</i> as of 2005.</p>	
		<p>Machine-to-Machine (M2M) and Internet of Things (IOT): GOI should adopt a flexible, light touch regulator environment for IOT, M2M and the cloud technologies.</p>	<p>Matter involves issues related to Centre and State relations on GST and Department of Revenue should examine them.</p>
		<p>Internet Governance: Member companies are eager to work with Indian Government and other stakeholders to the policy ‘Internet Corporation for Assigned Names and Numbers (ICANN)’ into practice in international forums.</p>	
		<p>Petroleum Infrastructure and fair uniform access: Development and access to common carrier pipelines, common access to storage & handling infrastructure and according ‘infrastructure status to the S&H projects to encourage private investment in this sector are some of the key essential measures recommended to improve utilization and efficiencies.</p>	<p>No specific suggestion.</p>
		<p>Goods and Services Tax</p>	
		<p>GST reform: This will help to create a common economy within the country and streamline domestic supply chains.</p>	
		<p>It may be advisable for the Government to treat LNG/ Natural Gas as a “declared good” so that they have a common concessional rate of VAT. Declared goods status will also make imported LNG cheaper, and thus relatively more affordable for local industries. Use of Natural gas in transportation will significantly reduce pollution.</p>	<p>Invest India has been created for this purpose.</p>
		<p>They suggested that the custom duty exemption to LNG/ Natural gas may be granted on imports made by any person. It should be extended beyond power sector to ‘end-use’ for other sectors as well, to ensure parity with imported crude.</p>	<p>No specific suggestion.</p>
		<p>Difficulties in gaining approvals for rightful imports: IT Industry in India depends on Indian manufactured and globally sourced components. Similarly, while companies are increasing local repair capabilities, a very small</p>	<p>No specific suggestion.</p>

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		percentage (less than 2%) of the critical ‘certified spare parts’ need to be refurbished abroad and imported – not for sale, but only for warranty replacement.	No specific suggestion
		Infrastructure	
		Infrastructure in Industrial areas and highways both national and State continues to be pathetic. Power, roads, water supply, etc.	This issue needs further examination.
		Establishment of a dedicated body to support investors and developers by creating an efficient and streamlined licensing and approval process, providing technical expertise, knowledge transfer, and supporting capacity building issues, will also ease the challenges of doing business in this sector.	The Land Acquisition issue is under consideration of Government. No specific suggestions are given.
		Smart cities: Strong partnerships between financial institutions, governments at both State and Central levels, as well as the industry are crucial to advancing the goals of a smart city. More work needs to be done to clarify the scope and opportunities.	
		Labour	To be examined by Department of Revenue.
		Labour laws require reforms.	
		Ease of Hiring and Firing: India should learn from North European countries that have found a good balance between protecting workers and giving employers flexibility.	
		Land	
		Land and Labour reform: There is an urgent need to make these regulations more clear, consistent and economically viable for the investor.	No specific suggestion
		India’s real estate FDI policy should be clarified to allow multinationals to lease their property to subsidiaries without it coming under the purview of real estate business, which forces parent companies to lease on a cost plus mark-up basis.	The suggestion of fixing timelines for disposal of tax cases has already been noted.

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	<p>Real Estate: If we want Data centres, manufacturing, and other projects heavy in capital investment, then land acquisition, disposition and ownership has to be simplified.</p>		<p>No specific suggestion is given here.</p>
	<p>Legal and Litigation</p>		
	<p>Freedom to contract: Under the customs regulation, a courier has to obtain permission from the customs prior to contacting out any function in the chain of door to door delivery service. To insist on permission for contracting is not very practical and against the global best practices, therefore, the withdrawal of the requirement would increase ease of doing business within India.</p>		<p>DIPP is implementing eBiz portal to work as an online single portal for Central/State clearances.</p>
	<p>By liberalizing legal services, it would send signals to the international investment community that India is open for business and help to improve its “ease of Doing Business” ranking.</p>		<p>DIPP agrees with the suggestion. A number of States have passed Right to Services Act to ensure timely delivery of the government services.</p>
	<p>Hassles in Disposal of Tax Litigations: Both in service tax and Income Tax the litigations take a longer duration to get complete. It causes undue cash flow issues to the entities contesting since money is stuck with the tax bureau until final disposal. There needs to be speedy mechanism to dispose with timelines.</p>		<p>DIPP agrees with the suggestion. eBiz portal is under implementation.</p>
	<p>Judicial enforcement for IP needs to be time-bound with appropriate time limits attached to issuing final judgements.</p>		
	<p>Permitting, Licensing, Clearances</p>		
	<p>Currently this process is confusing, redundant and inefficient. Streamlining the process with a goal toward timely clearances, including single window, will result in more successful outcomes.</p>		<p>To be examined by DGFT.</p>
	<p>Online submittals, Response and Tracking of Documents: India has a terrible reputation because of endemic corruption. If we have electronic documents that track every change made to them, time taken to approve</p>		<p>DIPP agrees with the suggestions.</p>

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	<p>them and delays tracked to individual officers, then it will make all process transparent and will reduce unnecessary and multiple visits to different Government offices. Some work has been done on this, but for investment there is no such infrastructure.</p>		DIPP agrees with the suggestions.
	<p>Getting licences no longer remains single window. All officers need to clear files in no more than 7 working days. Penalties should be levied beyond that and recovery proceedings initiated against concerned official. More online services should be made available like renewal of licenses, submission of fees, tracking of ones applications, etc.</p>		DIPP agrees with the suggestion. Ministry of Finance should dispose of issues in a time bound manner.
	<p>There is need to have web based single window clearance system for filing, tracking and approval of applications. The duration of validity of licenses to manufacture or import the test product or reference products is only one year. It should be enhanced to atleast 2 years, thereby avoiding the need to frequently apply for license renewals.</p>		Standard clauses to be developed for various provisions not only for US Defence contracts.
	<p>The duration of validity of the import/export authorizations of narcotic drugs, etc. needs to be enhanced to at least one year.</p>		
	<p>Improve free movement of goods against Licenses: Discretionary powers given by way of M/o Finance circulars exposed to risk of personal judgement and are invoked at the time of custom clearance thereby by obstructing the movement of goods. This results in production loss and delays. They suggested required check and controls, if any should be exercised at one place, by a single authority, before grant of licenses.</p>		Diet Y to examine these issues. Diet Y should examine the issue.
	<p>Improve examination process at Gateway port & reduce time for Self Sealed Containers: Self-Sealed Containers randomly selected for examination need to be examined and cleared within an hour, till such scanners are in place and online monitoring should be done by a responsible officer to ensure that there are no delays.</p>		MCA is examining the Act for changes.

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		The existing process for owning/operating television channels in India can further be abridged by introduction of a Registration Regime as compared to the existing Licensing Regime.	No specific suggestion.
		Procurement, Bidding, contracts	To be examined by Diet Y
		Bidding: This process needs to be more inclusive and focused on best value and life cycle assessment rather than just the lowest bid.	
		Timeline and Contract Process/Approval: The GOI has numerous outstanding US defence contracts that have passed technical evaluation and offset approval, have passed through the Contract Negotiation Committee, and only await M/o Finance clearance onward to final approval by the Cabinet Committee on security. The low-hanging fruit are at risk of pricing pressures that must be addressed.	To be examined by Ministry of Urban Development.
		Standard Terms & Conditions for US defence contracts: Limitation of liability, indemnification clauses, and warranties remain sticking points that are addressed in a piece-meal fashion by India's M/o Law on ad-hoc basis.	To be examined by Department of Pharmaceuticals.
		Public Procurement and Preferred Market Access GOI should adopt Model RFP terms for the Digital India initiative and other e-Governance and recommends that the Quality and Cost based Selection criteria be used for bids where the latest technological solutions are required.	This needs further examination.
		Government Procurement of Technology: The OSS Policy issued by D/o E&IT, requiring the Government to procure IT products that utilize OSS, unless the vendor and the Government procurer provide a detailed justification for using OSS. As a result Government officials are seeking quotes for OSS only, even when OSS solutions based on open standards are best suited for most projects.	Diet Y to examine the issues.
		Regulation, Legislation, Intellectual Property	Issue to be examined by Department of Revenue.
		Support from India's Upper House and the timely passage of Land Bill and GST Bill is urged.	DIPP agrees with the suggestion.

