THE TRAP OF DOING BUSINESS RANKINGS
The Trap of Doing Business Rankings

May 2018
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The Trap of Doing Business Rankings

Introduction

The Doing Business Report and the Ease of Doing Business Index is one of the flagship reports of the World Bank Group, a co-publication of World Bank and International Finance Corporation – the private arm of the World Bank Group.

The report gets massive media attention and influences governments and business in ways which direct policies and global financial flows.

The report mentions World Bank’s support for developing countries and directs investment from private firms and global financial flows. Private businesses use the Doing Business reports to direct their investments to the countries, which encourage them to invest in a project/sector by changing their laws.

The Ease of Doing Business Report has become a tool over time to force radical reforms on emerging economies without any opposition, which was earlier present when the IFIs tried to influence policy and economy through the structural adjustment policies.

Of late, India is in this bandwagon with massive changes that are being brought to align with the demands of the business whether it is on deregulating the labour market, the introduction of GST, insolvency codes, allowing an increase in FDI in critical sectors including defense. There has been a marked change in the country with more than 7,000 reforms catering to changes which businesses needs for starting, doing and exiting from business. To cite an example, India was flagged in the first doing business report as a country with more regulated labor market and the most inefficient insolvency system with the slowest in time and cost of bankruptcy proceeding which require 10 years. However, after the doing business reports Indian policies changed rapidly. The time and cost of the
proceeding have come down substantially and have a new Insolvency law in place.

Even though there is a growing understanding of the influential role of Doing Business Report, there is a need to connect and attribute the changes to which people are fighting on the ground. The influences made by IFIs through the Ease of Doing Business have huge bearing on the changes in the policy frame works whether it is on Forest Rights Act, which the forest dwelling communities are fighting or the entry of Foreign Direct Investment (FDI) in retail which among other the hawkers are resisting, or the changes in urban construction norms which are being challenged by urban groups. The same is the case with various banking sector reforms and insolvency processes or the changes in labor regulations directly affecting the safety and rights of the people working in the factories.

This booklet is an attempt to bring some of the issues together to make better linkages with what is changing on the ground and who is perpetuating them.
Ease of Doing Business - Origin and Indicators

One hears a lot about Ease of Doing Business these days. This chapter delves into the Ease of Doing Business, its origin and indicators, and who promotes it.

Origins

Ease of Doing Business is an index, which ranks 190 nations according to score they get over a set of indicators dealing with the regulations of business. It is a part of the Doing Business Report brought out every year by the World Bank Group. The first report, in 2003, was co-published by the World Bank; International Finance Corporation, the private arm of the World Bank, and the Oxford University Press.

The Doing Business Report is part of the World Bank's strategy for tapping private investment and advancing the private sector development agenda of the World Bank. The Doing Business Report and Ease of Doing Business index is one of the most talked about reports of the World Bank Group attracting a frenzy of media attention across the world. It is influencing national governments and policies to such an extent that Doing Business has recorded over 3188 regulatory reforms since 2006.

The origin of the Ease of Doing Business is attributed to Hernando De Soto and a group of researchers who, in 1983, documented all the permits required to open a garment business in Lima, Peru. The researchers also measured the time it took to open the business. The idea was that the documentation would put pressure on the government to improve the efficiency.

The First Doing Business Report was prepared by a team led by Simeon Djankov, who was selected by the then Chief Economist Joseph Stiglitz for the World Development Report 2002. Simeon Djankov then reached out to Andrei Shleifer who worked on some background papers that would examine new data on processes such as getting the permits to start a new business that could be compared across countries. This data based on five indicators measured 133 countries, leading to the first Doing Business Report. The indicators covered: starting a business; hiring and firing workers; enforcing contracts; getting credit; and closing a business.
Today, in 2018, the Doing Business Indicators measure 11 areas of business regulation in 190 countries. These areas include: starting a business, dealing with the construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. The indicator on labour market regulation is collected but is not a part of the ranking.

**One Size fit all Indicators as in 2017**

The Doing Business Report works under the assumption that what works in developed countries works well for developing countries as well. The report is modelled upon countries like Australia, Denmark, Netherlands, and Sweden which are seen as countries with the best practices in business regulation. In Australia, there is a 'sunset' provision, under which the regulations automatically expire after a certain period and are

