

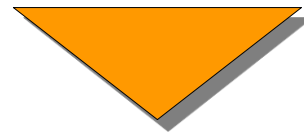
Ease of Doing Business -

Suggestions to Expert committee for the possibility of replacing multiple prior permissions with pre-existing regulatory mechanism

Presently India ranks at no. 142 in the ease of doing business rankings

Issues with doing the business in India at present

- **Too many steps involved**
- **Complexity within each step**
- **Lack of clarity**



- **This is leading to Increase in**
 - **Transaction time**
 - **Transaction cost**

Some of the Developing and Developed countries are doing few critical things differently



Key areas

1. Setting up of new business
2. Registering property
3. Construction permits
4. Getting electricity
5. Finance & Taxes
6. Enforcing the contracts

Few Countries

1. Singapore # 1
2. New Zealand # 2
3. Hong Kong # 3
4. Denmark # 4
5. Korea # 5
6. United States # 7
7. United Kingdom # 8
8. Australia # 10
9. Germany # 14
10. Canada # 16
11. Malaysia # 18
12. Taiwan # 19

When compared with the best in class, India has a lot of areas to improve upon



Countries	Setting up of new business		Registering Property		Construction Permits		Getting basic infra/ Electricity		Finance & Taxes	Enforcing contracts
	Steps	Days	Steps	Days	Steps	Days	Steps	Days	No. of tax payments in a year	Days
Singapore#1	3	2.5	4	4.5	10	26	4	31	5	150
New Zealand#2	1	0.5	2	1	10	93	5	64	8	216
Hong Kong#3	3	2.5	5	35	5	66	4	38	3	360
Denmark#4	4	5.5	3	4	7	64	4	38	10	410
Korea#5	3	4	7	7	10	29	3	18	10	230
United States#7	6	4	4	12	15	89	4	60	11	370
United Kingdom#8	6	6	6	21.5	9	105	4	126	8	437
Australia#10	3	2.5	5	4.5	10	112	5	75	11	395
Germany#14	9	14.5	5	40	8	96	3	28	9	370
Canada#16	1	5	6	16.5	12	249	7	142	8	570
Malaysia#18	3	5.5	8	13.5	13	74	5	32	13	425
Taiwan#19	3	10	3	4	10	93	3	24	11	510
India#142	13	30	7	47	27	162	7	67	33	1420

Steps taken by various countries to make doing business easier (1/3) GAR

Parameter	Step taken	Examples
1 Setting up of new business	Merging of Steps	<ul style="list-style-type: none"> • Singapore – Combined tax registration with business registration on a single online form. • Malaysia – Merged company, tax, social security and employment fund registrations at one-stop shop for same-day registration • Hong Kong – Simplified registration formalities by merged certain procedures.
	Simplifying through making registration online	<ul style="list-style-type: none"> • Singapore, New Zealand, Korea, US and Canada have online registration facility which is being further improved and streamlined.
	Efficient communication between departments	<ul style="list-style-type: none"> • Germany – Increased efficiency of communications between notary and commercial registry & eliminated the need to publish an announcement in a newspaper.
	Providing model articles before-hand	<ul style="list-style-type: none"> • UK – Provided model articles for use in preparing memorandums and articles of association and speeded up tax registration
2 Registering property	Bringing the process/ steps on online platform	<ul style="list-style-type: none"> • Singapore – Introduced online procedure for property transfers • Hong Kong – Enabled to submit the stamp duty for property sale online. • Denmark – Introduced electronic submission of property transfer applications • UK – Introduced electronic lodgement for property transfer applications and automatic electronic processing of the land transaction return. • Malaysia – Introduced online stamping that reduced the time and cost to transfer property
	Increasing efficiency within the steps	<ul style="list-style-type: none"> • Korea – Reduced the time needed to buy housing bonds and to register the property transfer. • Singapore – Streamlined administrative procedures of the government agencies involved

Steps taken by various countries to make doing business easier (2/3) GAR

Parameter	Step taken	Examples
3 Construction Permits	One stop / Single window shop	<ul style="list-style-type: none"> • Hong Kong – Establishing a one-stop centre that brings together 6 local departments and 2 private utility companies under the same roof • Malaysia – One-stop centre for new buildings • Taiwan – One-stop shop for building permits
	Eliminating some steps	<ul style="list-style-type: none"> • Hong Kong – “Be the Smart Regulator” Program addressing business licenses in multiple sectors which eliminated some procedures related to building inspections and preapprovals
	Improved internal data management and processing	<ul style="list-style-type: none"> • Singapore – Improved internal data management and processing at agencies involved in permitting process
	Self-regulatory inspection system	<ul style="list-style-type: none"> • Taiwan – Introduced a risk-based & self-regulatory inspection system
4 Getting basic infrastructure / Electricity	Streamlining utility’s procedures with govt agencies	<ul style="list-style-type: none"> • Hong Kong – Increased the efficiency of public agencies and streamlined the utility’s procedures with other government agencies.
	Eliminating Site inspections	<ul style="list-style-type: none"> • Taiwan – Eliminated the site inspections in 2015
	Improving communication with contractors	<ul style="list-style-type: none"> • Malaysia – Increased efficiency of internal processes at the utility and improved communication with contractors
	External connection works	<ul style="list-style-type: none"> • Canada – Reduced the time needed for external connection works.