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		<p>New Companies Act: The changes made in the New Companies Act carrying on business cumbersome and even restrict normal operations.</p>	<p>No specific suggestion.</p>
		<p>Regulatory framework: The current regulatory framework could be further liberalized in sectors such as defence, banking, insurance and retail sectors by way of e-commerce.</p> <p>Regulation of Technology Aggregator Services: They suggested that the GOI to consider bringing the regulation of emerging technologies under the purview of the Central Government, so that a modern regulatory framework could be provided to State and City authorities in a timely manner.</p>	<p>DIPP agrees with the Suggestions.</p>
		<p>Real Estate: Promoting fair provisions in the Real Estate (Regulation and Development) Bill of 2013 on behalf of developers and investors is a key priority. Administrative reforms like digitization of land records will enable the implementation of title insurance.</p> <p>The Government should focus on adopting predictable regulations for trial sponsors about the process for clinical trials approval and procedure in India.</p>	
		<p>Ensure policy and regulatory certainty & coordination: Fragmented IP policy mandates should be centralized. There is a need to have a unified and centralized approach towards the administration of IPR. The National IPR Policy draft floated under the aegis of the DIPP had very little to offer for Copyright industries and the time has come for Copyright to be recognized as an industrial property and accorded the same status as Patents et al.</p>	<p>There is no need to facilitate faster business visa.</p>
		<p>Safety and Security Testing</p>	
		<p>Safety Testing Requirements: USIBC urges MCIT to expand the highly specialized equipment exemption to cover all professional enterprise equipment which are not used by general consumers. USIBC also requested that GOI align technical testing and BIS-registration requirements with international standards and accepted practices including acceptance of international IECEE test reports.</p>	

Security Testing Regulations: USIBC recommend that GOI align its approach with global best practices to assure the cyber security resiliency of telecommunications networks.

Tax

Indirect Tax (Service Tax): For the freight forwarding industry there has not been a clarity on whether freight is subject to service tax or not.

Direct Tax (Income Tax): The provision of TRC (Tax Residency Certificates) can be relaxed by seeking TRC once in three years (now once in a year) from the overseas entity while annually getting a self-declaration from the same overseas entity.

Tax policy: USIBC supports actions, including those announced in India's Union Budget, that may lead to the perception of a more practical tax administration that follows public guidance, respects past court decisions and conducts examinations without a predetermined outcome of meeting revenue target.

Delay in Refund of Service Tax against service Exports: A simple process of rebate for Service Tax as it existed prior to 1st July 2012 should be restored. All refunds not disbursed within 90 days should be subjected to interest at same rate at which interest is paid for delayed tax payment.

The stand-off with foreign investors over MAT tax should be resolved. Indian authorities should not impose retrospective MAT tax on foreign investors.

Transparency

All instances of bribery need to be looked into.

One thing that will really help to improve ease of business for pharmaceutical companies will be transparency and better process for price control implementation by NPPA under DPCO. The guidelines should be practically

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		implementable. If penalty is levied for overcharging it should be accompanied by substantial proof and willingness to her reasonable arguments from the company's side.	
		Visas	
		India needs to give out business visas more quickly, even if a non-Indian is applying "outside of their home country" to visit India to scope out investments.	
6.	Indian Merchants' Chamber (IMC), Mumbai	Starting a Business	
		Creating a Single Interface: Single Interfaces for business start-up not only save time and money but also can make procedural requirements more transparent and easier to access.	eBiz portal is facilitating this.
		Factors that determine ease/difficulty of starting a business and the necessary reforms are outlined.	DIPP agrees with the suggestion.
		Simplicity: Reduce Number of procedures required to start a business (from 12 to 5)	eBiz portal is facilitating this.
		Speed: Make electronic registration universal through unified registry (from 28 days to 6 days)	Already been done.
		Start-up cost: Abolish Minimum capital requirement.	Department of Revenue to examine these issues.
		Taxation Reforms	
		Eliminating Non value-added compliance process.	
		Reducing compliance burden by removing duplicated processes.	
		Enhancing Dispute Prevention & Resolution Standards – creating & adhering to deadlines for hearings at all levels and creating realistic thresholds for initiating prosecution proceedings.	DIPP agrees with the suggestion.

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	<p>Addressing transfer pricing issues – to bring greater clarity and certainty to enterprises across diverse Industries.</p>		<p>Ministry of Urban Development to examine these issues.</p>
	<p>Leveraging Technology to facilitate e-correspondence including video conference for hearings.</p>		
	<p>Land Reforms</p>		
	<p>The Government needs to immediately pass and implement the Land Acquisition Bill, 2015 to address the lack of an effective, transparent and efficient process. In addition – reforms would be required for easing construction procedures and time – in order to improve India’s ease of doing business rankings.</p>		<p>DIPP agrees with the suggestions.</p>
	<p>Labour Reforms</p>		
	<p>Provide Greater Employment Flexibility: Allowing companies employing upto 300 staffers to lay off workers or close down operations without taking the Government’s prior permission.</p>		<p>DIPP agrees with the suggestion.</p>
	<p>Address Workforce Redundancy: Implementing applicability of the Contract Labour Act to companies with over 50 workers, against the current 20.</p>		<p>These recommendations are already under implementation by CBEC. Should be done in a time bound manner.</p>
	<p>Facilitate Flexibility in working hours: Implementing applicability of the Factories Act to units with over 20 employees, against the current 10.</p>		
	<p>Cross border Trade</p>		
	<p>Improving customs administration through more ubiquitous electronic submission and processing.</p>		<p>Ministry of Power to examine these issues.</p>
	<p>Reducing Customs clearance through a risk based inspection system.</p>		
	<p>Reduce the number of forms to be submitted for imports by merging forms (from 10 to 7)</p>		

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Getting Electricity

Streamlining approvals by utilities and other public agencies is among the most effective ways to reduce connection delays and the duplication of formalities.

Regulating the electrical profession: The safety of internal wiring installations is a concern not only for those using a building but also for utilities. One customer's faulty internal wiring can lead to power outages affecting other customers connected to the same distribution line.

India would need to make significant strides not only in making power available but also in ensuring the reliability of power in the mid-term to improve its rankings.

7. Indian
Banks'
Association
(IBA),
Mumbai

Starting a Business

Today, India ranks 158 among 189 nations assessed by the world Bank for ease of starting a business.

These issues are already under implementation.

In order to dramatically improved this, the Government needs to implement reforms that will facilitate start-up growth.

Reduce No. of procedures required to start a business (from 12 to 5).

Make electronic registration universal through unified registry (from 28 days to 6 days).

This has been done.

Abolish Minimum capital requirement.

Taxation Reforms

Eliminating Non value-added compliance process
Reducing Compliance burden by removing duplicated processes.

DIPP agrees with the suggestions.

Enhancing Dispute Prevention and Resolution Standards.