**Indicators as in 2017**

<table>
<thead>
<tr>
<th>Indicator set</th>
<th>What is measured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting a business</td>
<td>Procedures, time, cost and paid-in minimum capital to start a limited liability company</td>
</tr>
<tr>
<td>Dealing with construction permits</td>
<td>Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system</td>
</tr>
<tr>
<td>Getting electricity</td>
<td>Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs</td>
</tr>
<tr>
<td>Registering property</td>
<td>Procedures, time and cost to transfer a property and the quality of the land administration system</td>
</tr>
<tr>
<td>Getting credit</td>
<td>Movable collateral laws and credit information systems</td>
</tr>
<tr>
<td>Protecting minority investors</td>
<td>Minority shareholders’ rights in related-party transactions and in corporate governance</td>
</tr>
<tr>
<td>Paying taxes</td>
<td>Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes</td>
</tr>
<tr>
<td>Trading across borders</td>
<td>Time and cost to export the product of comparative advantage and import auto parts</td>
</tr>
<tr>
<td>Enforcing contracts</td>
<td>Time and cost to resolve a commercial dispute and the quality of judicial processes</td>
</tr>
<tr>
<td>Resolving insolvency</td>
<td>Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency</td>
</tr>
<tr>
<td>Labor market regulation</td>
<td>Flexibility in employment regulation and aspects of job quality</td>
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</table>
reviewed with the principle of 'minimum necessary regulation,' whereas Sweden has a 'guillotine' approach for regulatory reforms where regulations are cancelled after periodic review. This is the model that the Doing Business report expects all the countries to follow.

What is changing?

The Ease of Doing Business, started with five indicators and now covers about ten indicators (excluding labour market regulation). The indicators to index countries were changed almost every year. The report introduced new indicators and methodologies every year with an intention to expand the focus and quality indicators. These changes have resulted in significant discussions on the reliability of the report itself with Paul Romer, the Chief Economist of the World Bank, questioning the methodology and index in 2018. In a statement, which cost him his job, he said, “World Bank staff put a heavy thumb on the scales of its report by repeatedly changing the methodology that was used to calculate the countries ranking under the ease of doing business.”
India and Ease of Doing Business

From questioning the credentials of the Ease of Doing Business, India has become a poster boy by making 7,000 reforms to improve its ranking.

India has been one of the major reference points from the beginning of the Ease of Doing Business. India's response to the report has also moved from questioning its credentials and raising challenges to become a poster boy of Ease of Doing Business.

![India Ease of Doing Business Ranking](image)

(Source: Ranks compiled from Doing Business Reports)

Nirmala Sitharaman, the then Minister of State with Independent Charge of Ministry of Commerce and Industry to a question in the Parliament in July 2017, replied that the Department of Industrial Policy and Promotion (DIPP) is working with states to remove constraints in doing business and have made more than 7,000 reforms cumulatively.

The Prime Minister Narendra Modi stated at the World Economic Forum 2018 that the Government's mantra is reform, perform, and transform. He said that about 1,200 laws had been repealed. He declared that his
government has set the task of entering into the first 50 spot in the Ease of Doing Index.

India had earlier challenged the ranking system, which prompted the World Bank to order an external review of the Doing Business Report. The Minister of Finance formally complained to the World Bank about the flawed methodology. The Ministry asserted that the ranking for the country was based on the indicators measured at a city, i.e. Mumbai, in India's case, which had high costs associated with land.

As a response, the World Bank instituted an Independent Panel, which included Arun Maira, Member of the then Planning Commission. The Panel recommended discontinuing the cumulative ranking and retaining the publication of individual ranking. It also introduced the practice of having two cities for its measurement for countries with the population more than 100 million from the year 2015.

**Indian response to Ease of Doing Business**

The Damodaran Committee was set up in response to the Doing Business Report 2012 as it ranked India low on almost all parameters. The Committee recommended reforming legal and regulatory architecture and enabling SMEs among others.

However, the major push came in 2014 after the Narendra Modi government came into the power. It is important to note here that Modi, as a Chief Minister of Gujarat, had initiated many business-friendly reforms in his state. The stated objective of the new government in power was to lead India into the top 50 spots of Ease of Doing Business index.

To fulfill this goal, the National Workshop on Creating an Enabling Framework for Stimulating Investments came up with a 98-point reform plan in December 2014. The plan included reforms in Setting up a business; Land and building; Environmental compliances; Labour compliances; Infrastructure related utilities; Finance and tax; Inspection reforms; Enforcing contracts; and Exiting a business. These reforms were aimed at radically changing the regulatory framework in the country. It was then followed up with different Business Action Plans.

These reforms as suggested above were not just limited to provide the ease of starting a new business by creating the single window system, putting in place online systems, or reducing the time taken for various permissions. The reforms also included many steps to reduce the regulatory oversight by allowing third party inspections/self-certifications, auto-approvals, and relaxing environment compliances, labour laws, and timelines for Debt Recovery Tribunals.
The government approached the World Bank in 2014 to enhance India's competitiveness and increase exports of manufactured products. The assumption behind this was that the regulatory burden is pulling the economy down. World Bank evaluated how states implemented the 98-point action plan and ranked them accordingly. As per the report, on an average, only 32% of the proposed reforms have been implemented across the country. The implementation of reforms regarding inspection and enforcement of contracts — which necessitate medium-term actions — stands at less than 20%. The report highlighted the reforms implemented and what is further needed.