Steps taken by various countries to make doing business easier (3/3) GAR

Parameter	Step taken	Examples
5 Finance & Taxes	Improving credit information system	<ul style="list-style-type: none"> • Singapore - Improved its credit information system by guaranteeing by law borrowers' right to inspect their own data.
	Ease of availing credit	<ul style="list-style-type: none"> • Taiwan – Amended its civil code by allowing the use of personal real estate or property to secure a line of credit. • Korea – Revised its secured transactions framework by creating new types of security rights
	Merging taxes	<ul style="list-style-type: none"> • Korea - Merged several taxes
	Enabling electronic filing	<ul style="list-style-type: none"> • Germany – Cancelled ELENA procedures and implemented electronic filing and payment system for most taxes. • Taiwan – Electronic system for paying the tax • Malaysia – Made tax compliance easier by improving electronic systems and the availability of software
6 Enforcing contracts	Electronic litigation / Case filing	<ul style="list-style-type: none"> • Singapore – Introduced a new electronic litigation system that streamlines litigation proceedings • Korea – Introducing an electronic case filing system • Canada - Increased the efficiency of courts by expanding electronic document submission and streamlining procedures
	Increasing court staff and enforcing deadlines	<ul style="list-style-type: none"> • Malaysia – Increasing court staff, more strictly enforced deadlines for processing documents and reorganized the commercial court to allow swifter disposition of interlocutory matters.
	Labour reforms	<ul style="list-style-type: none"> • UK – Increased the severance payment obligation applicable in cases of redundancy dismissals and increased mandatory paid annual leave • Korea – Increased the maximum duration of fixed-term contracts.

Learning from the international best practices along with our own experience in the capital projects, some key recommendations are...

Areas	Sub area	Issues with current state	Suggestions
<p style="text-align: center;">1</p> <p>Setting up of new business</p>	<p>Approvals required under Registration of business</p>	<p>Delay & complexity in seeking multiple approvals involving multiple agencies.</p> <p>For eg. more than 60 approvals required to set up an airport from more than 25 State & Central Government agencies</p>	<ul style="list-style-type: none"> • There should be a Single Window, time-bound, online system for obtaining all approvals related to setting up new businesses without making the entrepreneurs/ developers/ businessmen reach out to different departments. • Sequential activities in a procedure should be reduced
	<p>Land availability</p>	<p>Non-availability of contiguous land leads or delays in identifying/ acquiring land</p>	<ul style="list-style-type: none"> • Create a land bank database across all districts with details on land which is encumbrance free and has clear titles. • This land bank could be managed by a nodal govt. agency for speedy identification and allotment to industry players. • A central agency should ensure land acquisition and other clearances only then it should come out for bidding (Concept similar to UMPP development)

Areas	Sub area	Issues with current state	Suggestions
<p style="text-align: center;">2</p> <p style="text-align: center;">Registering Property</p>	<p style="text-align: center;">Land Registration</p>	<p style="text-align: center;">High cost of land registration</p>	<ul style="list-style-type: none"> • For projects and mega industries with high economic impact requiring land, govt. should give 100% reimbursements/exemption from stamp duty & registration charges
<p style="text-align: center;">3</p> <p style="text-align: center;">Construction Permits</p>	<p style="text-align: center;">Time taken</p>	<p style="text-align: center;">Delay in obtaining construction permits due to cumbersome processes</p>	<ul style="list-style-type: none"> • The process of issuing Construction Permits to be simplified and made time-bound - many of the procedures may have become obsolete and not relevant and some processes can be clubbed. • Risk based self regulation can be introduced – Industries can be classified on a risk scale. For low risk profile permits can be issued based on self compliance

Areas	Sub area	Issues with current state	Suggestions
<p style="text-align: center;">4</p> <p>Infra related utilities/ Getting Electricity</p>	<p>True cost of utility and timeline</p>	<p>Lack of reliable/ quality and cost-effective utilities</p>	<ul style="list-style-type: none"> • State governments should define timelines and the cost along with Service Levels for provisioning of all key utilities viz. water, power & roads at its cost considering the fact that the same infra can be utilized by multiple projects to bring about development in all of surrounding areas. • Nodal Coordination agency should liaise with state government and monitor for timely execution • A concept similar to UMPP bidding can be implemented in all large infrastructure project development
<p style="text-align: center;">5</p> <p>Financing & Tax</p>	<p>Capital Churning</p>	<p>Limits churn of private capital between projects thereby hindering greater private participation PPP/ Infra projects</p>	<ul style="list-style-type: none"> • The lock-in norms for large infra projects may be relaxed on a case-to-case basis to ensure better returns for and churning of private capital which can be utilized to undertake new projects involving experienced players.