Addressing Transfer pricing issues.

Leveraging Technology.

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Land Reforms

Land Acquisition Bill, 2015 needs to be passed and implemented.

Implement Electronic Building permit system.

Streamline procedures for approval (reduce from 180 days to 60 days).

Labour Reforms

Provide Greater Employment Flexibility

Address Workforce Redundancy

Facilitate Flexibility in working hours.

Enforcing Contracts

DIPP agrees with the suggestions.

Leveraging technology to streamline court processes by implementing e-court systems and solutions.

Critical to update antiquated laws including but not limited to the Indian Penal Code, 1860, Indian Contract Act, 1872.

DIPP agrees with the suggestions.

Cross Border Trade

Improving customs administration through more ubiquitous electronic submission and processing.

Reducing customs clearance through a risk-based inspection system.

Reduce the number of forms to be submitted for imports by merging forms (from 10 to 7).

Getting Electricity

Streamlining approvals by utilities and other public agencies is among the most effective ways to reduce connection delays and the duplication of formalities.

DIPP agrees with the suggestions.

Regulating the electrical profession: The safety of internal wiring installations is a concern not only for those using a building but also for utilities.

DIPP is implementing eBiz portal

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	Indian Banks' Association (IBA), Mumbai		
	A nodal agency may be created as a single point contact for new entrepreneurs as a single point contact for new entrepreneurs and the agency should be proactive to getting the required approvals on behalf of the entrepreneurs.		through which various Central/ State services will be available. Services of company registration and registration with EPFO and ESIC are already integrated in the portal.
	There is need for reforms to reduce number of approvals needed and should have a strict time lines for approvals.		DIPP agrees with the suggestion.
	Reducing the number of intermediaries would also provide for on time clearances.		DIPP agrees with the suggestion.
	The e-governance initiative of the Government should enable the companies to get registered and provide for all necessary approvals online <i>via</i> single window.		DIPP agrees with the suggestion.
	Requirements like registering with EPFO and the ESIC etc. should be availed online through this window.		DIPP is identifying various best practices to share with State for implementation.
	The process of incorporation of a company under the Companies Act, 2013 be simplified. Implement 'Incorporation of Companies in 24 Hours' and digitalization of incorporation documentation.		
	Move away from department centric approach to business centric approach and provision for deemed approval if the competent authority fails to communicate the decision within the set time period.		
	Some of the initiatives by State Governments may be adopted <i>e.g.</i> CARD, a simple and decentralized digital property registration system across 200 sub-registrars offices of AP and e-stamping facilities for stamp duty payment will cut time and costs.		DIPP agrees with the suggestions. These issues are already identified by Ministry of Power and necessary directions
	Setting up large designated industrial zones with pre-clearances, streamlining process for land use conversion is required.		
	Move from deed based registration to title based registration. Streamline process for land use conversion.		

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		A market based pricing system, where price is determined by an independent body.	have been issued to the State Governments.
		Getting Electricity	DIPP agrees with the suggestion.
		The Government should publish location-wise power availability, source of power, shortage/surplus if any, possibility of getting power on continuous basis for setting up industrial unit.	DIPP agrees with the suggestion.
		Reduce electricity connection procedure and steps to 15 days.	DIPP agrees with the suggestion.
		Layout with detailing of water, sewerage and power connections to individual plots will avoid time delay and repetitive road cutting at later stages.	DIPP agrees with the suggestion.
		To enhance the efficiency of the distribution sector, it is essential to move towards privatization of distribution companies and strengthen SERCs.	DIPP agrees with the suggestion. Suggestions have already been listed out and shared with States by DIPP.
		Registering Property	
		The land records should be completely digitized. The stamp duties should be rationalized and preferably made uniform across the country through implementation of Indian Stamp Amendment Bill, 2011.	DIPP agrees with the suggestion.
		There is need to cut cost and reduce time by online registration in 15 days. Integrate property registration and mutation process through integration of departmental records electronically. On line registration of property be made compulsory for IPs over Rs.25 lacs.	DIPP agrees with the suggestion. DIPP agrees with the suggestion.
		Launch e-stamping across the states to reduce paper and handling charges. Price determination through a committee involving all stakeholders, including landowners.	DIPP agrees with the suggestion.

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	Enforcing contracts		
	Create centralized contract repository without non-repudiation. Effective implementation of e-Courts. Increase number of Courts and Tribunals.		DIPP agrees with the suggestion.
	More international treaties for increasing ‘reciprocal territories’. Updation of antiquated laws. Introduction of cases management system.		To be examined by Department of Revenue.
	Getting credit		
	The Government may give more autonomy to public sector banks and provide for level playing field with their private sector peer banks.		DIPP agrees with the suggestions.
	Strength of legal rights index – Establish more DRTs/ DRATs. DRTs should strictly adhere to existing disposal time of 180 days. Incorporate special provisions for cases of willful default/fraud (cases which appear in RBI list). Such cases should be taken up on a fast track basis.		
	RBI may explore the means of introducing a Common Credit Information Report.		DIPP agrees with the suggestion.
	It is suggested that even borrower of lower limit are posing risks to the banking industry. Hence, the limit of Rs.10 cr. be lowered to take care of borrowers with lower exposure. Finance companies with an asset base of Rs.100 crore and members of all CICs.		
	Dealing with construction permits		
	Establish a single window or one-stop shop for all construction related approvals, including environment and safety certificates, to obviate the need of approaching multiple departments to obtain construction permits.		
	Prepare a compendium of processes and timelines for all Central and State Government approvals for various construction related activities.		

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		Provision required for Common Application wherein MCD will get clearance from all departments (AAI, ASI, etc.)	
8.	Organisation of Pharmaceutical producers of India (OPPI), New Delhi	<p>Currently, India's position hovers around 142 amount the 189 economies in the world. To improve our ranking, it is imperative to strengthen Intellectual Property (IP) protection, reduce business uncertainty and increase investor confidence. Investments in research and innovation are an integral part of a nation's growth trajectory and India should aspire to take its rightful place on the global stage.</p> <p>Value of Innovation</p> <p>A robust framework of IPRs is one important way to promote the development of new medicines and encourages the industry to invest innovation. Greater Foreign Direct Investment will augment partnerships with foreign firms and lead more technology transfers over time.</p> <p>A strong patent regime is thus critical, not just to build an investor-friendly environment but also to guide the industry toward progress and invention.</p> <p>The proposed Fast Track IP Courts and specialized patent benches in designated High Courts will also ensure effective implementation of IP laws in the country.</p> <p>Predictable Business Environment</p> <p>Predictable and non-ambiguous Price Control Measures: A major area of concern is the Drug Price Control policy which has in the recent past been abrupt and arbitrary actions from the price regulator, NPPA. In July 2014, 108 anti-diabetic and cardiovascular drugs were arbitrarily put under price control.</p> <p>Consistent Healthcare Policies: Regulatory and policy reforms or Clinical Trials, New Drug Development and Regulatory approvals need to be smoothed. A predictable regulatory environment for clinical trials is vital to help bring newer drugs to India.</p>	<p>No specific suggestion.</p> <p>No specific suggestion.</p> <p>No specific suggestion.</p> <p>No specific suggestion.</p> <p>It is not clarified why inclusion in price list was arbitrary.</p> <p>These issues need to be reviewed by the Ministry of Health and Family Welfare.</p>

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Health for All

In view of Government's long term vision of Health for All, it is important that focus be brought to the pharmaceutical sector. The IMS Health 2015 Study recommends a combination of healthcare financing and non-financing models to address the issue of access and affordability of medicines in India.