In April 2015, the Department Related Parliamentary Standing Committee on Commerce appointed a sub committee on Ease of Doing Business to examine various issues involved and to suggest changes so that India can be among the top 50 countries in terms of Ease of Doing Business by 2017. The committee observed on the 98-point plan and how it was implemented in the ground and gave recommendations.

**DIPP and Business Action Plan**

In the period after the 98-point program, India witnessed a spate of reforms oriented towards transforming its economy into the model being endorsed by the global financial Institutions. The concept of ranking the states and allowing competition among them is akin to a rat race towards opening up their economy at the cost of the people.

DIPP (Department of Industrial Policy and Promotion) is the nodal agency to work with the World Bank to promote the Ease of Doing Business. The 98-point action program was followed up with a 340-point Business Reform Action Plan, which was then evaluated in partnership with the World Bank. The influence of these reforms can be gauged from the fact that more than 12 states — led by Andhra Pradesh, Telangana and Gujarat — have over 90% implementation of the scores. A 405-point Business Action Plan again followed these. The current Business Reform Action plan has a higher buy-in from the states with 7 states having implemented all the reforms suggested achieving a 100% score and another 9 states implemented more than 90% of the reforms suggested.

**Land acquisition: A rat race to the bottom**

Ease of Doing Business ranking at the sub-national level pitches states into a competition. The states are categorised into various groups: The ones that need Jump start; Acceleration Required; and Aspiring Leaders. The best practices are then spelt out for other states to emulate.
The Gujarat Land Acquisition Bill 2016, which diluted the stringent provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 by doing away with the social impact assessment and consent for acquiring land parcels for public projects, is cited as a best practice. The Bill empowers the government or its entity to acquire land up to one km on both sides of designated railway tracks or roads to set up industrial corridors. These changes will lead to forceful take-over of land by transferring them to the corporates. This is the model which promote ease of doing business projects within the country. The Gujarat model of land acquisition was also referred as the best practice by the DIPP.

The report recommends “a very simplified land acquisition procedure in the state with minimum direct government participation where an entrepreneur can approach GIDC for a speedier acquisition with fewer hassles.”

The same is also true for labour reforms which are being looked into as a separate entity and lowering of other regulations.

**Major Changes in the Last Four Years**

India seems to be going overboard in changing domestic laws and policies to attain a higher rank in the Ease of Doing Business. There has been a concerted effort in bringing down regulations in all sectors across various ministries. The categorisation of the states according to the ranking has led to a race across departments to reduce regulations. The Ease of Doing Business aims at making business easier to start, operate, and exit. Some of the changes implemented include a reduction in the corporate tax from 30% to 25%, introduction of GST, legislation of the Insolvency and Bankruptcy Code, a decrease in inspections by allowing self-certifications, dilution of environmental laws, withdrawal of
minimum capital requirements, easing of approval mechanisms for FDI — including mandatory clearance. Another set of reforms — including labour reforms, relaxation of land use laws etc. — are in the offing. The Ministry of Environment, Forest and Climate Change (MoEF&CC), in the name of “ease of doing business,” has issued amendment notification on December 9, 2016 exempting building and construction projects with a built up area measuring between 20,000 and 1, 50,000 sq. mts. from Environment Impact Assessment and prior environment clearance.

In fact, the Central Pollution Control Board has issued an advisory mentioning that no consent is required from them for area development projects. Now, the only requirement for area development projects is that the urban local bodies will consider the environmental aspects before sanctioning. Fortunately, the National Green Tribunal quashed the December 2016 notification which diluted the provisions of EIA Notification that require Environment Clearance for building and construction Activities.

It is reported that the Prime Minister's Office ordered the MoEF&CC to do 60 amendments in green clearance norms. Many of these amendments, including doing away with the environmental clearance for industries inside Special Economic Zones, Ports and National Investment and Manufacturing Zones, were done by the Ministry. PMO, as per reports, have ordered the Forest Advisory Committee (FAC), which appraises projects, to not put any conditions for the state governments and restrict the terms to those the project developer can deliver. The PMO also has a Project Monitoring Group for resolving issues and fast-tracking of approvals for large public, private, public-private partnership projects. Any domestic project with investment more than Rs. 1,000 crores or FDI more than Rs. 500 crores can directly approach this mechanism for fast-tracking clearances. The PMG will hand hold investors and facilitate approvals and clearances apart from re-engineering processes required for simplification and investment promotion.