Areas	Sub area	Issues with current state	Suggestions
<div style="text-align: center; font-size: 2em; font-weight: bold; border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">6</div> <p style="text-align: center; font-weight: bold; margin-top: 10px;">Enforcing contracts</p>	<p style="text-align: center; font-weight: bold;">Pre award Planning</p>	<p style="text-align: center; font-weight: bold;">Lack of proper Pre award planning can lead to significant issues later during the operational phase</p>	<ul style="list-style-type: none"> For sustainable development of Infra projects, at the planning stage itself there should be active and inclusive participation of central govt., state govt., planning authorities, govt. agencies, investors and private participants. For eg in airport/port assets, excellent road and rail connectivity (METRO) ensures competitiveness and better adoption by larger segments of Public.
	<p style="text-align: center; font-weight: bold;">Post award Contract compliance</p>	<p style="text-align: center; font-weight: bold;">New Policies ignoring previous contractual provisions lead to regulatory uncertainties and make business case risky.</p> <p>For example–.</p> <ul style="list-style-type: none"> New AERA Act 2008 recognises ‘Cargo services and ground handling’ as aeronautical service, whereas pre-AREA agreements of existing PPP airport it as non-aero. New greenfield airport policy allows an additional airport within 150 km of an existing airport with govt. approval- but this conflicts with the existing contractual agreement under HIAL and BIAL airports agreements DIAL & HIAL agreements clearly define revenues from Land Monetization to remain outside purview of regulation. However, AERA’s policies are still uncertain in this regard AERA’s prescribed 16% RoE is on reducing Regulatory Asset base - this makes effective return as 4% which is miniscule compared to alternative investment opportunities 	<ul style="list-style-type: none"> Govt. regulatory agencies should not change/ modify the provisions of existing Govt. Concession/ Project Agreements since investors would have made huge investments into the projects based these factors. Concession/ contract should ensure that a fair return is made by Private investor to ensure sustainable development.

Areas	Sub area	Issues with current state	Suggestions
<div style="text-align: center; font-size: 24px; font-weight: bold; border: 2px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto 20px auto;">6</div> <p>Enforcing contracts</p>	<p>Statutory changes – change in law / Force Majure</p>	<p>Incomplete Contract – Change in duties, taxes, cess, surcharge and other statutory levies or Force Majure are not getting settled bilaterally</p> <p>These are leading to Regulatory interventions causing delay in the price settlement</p>	<ul style="list-style-type: none"> • Contracts should focus on soft regulation rather than hard regulation – regulator should come in picture only when there is any significant deviation from the concession agreement/ contract provision • Change in law, statutory levy, force majeure event etc can be captured in the concession agreement/ contract and regulator should come into the picture only in case of significant disagreement • This is very important from the perspective of power sector, <ul style="list-style-type: none"> • For example, Competitive Bidding Guidelines and Tariff policy should be modified to reflect automatic settlement without any Regulatory interventions for change in law, CCEA decision on coal price pass-through (which is force majeure in nature) etc.
	<p>Contract jurisdiction- Projects under multiple regulatory authorities</p>	<p>Much of the regulatory delay is because of no clear jurisdiction between state /central / multiple regulatory authority</p>	<ul style="list-style-type: none"> • A clear Regulatory jurisdiction should be brought-in • Existing contract should be modified to accommodate the such clear demarcation. <ul style="list-style-type: none"> • For example, in power projects, PPA should have clear mention of – that a generating station to more than one state under one or more PPAs shall be within the jurisdiction of CERC.

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	<p>Environment Compliances</p>	<p>Lengthy and onerous compliance requirements</p>	<ul style="list-style-type: none"> • The process of issuing Environment Clearances to be made simple and time-bound. • Industries can be segmented on a pollution scale. Clearance to Low pollution industries can be based on risk based self compliance & minimal amount of mandatory inspections
	<p>Inspection reforms</p>	<p>Inspection delays and lack of transparency</p>	<ul style="list-style-type: none"> • Most inspections should be done away with and replaced with a system of risk based self compliance • Any breach by offenders should be punished to deter misuse of the Self Certification.
	<p>Labour Compliances</p>	<p>Archaic laws without flexibility to scale the operations to align with today's market environment</p>	<ul style="list-style-type: none"> • Private sector should be given greater flexibility in aligning the labour force with business requirements/market realities with optimum safeguards



THANKS