Public Insurance programmes can be supplemented by a private insurance system, to establish an affordable, quality healthcare system. This would encourage international investors to invest in Indian healthcare.

9. Centre for
Civil
Society,
New Delhi

Ease of Registration

Single Window System: A Single Window for facilitating and fast-tracking registration, obtainment of various clearances and permits, tax compliance, and exist from the business should be put in place. MSME could identify and develop private agencies/ consultants to train and accredit them for providing a host of services for MSMEs along the concept of e-seva centres.

DIPP agrees with these suggestions.

DIPP agrees with these suggestions.

The entrepreneur and the business should be linked through a single reference point (a unique identifier such as passport or Aaddhar number, etc.).

If certificates, permits, etc. are not issued within a stipulated time period, enterprises should be deemed certified. Any errors in documents filed by the entrepreneur should be pointed out in a speedy manner and not in piecemeal fashion.

DIPP agrees with these suggestions.

Rationalisation of approvals/permits/clearances:

(i) Blanket requirement for redundant approvals such as pollution certificate for service and IT sectors should be done away with.

DIPP agrees with these suggestions.

(ii) Regulatory compliance for MSMEs should be delineated and minimized.

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		(iii) Micro enterprises should be promoted by exempting them from regulatory compliance. They should be registered on the basis of self-declaration with random checks by concerned authorities.	
		(iv) When registering with MCA (M/o Corporate Affairs) an option – with a mention of benefits – for registering as a MSME could be made available through a checkbox of MSME.	
		(v) The scheme related documents should be made available regional languages too apart from Hindi and English. Modern means of communication such as video, webinars, social media should be used to promote the benefits of registration and improve user interface.	e-tendering is already prevalent in Government of India and a number of States are also shifting towards e-tendering.
		(vi) Third-party certification/accreditation should be recognized.	
		(vii) Registrations with different PSUs for sale of products and services should be so consolidated as to make multiple applications redundant.	To be examined by Reserve Bank of India
		Incentivizing registration	
		(a) Certification on the basis of self-declaration of land, labour and machinery, etc.	
		(b) Purchase of goods and services produced by MSMEs by Government agencies should be simplified – for example by e-tendering.	This has already been considered by DIPP and State Governments.
		Ease of operation	
		Funding the business: Easy foreign investment by PIOs/ OCIs or even foreign nationals should be allowed. Online banking need to be encouraged.	DIPP agrees with these suggestions.
		One time share of 10% of revenue generated from sale/ commercialization of project could be made mandatory.	Installments of tax are to be decided by the

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	<p>Starting the business: Government should consider creating land-banks in Tier 3 cities for kick-starting an MSME cluster based industrial development in appropriate geographies.</p>		<p>Government considering its ways and means position.</p>
	<p>Centres for incubation and innovation – private incubation centres with expert technical consultants (MSME MITRAS) should be set up and linked to DICs and MSME development institutes.</p>		<p>Non-executive Director cannot shun their responsibility as they are party to the decisions taken in the board. Point on location of entrepreneur to be examined by the Ministry of Environment, Forest and Climate Change. DIPP agrees with other suggestions.</p>
	<p>Running the business</p>		
	<p>(i) Labour laws, Provident Fund (PF), ESIC and all workers/person related compliances should be consolidated to avoid duplication/delay and weed out rules and regulations which are out of tune with current realities.</p>		
	<p>(ii) Flexibility should be allowed for taxes to be paid once/twice a year. Retrospective application of taxes should be discouraged.</p>		
	<p>(iii) ESI, PF, etc. should be allowed to be made competitive by creating several agencies that compete for providing such beneficial services.</p>		
	<p>(iv) An employee should be allowed to subscribe to ESI, PF, etc.</p>		
	<p>(v) Flexibility should be allowed by recognizing self-declaration in case of scaling down.</p>		<p>This suggestion is not implementable as the process of exit at the commencement may be significantly different from the process at the time of actual exit.</p>
	<p>(vi) Diversity in start-ups should be allowed with respect to gender, location, community, etc.</p>		
	<p>(vii) Non-Executive Directors should be exempted from liability as it hinders flow of expertise and counsel to small enterprises.</p>		
	<p>(viii) Purchase of goods and services produced by MSMEs by Government agencies should be simplified for example through e-tendering. Discount on bidding price in lieu of fixed 20% procurement could be considered.</p>		

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		<p>(ix) Enterprises that have been in operation for long should be continue operations even if they are not located in an appropriate land (industrial or commercial). Enterprises should be allowed to register from whatever address they are at. They can be encouraged/ incentivized to move to appropriate land later.</p>	<p>DIPP agrees with these suggestions.</p>
		<p>Exit Policy</p>	
		<p>Process to exit a business should be made available to the entrepreneurs along with the Certificate of Commencement of Business, at the beginning itself.</p>	
		<p>Grievance Redressal</p>	
		<p>India consistently ranks below 170 in ‘enforcing contracts’. Grievance Redressal System should be strengthened.</p>	
		<p>(a) There should be fast track courts for quickly disposing of routine commercial matters like those around negotiable instruments or contracts.</p> <p>(b) Tax and compliance disputes should be resolved quickly in a time bound manner, arbitration for old disputes related to tax and compliance should be simplified and fast tracked.</p> <p>(c) Technology should be encouraged to set up all centres to register complaints. Complaints should be dynamically forwarded up the ranks to speed up redressal.</p> <p>(d) Processing of loan applications should be made accountable. Authorities should be required to provide reasons for rejection. Applicants should have the right to be heard <i>i.e.</i> the right to make a case for sanction of loan.</p>	
<p>10. DTA Consulting, New Delhi</p>		<p>I. Regular training and re-orientation system to motivate and encourage officials is a necessity.</p>	<p>No specific suggestions.</p>

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		<p>II. Mechanisation and strict adherence to procedures, like increased online processes for registrations and clearances. Namely, a system requiring less human interface and little option of interpreting rules and procedures to create road block.</p> <p>III. Independent grievance redressal mechanisms for investors and businesses empowering the grievance cell with penal provisions over the guilty officials.</p> <p>IV. Greater clarity on all systems and procedures on websites and other material, giving officials little or no option of subjective interpretation of rules.</p> <p>V. Rules of engagement for accredited consultants deployed by investors to provide guidance and services to further along the seamless investment process.</p> <p>VI. Introduction of single window clearance systems with time bond decision making for business approvals along with greater coordination for <i>e.g.</i> environmental clearances; facilitate information exchange between various Ministry, departments, regulators and industry.</p> <p>VII Increasing numbers and levels of courts and tribunals as well as alternative dispute resolution to enhance the ease of contract enforcement.</p> <p>VIII Enhanced transparency in rules and processes around land acquisition, business approvals and taxation, thereby simplifying rules and processes and allowing structural reform in the taxation system to reduce the number of levies.</p>	<p>DIPP agrees with these suggestions.</p> <p>DIPP agrees with the suggestions.</p>
11.	Ms. Sommya Rao, Lawyer, Mudita Advisory, Policy Consultant	1. Encouraging alternate dispute resolutions to reduce commercial litigation by up to 35% thereby reducing inflow of cases. Specific measures proposed include introducing industry-wise contract standardization and dispute resolution committees.	DIPP agrees with the suggestion.