Some of the significant changes — influenced by Ease of Doing — during the last three years are:

- Doing away with payment of minimum paid up capital at the time of incorporation as well as declaration of commencement of business by the companies.

- FDI

- The Companies (Amendment) Act 2015 eliminated the need for a common company seal for incorporation.
• Mining projects have been exempted from the requirement of compensatory afforestation and Forest Rights Act (FRA) certificate for grant of forest clearance.

• No site inspection is required for mining projects on forest land for less than 100 hectares for construction of new roads/drilling of borehole/sample collection pits.

• The validity of environment clearance has been increased from five years to seven years.

• Online submission of applications for environment/forest/wildlife clearances.

• District Environment Impact Assessment Authority has been constituted to grant EC for minerals for 5 hectares of the individual lease and 25 hectares in a cluster.

• Regional empowered committees at sub-national level have been delegated higher powers to dispose of proposals for Forest Clearance:
  a) Involving diversion of 5 to 40 hectares of forest land and,
  b) All proposals involving diversion of forest land for linear projects irrespective of the area of forest required.

• Municipal Corporation of Greater Mumbai (MCGM) introduced single window approval for construction.

• Both Municipal Corporation of Greater Mumbai (MCGM) and Municipal Corporation of Delhi (MCD) have reduced the number of procedures from 42 and 29 respectively to only 8. Also, the time taken in giving the various approvals during the construction cycle of a building has been brought down to 60 days from last year's 213 days in Delhi and 164 days in Mumbai.

• Site inspection for construction permits has been minimised by way of self-certification and introducing third-party certification.

• Reduction in the number of mandatory documents required for exports and imports to three each for export and import.

• The Insolvency and Bankruptcy Code 2016 enacted as a law with operationalisation of the National Company Law Tribunal (NCLT), the National Company Law Appellate Tribunal (NCLAT), the Insolvency Professionals (IP), the Insolvency Professional Agency (IPA), the Insolvency Professional Entity (IPE), and the Insolvency and Bankruptcy Board of India.
• SARFAESI (Central Registry) Rules 2011 has been amended to allow additional charges. The amended SARFAESI Act 2002 provides priority to secured creditors to be paid first over all other debts and all revenues, taxes, cesses, and other rates payable to the Central Government or State Government or local authority.

• The government has reduced the corporate tax rate from 30% to 25%.

• Goods and Service Tax (GST), which subsumed all the indirect taxes, became effective from July 1, 2017.

There was jubilation in the government as the Ease of Doing Business index of India jumped 30 ranks to reach 100 this year, which is supposed to be the biggest jump by any country in the history of the Report. However, after the World Bank's Chief Economist questioned the data and methodology, which led the researchers to recalculate India's jump by ignoring the new indicators that were added over time and with the fixed sample of countries. As a result of this, India's jump was found to be based on methodological changes. India's rank moved up due to the addition of new countries to the Doing Business Sample.
Labour and Ease of Doing Business

The labour ministry plans to reduce labour regulations and consolidate labour laws into four codes. These codes allow for fixed term contracts, penalize strikes and dilute about safety regulations.

The call for reforms in the labour laws in the country became strong with the liberalisation of the economy in the 90s. The Second National Commission on Labour, which was set up in 1999, recommended, among many other things, consolidation of various labour laws. India's strict labour laws and the regulatory business environment have been a point of critique by the corporates as they are subject to 50 central government laws and regulations dealing with wages, industrial relations, social security, employment conditions etc.

International Finance Institutions like IMF and World Bank have criticised India for having a large number of labour laws, which according to them, increase the difficulty for employers to adhere to regulations. They demanded rationalisation of labour laws. The IMF has also urged India to introduce policies to reduce labour and product market rigidities. The World Economic Outlook 2017 also identified easing labour market regulations and land acquisition as a long-standing requirement for improving the business climate.

The argument that removing legal protection to labour and allowing business to function according to market laws can also be seen in other documents of World Bank including the World Development Report 1995. When the Ease of Doing Business report was first published in 2003, it had a chapter on Hiring and Firing workers. Various indicators like the ease of hiring and firing and conditions of employment were part of the index. These indicators will look into easy to contract (part-time contracts), fixed minimum wage, premiums for overtime work, severance pay etc. The lesser you pay as minimum wage, easier - to hire with little severance pay will place you high in the index. Countries that did away with regulations improved their Ease of Doing Business rank. As mentioned earlier, India was criticised in the report for having one of the most regulated labour markets.
What is Changing?

The National Democratic Alliance, which came into power in 2014, had emphasised economic development as a core agenda of their manifesto by simplifying the regulatory environment and reduce the number of laws.

The Union Ministry of Labour and Employment administers 44 labour laws, which are being enforced by central and enforcement agencies. The Ministry wants to consolidate these laws into four codes namely, the Labour Code on Wages; Industrial Relations; Social Security & Welfare; and on Safety and Working Conditions. Apart from consolidation, the attempt is to do away with the inspection process by allowing self-certification and third-party certification. However, the reforms came from the perspective of simplification and consolidation — as suggested by the Second National Commission on Labour — to reduce the bargaining power of labour and diminish hard-earned labour rights.

The central government has introduced a new bill in Lok Sabha which will increase the limit of overtime hours, from the present limit of fifty hours per quarter to one hundred hours per quarter. This limit can further be raised to a maximum of one hundred and twenty-five hours per quarter in public interest. Moreover, the bill empowers the Central Government, in addition to the State Governments, to make exempting rules on the total hours of overtime in a quarter.

The central trade unions have earlier questioned the government’s proposal to change the definition of the factory and to increase the threshold limit for coverage of factories under the Factories Act.

Exceptions from Inspection

Apart from expressing its intentions to make amendments in the labour laws to reduce the numbers of laws from 40 to four codes, as mentioned above, the Ministry of Labour and Employment has also notified a compliance regime based on self-certification for startups. According to this regime, all start-ups will be exempted from inspection on nine labour laws in the first year. From second year onwards, the start-ups can avail self-certification for up to three years. The regime states that there will not be any inspection until a credible and verifiable complaint of violation is filed. These measures give companies an absolute authority to bypass labour laws in the name of avoiding harassment. In liberalising labour inspection systems, India has violated the ILO’s Labour Inspection Convention (081), which it has ratified. The Convention states that the establishment should be inspected as often as possible and at any time even without prior intimation.
Penalties on strikes

The proposed Code on Industrial Relations attempts to consolidate and amend the law relating to the registration of trade unions, conditions of employment, investigation and settlement of disputes. The new act raises the threshold of the number of workers needed to register a trade union. Moreover, the act/code has prescribed penalties between Rs 20,000/- to Rs 50,000/- per worker for an illegal strike, while the penalty for the entire management in case of the industrial lockout is the same. However it is important to note here that the penalty for management is collective while it is applicable to each and every worker. The workers are bound to lose their wages in case of both lockout and strike. These punishments have been extended not just to workers but also to the trade union leaders and people who provide monetary support to the struggling workers.

Rajasthan experience on easing labour relations

Rajasthan was the first state to legislate on the line of proposals from the central government. The Industrial Disputes Act was amended to raise the cap — from the existing 15% of the workforce to 30% — for forming a union. The amendment is aimed at making the formation of labour unions difficult. The amendment also allowed the companies, without government's permission, to retrench staff or shut down units of factories that employ less than 300 workers. Earlier, the threshold was that of 100 workers and retrenchment required government's permission. The rise in the cap is intended to provide relief to companies to exit business easily. The Rajasthan government has also amended the Factory Act to change the definition of a factory. According to the new definition, a factory is a unit, which employs more than 40 people (earlier it was 10) thus allowing easing of compliances. Many other states including Madhya Pradesh, Andhra Pradesh and five other states have followed suit.

Trade Unions on warpath

The trade unions in India have been extremely critical of the changes being made in the labour laws. They have organised massive strikes and demonstrations against the proposed amendments and push for privatisation by the government. About 150 mn workers went on strike in 2016 against the government policies to withdraw labour laws. This strike was followed by a massive three-day protest in Delhi by all the central trade unions of the sectors facing a gigantic push for neo-liberal policies.

The labour code on wages was introduced in the Parliament on the last day of the monsoon session through a supplementary list of business. The bill, which is intended to codify 45 existing labour laws, was circulated only on the last day and that too at 9.00 am in the morning, thus denying the members an opportunity to go through the bill carefully. The Bill was
subsequently sent to the Parliamentary Standing Committee on Labour for further deliberation.

At a global level, the Ease of Doing Business and labour indicators were challenged by trade unions and independent evaluations. The International Confederation of Trade Unions (ICTU) has said that the Doing Business indicators are being used to drive a one-sided and harmful approach to labour market reforms in developing and transition economies while ignoring its costs. The ICTU further demanded that the section on labour regulations should be removed from the purview of Doing Business Report.

The Employing Workers indicator was discontinued in 2009 after global criticism. The Independent Panel condemned the indicator particularly for assigning higher rankings to countries with less stringent labour regulations, thereby encouraging a “race to the bottom” in the area of worker protection in contravention of International Labour Organisation (ILO) standards. However, the indicator is still used in the doing business report as an annexe. The Doing Business Report 2017 flagged the number of labour laws in India as something that regulates business and lauded the labour reforms being proposed.