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		<p>2. Introducing dedicated commercial benches/courts to fast track commercial cases: Specific measures proposed/include setting up commercial benches in High Courts, introducing training programmes for judges handling commercial cases, and evaluating setting up commission panels for high stake cases.</p> <p>3. Introducing ‘birth-death’ electronic case management for commercial cases to streamline number of procedures: Specific measures proposed include case filing, judicial grid linkage, scheduling for trails and summons and release of certified judgment copies online.</p>	<p>DIPP agrees with the suggestion.</p> <p>DIPP has recommended implementation of electronic case management to Department of Justice and State Governments.</p>
12. Tata Consultancy Services Limited	Direct Tax	<p>Tax Residency Certificate: The entire Process of issuing the TRC needs to be digitized which will enable companies to download the digitally signed TRC from Department’s website which may be linked to the filing of the Tax Return by the companies.</p> <p>Issue of TDS Certificates: The requirement of TDS Certificates should be abolished with immediate effect.</p> <p>DSIR Compliance in respect of approved in-house R&D labs: A suitable clarification can be issued by DSIR allowing signing of prescribed documents/form by person in-charge of the R&D function of such other person as authorized by the Managing Director of the Company in this respect.</p> <p>Reporting of all Cross border payment (Form 15CA/ 15CB): The requirement of CA certification and reporting of transaction in Form 15CA at the time of making cross border payment needs to be discontinued.</p>	<p>DIPP agrees with these suggestions. However, signature by an authorized person does not absolve Managing Director of his liability under the law.</p> <p>DIPP agrees with these suggestions.</p> <p>These issues need to be examined by Department of Revenue.</p>
	Indirect Tax Service Tax	<p>Removal of complex partial reverse charge mechanism: The partial reverse charge in principle should be deleted which will simplify the system and reduce the</p>	

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		administrative burden both on the assessee and service tax department.	
		Monthly payment of service tax: The industry and business should be given adequate time to adhere to the compliance. Date of payment for service tax, like the payment of State VATs, should be kept at 25th of the following month including for the month of March.	To be examined by Department of Revenue.
		Disclosure of service category in the invoice: The rule 4A of the Service Rules, 1994 should be amended to provide that the description of a service in the invoice shall be the same as the service tax category under which service tax is paid/payable. This would aid the officers and assessee to reduce unnecessary litigation.	
		Delay in sanctioning of refund claims: Allow grant of 80% refund claimed within 15 days of filing as per CBEC Circular, 2006. Clarify that withdrawal of refund application (pending/ under appeal) and conversion to CENVAT credit for service exporters, who have domestic operation is permitted.	
		Simplification of service tax exemption to SEZ Developer/ Units: In order to simplify the procedure for claiming the service tax exemption, the requirement of obtaining Form A-1 & A-2 should be dispensed off and the exemption may be allowed on the basis of approved list of services provided by the Development Commissioner/Unit Approval Committee. The information regarding exemption claimed can be obtained through quarterly statement <i>i.e.</i> Form A-3.	DIPP agrees if refund is paid after fixed time period. To be examined by Department of Revenue.
		Mandatory interest refund to be paid in refund orders: All refund orders should mandatorily provide the applicable interest.	DIPP agrees with these suggestions.
		No further appeal or proceedings in cases where decision/judgment is already accepted by the department or covered by the CBEC Circular: CBEC issues period instruction to all the Commissionerates stating the issues on which department has accepted the decisions of the legal forums and no orders or appeals to be made in in respect of such issues. Further, there should be an order to follow the department's circulars.	Department of Revenue to examine the issue.

Service category based registration to be removed and single return for all services provided by the assessee to be introduced: Updation of registration for service categories should be made on self-approval basis and single return for all service categories should be prescribed.

For statistical purposes, if service category-wise information is required that can be obtained through an annual statement seeking the turnovers and tax paid under each category.

Central Sales Tax (CST)

Provision to allow SEZ to issued of Form 1 to subcontractors: It is recommended to make suitable amendment to the CST Act to enable SEZ units to issue Form 1 directly to the vendor/manufacturer/importer of the goods even though the purchaser is the contractor of sub-contractor, as long as contractor/subcontractor also gives a declaration that such goods are received by the SEZ units/developer for its authorized operation or for use in setting up of SEZ. A copy of the Form 1 issued to the manufacturer can be given to the sub-contractor for him to claim the exemption as well.

Alternatively, the bill-to ship to model being freely sued in the commercial field, it is suggested that Form 1 (to be issued by the SEZ entity) be amended to reflect both the supplying vendor's name as well as the contractor's name so that the entire leg of the inter-state transaction is exempted from levy of CST and the true intent of SEZ regime is achieve.

To be examined by Ministry of Environment, Forests and Climate Change.

SES/Imports

Allow Provision of Services from SEZ in Domestic Tariff Area (DTA) against receipt of moneys in Rupees subject to achieving positive NFE: On lines similar to the sale of goods by a SEZ Unit to its customer based in the DTA against receipt of moneys in Rupees, SEZ service units may be allowed to deliver services to its DTA based customer against receipt of moneys in Rules.

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De-bonding of Computer systems from SEZ locations:

All SEZ Units across India should be allowed to remove/de-bond the Computer Systems to Domestic Tariff Areas as per the Clause No.49(1)(i) of SEZ Rules on payment of applicable duty on depreciated values.

Requirement of NOC from M/o Environment and

Forests: As the electronic equipment being imported are in working condition and are having sufficient residual life, recommend issuance of necessary guidelines to import used/second hand computer systems/networking equipment/electronic equipment without an NOC from MoEF.

Sub-Committee on 'Ease of Doing Business'

LIST OF WITNESS

Time : 3.00 P.M.

Date : 30th September, 2015

Venue : Committee Room 'A', Ground Floor,

Parliament House Annexe, New Delhi

Sl. No.	Name of Firm/Individual	Name of Representatives
1	2	3
1.	Bombay Chamber of Commerce	1. Shri F.N. Subedar, Chairman, Taxation & Accountancy Committee, Bombay Chamber [and Chairman, Tata Services Ltd.]; 2. Shri Sudhir Kapaida, Chairman Direct Taxation Group, Bombay Chamber [and Partner and National Tax Leader, Ernst & Young]; 3. Shri Dilip Save, Member, Indirect Taxation Group; and 4. Ms. Saloni Roy
2.	Indian Merchants Chamber	Shri Malav Dani, Chairman–Ease of Doing Business, Indian Merchants' Chamber
3.	PHD Chamber of Commerce and Industry	1. Shri Anil Khaitan, Chairman Industry Affairs Committee 2. Shri Anil Chopra, Chairman, Direct Taxes Committee 3. Shri Bimal Jain, Chairman, Indirect Taxes Committee 4. Shri Vivek Seigell, Director

1	2	3
4.	Madras Chamber of Commerce and Industry	Regretted Not Coming
5.	Telangana Chambers of Commerce and Industry	1. Shri M. Venkateshwarlu, President
6.	Andhra Pradesh Chambers of Commerce and Industry Federation & Managing Director Sravan Shipping Services Pvt. Ltd., Visakhapatnam	1. Shri G. Sambasiva Rao, Vice President Andhra Pradesh Chambers of Commerce and Industry Federation & Managing Director, Sravan Shipping Services Pvt. Ltd., Visakhapatnam
7.	US India Business Council	1. Shri Banmali Agarwala, CEO, GE India; 2. Shri Rahul Dwivedi, Manager, USIBC
8.	Indian Banks' Association	1. Shri K. Unnikrishnan, Deputy Chief Executive 2. Ms. Jayasree Menon, Sr. Vice President 3. Shri P.K. Arora
9.	OPPI (Organisation of Pharmaceutical Producers of India)	1. Mr. Tabrez Ahmed, Secretary General, OPPI 2. Ms. Manisha Singh, CLG 3. Shri Amitabh Baxi, Director, Abbott
10.	Centre for Civil Society	1. Dr. Parth J. Shah, President 2. Shri Prashant Narang, Senior Manager
11.	DTA Consulting	1. Shri Sanjeev Sharma 2. Shri Rajendra Chand 3. Shri Sugato Hazra 4. Shri Sanjeev Jindal 5. Shri I.M. Wadhwa
12.	Mudita Advisory, Policy Consultant	1. Ms. Sommya Rao, Lawyer 2. Shri Arju Attam, Consultant 3. Shri Vinay Kesari, Partner
13.	Tata Consultancy Services	1. Ms. Renu S. Narvekar, (Vice President – Taxation) of TCS