What does doing business indicator on labour market regulations measure?

**Hiring**

(i) Whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) Minimum wage.

**Working hours**

(i) Maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether non-pregnant and non-nursing women can work same night hours as men; (v) length of paid annual leave.

**Redundancy rules**

(i) Whether redundancy can be the basis for terminating workers; (ii) whether the employer needs to notify
Critiques

*Ease of Doing Business has been criticised both from within and by civil society groups and trade unions for its pro-privatisation orientation, and weak and continuously changing methodologies.*

The Ease of Doing Business has been the subject of criticism from civil society and trade unions as it promotes private business over other rights. The Ease of Doing Business Reports have been criticised for their opaqueness, unitary approach framework and bias towards fewer regulations.

As mentioned earlier that, in January 2018, Paul Romer, the Chief Economist of the World Bank, apologised to Chile for changes in the methodology of Ease of Doing Business Reports which conveyed the wrong impression about the business environment under the socialist regime of President Michelle Bachelet. In a rare acknowledgement, the bank conceded that this might be due to the political motivation of the World Bank staff. While Romer had to resign for his comments and World Bank instituted an external review, these comments had been earlier flagged by the Independent Evaluation Group of the World Bank. The Independent Evaluation of Ease of Doing Business in 2008 mentions, “It remains insufficiently transparent about the number and types of informants for each indicator, the adjustments its staff make to the data received from informants, and the changes made to previously published data and their effects on the rankings. DB needs to adequately explain to users the possibilities for errors and biases.”

The World Bank's Legal Unit has criticised the 'embedded policy preferences' under indicators in the Ease of Doing Business index. The Legal Unit also criticised the methodology and accused the report of being biased towards business and ignoring the positive side of the regulations.

Two researchers from the Centre for Global Development found that the methodologies and indicators used for the Ease of Doing Business Report keep changing every year. The researchers recreated the ranking based on a 'consistent sample of countries and methodology from 2006 and 2008.'
The results showed divergences, which further questioned the integrity of the Doing Business Report.

The World Bank's Independent Evaluation Group, which evaluated the Doing Business Report in 2008, pointed out significant flaws in the underlying assumptions behind the report itself. The group observed that the Ease of Doing Business Report assesses the burden of regulation on firms without aiming to capture the social or economy-wide benefits — such as safety, environmental protection, worker protection, or transparency — that regulations yield. The Group, in its report, suggested that while the Ease of Doing Business indicators have been highly effective in drawing attention to the burdens of business regulation, they couldn't capture other vital dimensions of a country's business climate, which includes the social benefits of regulation.

The ideological underpinnings of the Ease of Doing Business Report were exposed by the Independent Evaluation Group in its report by pointing out that seven out of ten indicators presume that reducing regulation, irrespective of their potential benefits, is always desirable.

The Evaluation Report also questioned the reliability of data and methodology of the Doing Business Report. The Evaluation Report flagged three critical issues:

1. Over-reliance on Price Waterhouse Coopers for providing the methodology and data on paying taxes indicator of 142 countries.

2. The opaqueness about the number and types of informants for each indicator; the adjustments World Bank's staff makes to the data received from informants; and the changes made to previously published data and their effects on the rankings.

3. The small information base that could affect the accuracy of the individual indicators and the aggregate ranking. The inherent weakness of the methodology lies in the fact that the indicators presume that less regulation is better. It is difficult to tell whether the top-ranked countries have excellent and efficient regulations or merely poor ones.

The Evaluation Group recommended, among other things, revising and simplifying the paying taxes indicator to include only measures of administrative burden rather than collecting information on tax rates. The other recommendations included: widening the information base and increasing transparency in the data by disclosing the number of informants for each indicator at the country level; differentiating between those who completed questionnaires and those who provide supplemental information; and disclosing all the subsequent data
corrections and changes explaining their effect on the rankings. The Evaluation Group also found that four of the ten questions on the firing cost and ease of firing index are not in the spirit of ILO Conventions on labour.

The International Trade Union Confederation (ITUC) has criticised the Employing Workers Indicator (EWI) of the Doing Business of eliminating labour regulations and the best rating given to countries that do away with the worker protection legislation and countries which are increasing formal employment get worst rankings. ITUC recommended removal of Employment Workers Indicator, the tax rate component of Payment Tax Indicator and other indicators from Doing Business Report.