Sub-Committee on 'Ease of Doing Business'

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1.	Bombay Chamber of Commerce	1. Shri F.N. Subedar, Chairman, Taxation & Accountancy Committee, Bombay Chamber [and Chairman, Tata Services Ltd]; 2. Shri Sudhir Kapaida, Chairman Direct Taxation Group, Bombay Chamber [and Partner and National Tax Leader, Ernst & Young]; 3. Shri Dilip Save, Member, Indirect Taxation Group; and 4. Ms. Saloni Roy
2.	Indian Merchants Chamber	1. Shri Malav Dani, Chairman–Ease of Doing Business, Indian Merchants' Chamber
3.	PHD Chamber of Commerce and Industry	1. Shri Anil Khaitan, Chairman Industry Affairs Committee 2. Shri Anil Chopra, Chairman, Direct Taxes Committee 3. Shri Bimal Jain, Chairman, Indirect Taxes Committee 4. Shri Vivek Seigell, Director
4.	Madras Chamber of Commerce and Industry	Regretted Not Coming
5.	Telangana Chambers of Commerce and Industry	1. Shri M. Venkateshwarlu, President
6.	Andhra Pradesh Chambers of Commerce and Industry Federation & Managing Director Sravan Shipping Services Pvt. Ltd., Visakhapatnam	1. Shri G. Sambasiva Rao, Vice President Andhra Pradesh Chambers of Commerce and Industry Federation & Managing Director, Sravan Shipping Services Pvt. Ltd., Visakhapatnam

1	2	3
7.	US India Business Council	1. Shri Banmali Agarwala, CEO, GE India 2. Shri Rahul Dwivedi, Manager, USIBC
8.	Indian Banks' Association	1. Shri K. Unnikrishnan, Deputy Chief Executive 2. Ms. Jayasree Menon, Sr. Vice President 3. Shri P.K. Arora
9.	OPPI (Organisation of Pharmaceutical Producers of India)	Regretted Not Coming
10.	Centre for Civil Society	1. Dr. Parth J. Shah, President 2. Shri Prashant Narang, Senior Manager
11.	DTA Consulting	1. Shri Sanjeev Sharma 2. Shri Rajendra Chand 3. Shri Sugato Hazra 4. Shri Sanjeev Jindal 5. Shri I.M. Wadhwa
12.	Mudita Advisory, Policy Consultant	1. Ms. Sommya Rao, Lawyer 2. Shri Arju Attam, Consultant 3. Shri Vinay Kesari, Partner
13.	Tata Consultancy Services	1. Ms. Renu S. Narvekar, (Vice President – Taxation) of TCS

THE LIST OF STAKEHOLDERS/INDIVIDUALS WHO SUBMIT THEIR SUGGESTIONS ON
'EASE OF DOING BUSINESS'

Sl.No.	Name of Individual/ Stakeholder	Name of Firm	Address	Whether willing to appear before committee	Remarks
1	2	3	4	5	6

Suggestions Submitted by Major Stakeholders/Organisations

1. Shri Bhavesh J. Shah,
Hon' Secretary SGJMA,
(Seepz Gems & Jewellery
Manufacturers' Association,
Mumbai (East), Mumbai – 400096
Tel : 28290541/2429
Fax : 28291015
Email : sgjma@vsnl.net, gjassociation@mtnl.net.in

Business Facilitation Centre, 3rd Floor,
Office No. 2, Behind Seepz Service Centre,
Seepz Special Economic Zone,
Andheri (East), Mumbai – 400096

—

Received
through post
2. Shri Malav Dani, Chairman-
Ease of Doing Business, IMC
Chamber

Indian Merchants
Chamber

HEAD OFFICE
Mumbai
IMC Bldg., IMC Marg, Churchgate,
Mumbai - 400 020 India.
Tel : +91-22-22046633
Fax : +91-22-22048508 / 2283828
E-Mail : imc@imcnet.org
New Delhi

—

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via E-Mail

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1-Tolstoy Marg, New Delhi - 110001
Tel : +91-11-23730978
Fax : +91-11-23730979
E-Mail : imcdelhi@imcnet.org

- | | | | | | |
|----|---|--|---|---|--|
| 3. | Shri Ashu Sagar
Secretary General | AOGO
(Association
of Oil & Gas
Operators) | DELHI OFFICE
Association of Oil & Gas Operators
Regus Business Centre Level 2, Elegance Tower
Mathura Road, Jasola, New Delhi - 110 025.
Ph. +91-11-6635 1484
Fax : +91-11-6635 1235
E-mail – secretariat@aogo.in | — | Received
through post
and E-Mail |
| 4. | Shri K. Saraswathi,
Secretary General | MCCI | MCCI, Karumuttu Centre, Ist Floor, No. 634
(Old No. 498, Anna Salai, Chennai – 600035 | — | Received <i>via</i>
E-Mail |
| 5. | Shri Jayasree Menon,
Sr. Vice President, IBA | Indian Banks’
Association | Indian Banks’ Association World Trade Centre,
6th Floor Centre 1 Building, World Trade
Centre Complex, Cuff Parade, Mumbai - 400 005
Email: webmaster@iba.org.in
Tel.:91-22- 22174040, Fax:91-22-22184222
Web : www.iba.org.in | — | Received
<i>via</i> E-Mail |
| 6. | Ms. Ranjana Smetacek,
DG, OPPI | OPPI (Organisation
of Pharmaceutical
Producers of India) | MUMBAI OFFICE
Organisation of Pharmaceutical Producers of India
Peninsula Chambers, Ground Floor Ganpatrao | — | Received
through post |

1	2	3	4	5	6
			<p>Kadam Marg, Lower Parel Mumbai - 400 013. Tel: +91 22 24918123, 24912486, 66627007 Fax: +91 22 24915168 E-Mail : admin@indiaoppi.com</p> <p>DELHI OFFICE Organisation of Pharmaceutical Producers of India (OPPI) Level 2, Elegance Building Mathura Road, Jasola, Delhi - 110 025. Tel: +91-11-66351083</p>		and E-mail
7.	Dr. Mukesh Aghi, President, US-India Business Council	US India Business Council	India Liaison Office Ms. Nivedita Mehra Director, India 12 Hailey Road, New Delhi - 110001, INDIA nmehra@usibc.com	Yes	Received via E-Mail
8.	Shri Amit Chandra, Associate Director, Policy Advisory	Centre for Civil Society	A-69, Hauz Khas, New Delhi - 110016	—	Received through post
9.	Shri I.M. Wadhwa,	DTA Consulting	2 nd Floor, Anuvrat Bhavan, 210, Deen Dayal Upadhyay Marg, New Delhi - 110002, INDIA Tel: +91 11 2323 2712-14/2323 3708-09 Fax: +91 11 2323 2711	Yes	Received via E-Mail
10.	Brig. (Dr.) Surjit Singh Pabla, President	Indian Council of Universities	33rd Milestone, Mathura-Aligarh Highway, Beswan, Aligarh - 202145 (U.P.)	Yes	Received through post and E-mail

11. Shri Rajeev Thakur, Senior Managing Director
Newmark Grubb Knight Frank Global Corporate Services
1410 Spring Hill Road, Suite 600, McLean, VA 22102
—
Received *via* E-Mail
12. Shri Malav Dani, Chairman, Indian Merchants' Chamber
Mumbai
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Fax : +91-22-22048508 / 2283828
E-Mail : imc@imcnet.org
—
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16A, 16th Floor, Atma Ram House,
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E-Mail : imcdelhi@imcnet.org

13. Shri Anwar Shirpurwala Executive Director
MAIT
—
Received *via* E-Mail
14. Shri G. Sambasiva Rao Vice President
(Duly forwarded by Dr. Kambhampati Haribabu, MP, Lok Sabha *vide* its
Andhra Pradesh Chambers of Commerce and Industry Federation
#40-1-144, 3rd Floor, Corporate Building, Side of Chandana Grand, Old Khandari Jn. M. G. Road, Vijayawada - 10,
—
Received through post

1	2	3	4	5	6
	covering letter note dated 7th August, 2015 addressing Chairman, EODB)	& Managing Director Sravan Shipping Services Pvt. Ltd., Visakhapatnam	Ph. :- +91 866 2482 888, Office Cell:- +91 9440318748, Email : andhrachambervja@gmail.com		
15.	Belsare & Associates	Belsare & Associates, Chartered Accountants	704, Shitirathna, Panchavati 5 Road, Ellis bridge, Ahmedabad – 380006	—	Received through post
16.	Shri S.K. Patel, Chairman	Trishul Electromech. Engg. (I) Pvt. Ltd.	Trishul Electromech Engg (i) Pvt. Ltd. S. K. Patel (Managing Director) No. 85, Unique Industrial Estate, Dr. R. P. Road, Mulund West Mumbai - 400 080, Maharashtra, India Mobile: +(91)-9324166087 +(91)-9324151783 Telephone: +(91)-(22)-25607774 +(91)-(22)-25640033 Fax: +(91)-(22)-25640033	—	Received via E-Mail
17.	Shri Sanjeev M. Galvankar Corporate Tax Cell	Tata Consultancy Services	—	—	Received via E-Mail
18.	Shri Jaswant Gogar	Hiramani Textile Mills	Barmer, Pin Code – 3444022	—	Received via E-Mail
19.	Shri Pradeep Multani, Hony. General Secretary	Association of Manufacturers of Ayurvedic Medicines	22, Site-IV, Sahibabad-201010, Ghaziabad (U.P.).	—	Received by post

20.	Shri Pradeep Multani, President	Delhi Factory Owners' Federation	75, Ground Floor, Sant Nagar, East of Kailash, New Delhi -110065	—	Received by post
21.	CUTS International	CUTS International	—	—	Received via E-Mail
22.	Shri RVS Mony	Epsilon Electronic Equipment & Components Pvt. Ltd.	B2 – EIE, ECIL X Roads, Kushaiguda, Hyderabad	—	Received via E-Mail
23.	Shri S.M. Darveshi	Darveshi Engg. Projects Pvt. Ltd. (DEPPL)	Unit No. 411, Gundecha Ind. Complex, Akurli Road, Next to Big Bazaar, Opp. W.E. Highway Kandlivali (E), Mumbai-400101 (India)	—	Received via E-Mail
24.	Shri P.K. Rajjada, Sr. Vice President	Confederation of All India Traders	Gr. Floor, Showroom No. 17 & 18, 32, Ezra Street, Kolkata - 700001	—	Received through post
25.	Shri Saurabh Sanyal, Secretary General	PHD Chamber of Commerce and Industry	PHD Chamber of Commerce and Industry PHD House, 4/2 Siri Institutional Area August Kranti Marg, New Delhi - 110016 Tel: 91-11-26863801-04, 49545454 Fax: 91-11-26855450, 49545451 Website: www.phdcci.in E-mail: phdcci@phdcci.in	—	Received through post
26.	Shri Rajeev Sharda, Director & CEO	Finolex J-Power System	26/27, Mumbai-Pune Road, Pimpri, Pune	—	Received through post

1	2	3	4	5	6
27.	Shri M. Venkateshwarlu, President	Telangana Chambers of Commerce and Industry	Telangana Chambers of Commerce and Industry	—	Received via E-Mail
28.	Bombay Chamber of Commerce	Bombay Chamber of Commerce	Mackinnon Mackenzie Building, Commerce of 4, Shoorji Vallabhdas Marg, Ballard Estate, Mumbai - 400001, Maharashtra, India Phone No. : +91-22 - 49100200 / 49100213 Email : bcci@bombaychamber.com	—	Received via E-Mail
29.	Dr. Avinash K. Dalal (Nallawala) National President AIMA, MSME	All India MSME Association	5/28, Navjivan Com. Prem. Co-op Soc. Ltd., Dr. D. Bhadkamkar Road, Mumbai Central, Mumbai – 8. Tel : 23019188 E-mail : msme_aima@hotmail.com msme.aima@gmail.com	—	Received through post
30.	Shri J.S. Ahluwalia President, Institute of Directors, New Delhi	Institute of Directors	M-56A, Greater Kailash Part -II, New Delhi - 48	—	Received through post

SUGGESTIONS SUBMITTED BY INDIVIDUALS

1.	Shri Rakesh Singh	—	New Delhi	—	Received via E-Mail
2.	Shri Rajeesh Sharda, Director & CEO	—	—	—	Received via E-Mail

3.	Shri Tejinder Singh	—	B-70, Sector – 40, Noida -201303	—	Received through post
4.	Shri Vajjanath P. Vaze Advocate	—	02, Parimal CHS., Plot No. 80, Keluskar Road (S), Shivaji Park, Mumbai – 400028	—	Received via E-Mail
5.	Shri Ashok Kumar Chhangani	—	Chhangani Street, Phalodi, Distt. Jodhpur (Rajasthan)	—	Received through post
6.	Dr. Sagar Chahar	—	—	—	Received via E-Mail
7.	Shri Eshu	—	—	—	Received via E-Mail
8.	Shri Saleh Mohamed Salim	—	—	—	Received via E-Mail
9.	Shri Sowmya Rao, Lawyer	Mudita Advisory, Policy Consultant	—	—	Received via E-Mail
10.	Shri Visweswara R.	—	—	—	Received via E-Mail
11.	Shri Vijay Kumar Gupta, Editor	Impex Times	—	—	Received via E-Mail
12.	Shri S.C. Verma, Advocate	—	A-1, First Floor, Ring Road, Rajouri Garden, New Delhi – 110027	—	Received through post

1	2	3	4	5	6
13.	Shri Srinivas	—	—	—	Received via E-Mail
14.	Shri Maganbhai Kansagara	—	—	—	Received via E-Mail
15.	Shri H.R.S. Murthy, Managing Director	—	—	—	Received via E-Mail
16.	Shri Prasanna Prabhu	Swaplinfinity	—	—	Received via E-Mail
17.	Shri Rajesh Shah	Property Point	—	—	Received via E-Mail
18.	Shri Pradip Nowal	Mudra Capital & Corporate Services	101, Solaris – II, First Floor, 46-48, Saki Vihar Road, Opp. L&T Gate no. 6, Powai, Mumbai- 400072	—	Received via E-Mail
19.	Shri Krishna	—	—	—	Received through post
20.	Shri Ram Avatar Aggarwal, Ex- Secretary	Hozari Association	2576, IIIrd Croosing, Motisingh Bhomio Road, Jaipur, Rajasthan	—	Received through post
21.	Anonymous	—	—	—	Received through post
22.	Shri Dinkar Singh	—	—	—	Received via E-Mail
23.	Anonymous	—	—	—	Received through post