ILO has also observed that the EWI which is intended to measure the difficulty of hiring, the rigidity of working hours and the difficulty of firing, is a poor indicator of the investment climate and of labour market performance to promote employment and decent work. It says that the design of the indicator and the scoring system suggests that reducing protection to a minimum and maximising flexibility is always the best option. The EWI does not take into account the workers' rights for adequate security of income and employment.

The various critiques and challenges, mainly by India and China, to the Ease of Doing Business index forced the World Bank in 2012 to appoint an Independent Review Panel under the chairmanship of South African Planning Minister Trevor Manuel. The panel recommended reforms, including doing away with the ranking of countries and suggested renaming the 'Ease of Doing Business' Report to 'Doing Business: Understanding Regulations' as the former gives an impression of measuring business environment rather than the regulations.

The Independent Panel pointed out the possibility of the Doing Business to be misinterpreted as a one size fit all prescription for development. The Panel pointed towards the small database and reliance on the lawyers as the information base. The Panel also questioned the rankings as it involves a value judgment of what and how much is 'better'. It also pointed out to the fact that small changes/inaccuracies can significantly change countries ranking. This is why the Panel suggested removing the aggregate ranking and reforming the methodologies for Ease of Doing Business Report.

However, despite all these criticisms, the Ease of Doing Business Report has survived, and the only significant change in methodology is the removal of indicator on EWI and introduction of distance to the frontier for measuring the distance of each economy to the “frontier,” i.e. the best
performance observed on each of the indicators.

The Doing Business Report continue to influence policy reforms in the developing countries, including via direct or indirect conditionality, thus becoming the new Adjustment Policy (SAP). World Bank and IMF link performance on the Doing Business Report to the support they give to countries. Through their analysis of investment climate, they control decisions on private investment.
Annexe 1: Reforms made by India as acknowledged in Doing Business Report 2018

Db2018

• Starting a Business: India made starting a business faster by merging the applications for the Permanent Account Number (PAN) and the Tax Account Number (TAN), and by improving the online application system. This reform applies to both Delhi and Mumbai. Mumbai also made starting a business faster by merging the applications for the value-added tax and the profession tax.

• Dealing with Construction Permits: India made dealing with construction permits less cumbersome by implementing an online system that has streamlined the process at the Municipality of New Delhi and Municipality of Greater Mumbai. The online system has streamlined the process of obtaining a building permit, thereby reducing the number of procedures and time required to obtain a building permit in India.

• Getting Credit: India strengthened access to credit by amending the rules on priority of secured creditors outside reorganization proceedings and by adopting a new law on insolvency that provides a time limit and clear grounds for relief to the automatic stay for secured creditors during reorganization proceedings. This reform applies to both Delhi and Mumbai.

• Protecting Minority Investors: India strengthened minority investor protections by increasing the remedies available in cases of prejudicial transactions between interested parties. This reform applies to both Delhi and Mumbai.

• Paying Taxes: India made paying taxes easier by making payment of EPF mandatory electronically and introducing a set of administrative measures easing compliance with corporate income tax. This reform applies to both Delhi and Mumbai.

• Trading across Borders: India reduced import border compliance time in Mumbai by improving infrastructure at the Nhava Sheva Port. Export and import border compliance cost were also reduced in both Delhi and Mumbai by eliminating merchant overtime fees and through the increased use of electronic and mobile platforms.

• Enforcing Contracts: India made enforcing contracts easier by introducing the National Judicial Data Grid, which makes it possible to generate case measurement reports on local courts. This reform applies to both Delhi and Mumbai.

• Resolving Insolvency: India made resolving insolvency easier by adopting a new insolvency and bankruptcy code that introduced a reorganization procedure for corporate debtors and facilitated continuation of the debtor's
business during insolvency proceedings.

- Labor Market Regulation: India increased the mandatory length of paid maternity.

**Db2017**

- Getting Electricity: India made getting electricity faster and cheaper by streamlining the process of getting a new commercial electricity connection.
- Paying Taxes: India made paying taxes easier by introducing an electronic system for paying employee state insurance contributions.
- Trading across Borders: India made exporting and importing easier by launching Customs Electronic Commerce Interchange Gateway portal and simplifying border and documentary compliance procedures.
- Enforcing Contracts: India made enforcing contracts easier by creating dedicated divisions to resolve commercial cases.

**Db2016**

- Starting a Business: India made starting a business easier by eliminating the minimum capital requirement and the need to obtain a certificate to commence business operations.
- Getting Electricity: The utility in Delhi made the process for getting an electricity connection simpler and faster by eliminating the internal wiring inspection by the Electrical Inspectorate. The utility in Mumbai reduced the procedures and time required to connect to electricity by improving internal work processes and coordination.