LIST OF WITNESSES APPEARED BEFORE THE SUB-COMMITTEE:-

DIPP

1.
 1. Shri Amitabh Kant, Secretary
 2. Shri Shatrughan Singh, Additional Secretary
 3. Shri Shailendra Singh, Joint Secretary
 4. Shri Ravinder, Director

CBDT

2.
 1. Smt. Anita Kapur, Chairperson
 2. Smt. Rani S. Nair, Member
 3. Smt. Nishi Singh, DGIT (System)
 4. Smt. P.S. Saksena, JS (TPL-I)
 5. Shri V. Anandarajan, JS (TPL-I)
 6. Shri Akhilesh Ranjan, JS (FT&TR-I)

CBEC

3.
 1. Mr. A.K.Kaushal, Member Customs & Special Secretary
 2. Mr. L. Satya Srinivas, Joint Secretary, Customs
 3. Mr. S.P. Sahu, Commissioner, Single Window
 4. Mr. R.P. Singh, Director Customs

Deptt. Of Commerce

4.
 1. Shri Ajay Kumar Bhalla, Additional Secretary,
 2. Shri Rajani Ranjan Rashmi, Additional Secretary
 3. Shri D.K. Singh, Additional DGFT
 4. Shri Santosh Kumar Sarangi, JS
 5. Ms. Sushmita Dasgupta, Economic Adviser
 6. Ms. Rupa Dutta, Economic Adviser, DGFT
 7. Shri Ajay Srivastava, Joint DGFT

Bombay Chamber of Commerce

5.
 1. Shri F.N. Subedar, Chairman, Taxation & Accountancy Committee, Bombay Chamber [and Chairman, Tata Services Ltd.];
 2. Shri Sudhir Kapaida, Chairman Direct Taxation Group, Bombay Chamber [and Partner and National Tax Leader, Ernst & Young];
 3. Shri Dilip Save, Member, Indirect Taxation Group;

Indian Merchants Chamber

6. Shri Malav Dani, Chairman – Ease of Doing Business

PHD Chamber of Commerce

7.
 1. Shri Anil Khaitan, Chairman Industry Affairs Committee
 2. Shri Anil Chopra, Chairman, Direct Taxes Committee
 3. Shri Bimal Jain, Chairman, Indirect Taxes Committee
 4. Shri Vivek Seigell, Director PHD Chamber of Commerce

Telangana Chambers of Commerce and Industry

8. Shri M. Venkateshwarlu, President

Andhra Pradesh Chambers of Commerce and Industry Federation

9. Shri G. Sambasiva Rao, Vice President Andhra Pradesh Chambers of Commerce and Industry Federation & Managing Director, Sravan Shipping Services Pvt. Ltd., Visakhapatnam

US India Business Council

10.
 1. Shri Banmali Agarwala, CEO, GE India
 2. Shri Rahul Dwivedi, Manager, USIBC

Indian Banks Association

11.
 1. Shri K. Unnikrishnan, Deputy Chief Executive
 2. Ms. Jayasree Menon, Sr. Vice President

OPPI

12.
 1. Mr. Tabrez Ahmed, Secretary General
 2. Ms. Manisha Singh, CLG
 3. Shri Amitabh Baxi, Director, Abbott

Centre for Civil Society

13.
 1. Dr. Parth J. Shah, President
 2. Shri Prashant Narang, Senior Manager

DTA Counselling

14.
 1. Shri Sanjeev Sharma
 2. Shri Rajendra Chand
 3. Shri Sugato Hazra
 4. Shri Sanjeev Jindal
 5. Shri I.M. Wadhwa

Mudita Advisory

15.
 1. Ms. Sommya Rao, Lawyer, Mudita Advisory
 2. Shri Arju Attam, Consultant Mudita Advisory
 3. Shri Vinay Kesari, Partner Mudita Advisory

TCS

16. Ms. Renu S. Narvekar, (Vice President – Taxation) of TCS

DFS

17.
 1. Smt. Anjuly Chib Duggal, Secretary, DFS
 2. Shri Md. Mustafa, JS DFS
 3. Shri Ateesh Singh, Director DFS

DEA

18. Dr. Saurabh Garg, Joint Secretary, DEA

RBI

19.
 1. Shri N.S. Vishwanathan, Executive Director, RBI
 2. Shri Sudarshan Sen, Principal Chief General Manager, RBI

MCA

20.
 1. Shri Tapan Ray, Secretary
 2. Shri Amardeep Singh Bhatia, JS
 3. Shri K.V.R. Murthy, JS
 4. Smt. Sibani Swain, Economic Adviser

Deptt. Of Legal Affairs

21.
 1. Shri P.K. Malhotra, Secretary, D/o Legal Affairs
 2. Shri M. Khandelwal, Additional Government Advocate, Legal Affairs

Deptt. of Justice

22. 1. Shri Atul Kaushik, Joint Secretary
2. Shri C.K. Reejonia, Deputy Secretary

Ministry of Land Resources

23. 1. Shri Vijay S. Madan, Secretary, Land Resources
2. Shri H.S. Meena, Joint Secretary

Ministry of Environment

24. 1. Shri Ashok Lavasa, Secretary, M/o Environment
2. Dr. S.S. Negi, Director General of Forests & Special Secretary
3. Shri Manoj Kumar Singh, Joint Secretary
4. Dr. S.K. Khanduri, Inspector General of Forest (Wildlife)
5. Shri H.C. Chaudhary, Director (ROHQ)
6. Shri S.P. Vashishth, DIG (WI)

Ministry of Labour and Employment

25. 1. Shri H.L. Samaria, Additional Secretary
2. Shri K.K. Jalan, CPFC
3. Shri Deepak Kumar, DG, ESIC
4. Shri Manish Gupta, Joint Secretary

Ministry of Shipping

26. 1. Shri Rajiv Kumar, Secretary
2. Shri Alok Srivastava, Additional Secretary
3. Shri Deepak Shetty, Director General of Shipping
4. Shri Rabinder Agarwal, Joint Secretary (Ports/Sagarmala)
5. Shri Anil Diggikar, Chairman (JNPT)
6. Shri M.T. Krishna Babu, Chairman (VPT)

Ministry of Civil Aviation

27. 1. Shri Rajiv Nayan Choubey, Secretary
2. Dr. Renu Singh Parmer, Economic Advisor, MoCA
3. Shri B.B. Dash, Joint Commissioner of Security (CA), DCAS

Ministry of Power

28.
 1. Shri P.K. Pujari, Secretary
 2. Shri B.P. Pandey, Additional Secretary
 3. Shri B.N. Sharma, Additional Secretary
 4. Smt. Jyoti Arora, Joint Secretary
 5. Shri Arun Kumar Verma, Joint Secretary
 6. Shri A.K. Singh, Joint Secretary
 7. Shri Aniruddha Kumar, Joint Secretary
 8. Shri Major Singh, Chairperson, CEA
 9. Smt. Subha Sarma, Secretary, CERC
 10. Shri M.K. Goel, CMD, PFC
 11. Shri I.S. Jha, CMD, PGCIL
 12. Shri Rajeev Sharma, CMD, REC
 13. Shri A.K. Jha, CMD, NTPC
 14. Shri K.M. Singh, CMD, NHPC
 15. Shri P.C. Pankaj, CMD, NEEPCO
 16. Shri Harveer Singh, Registrar, APTEL