**Db2015**

- Starting a Business: India made starting a business easier by considerably reducing the registration fees, but also made it more difficult by introducing a requirement to file a declaration before the commencement of business operations.
- Getting Electricity: In India the utility in Mumbai made getting electricity less costly by reducing the security deposit for a new connection.
- Protecting Minority Investors: India strengthened minority investor protections by requiring greater disclosure of conflicts of interest by board members, increasing the remedies available in case of prejudicial related-party transactions and introducing additional safeguards for shareholders of privately held companies.

**Db2013**

- Dealing with Construction Permits: India reduced the time required to
obtain a building permit by establishing strict time limits for preconstruction approvals.

Db2012

- Paying Taxes: India eased the administrative burden of paying taxes for firms by introducing mandatory electronic filing and payment for value added tax.

Db2011

- Starting a Business: India eased business start-up by establishing an online VAT registration system and replacing the physical stamp previously required with an online version.
- Paying Taxes: India reduced the administrative burden of paying taxes by abolishing the fringe benefit tax and improving electronic payment.

Db2010

- Resolving Insolvency: India made resolving insolvency easier by increasing the effectiveness of processes and thereby reducing the time required.

Db2009

- Trading across Borders: India reduced the time for exporting by implementing an electronic data interchange system.

Db2008

- Getting Credit: India strengthened its secured transactions system by launching a unified and geographically centralized collateral registry and started to provide credit information on firms at the private credit bureau.
- Trading across Borders: India made trading across borders easier by introducing ICEGATE—an electronic data interchange system making it possible to lodge customs declarations through the internet and facilitating the operation of a risk management system, an electronic payment system and an electronic manifest system that allows shipping lines to submit their cargo manifest in advance.
Annex 2: Measures taken by Government of India for Ease of Doing Business

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

RAJYA SABHA
UNSTARRED QUESTION NO.1938.
TO BE ANSWERED ON WEDNESDAY, THE 2ND AUGUST, 2017.

MEASURES TO ENHANCE 'EASE OF DOING BUSINESS'

1938. DR. VINAY P. SAHASRABUDDHE:

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

(a) what measures were taken by Government to enhance the 'Ease of Doing Business' during the last three years between 2014 and 2017;

(b) whether Government has undertaken any impact assessment of these measures, if so, the details thereof;

(c) whether Government has outlined its expectations from the State Governments with regard to further promoting 'Ease of Doing Business' in States, if so, the details thereof; and

(d) which are the States that have already implemented measures for 'Ease of Doing Business' and achieved demonstrable success?

ANSWER

THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a): The Government has taken several measures to enhance Ease of Doing Business in the country. Some of the reforms undertaken on various parameters of Doing Business towards easing the business environment in the country are annexed.

(b): The Department of Industrial Policy and Promotion (DIPP) has interacted with various stakeholders to know the impact of reforms implemented to ease the business regulatory environment and to bridge the gap between implementation on paper and implementation on ground. The Department has engaged National Productivity Council (NPC) to undertake respondents feedback on business regulatory environment in the cities of Delhi and Mumbai.
Further, a dedicated team of United Nations Development Programme (UNDP) has also been engaged by the Department to carry out feedback assessment in all the States/UTs.

For Business Reform Action Plan, 2017, the Department has prioritized on quantity of reforms implemented by States/UTs and will also include feedback from the actual users of the services.

© & (d): DIPP has taken up a series of measures to simplify and rationalize the regulatory processes across the country. States too have been brought on board in the process to expand the coverage of these efforts. The Department has been closely working with the State Governments to help them identify constraints in doing business and improving overall business environment in their respective States.

The Department introduced the Business Reform Action Plan in 2014 with the aim of improving the process of setting up a business across the country. Business Reform Action Plan includes recommendations for reforms on regulatory processes, policies, practices or procedures spread across different reform areas spanning the lifecycle of a typical business.

A 340-Point Business Reform Action Plan for States and Union Territories (UTs) was circulated by the Department to all State/UT Governments in late October 2015. The objective of the action plan was targeted at increasing transparency and improving the efficiency and effectiveness of various government regulatory functions and services for business in India. The Department in partnership with the World Bank Group, released the results of the Assessment of Implementation of Business Reforms 2015-16 by States on 31.10.2016.

32 State and UT Governments have submitted their response on implemented reforms in 2016. 12 States have shown performance with over 90% implementation score viz. Andhra Pradesh (98.78%), Telangana (98.78%), Gujarat (98.21%), Chhattisgarh (97.32%), Madhya Pradesh (97.01%), Haryana (96.95%), Jharkhand (96.57%), Rajasthan (96.43%), Uttarakhand (96.13%), Maharashtra (92.86%), Odisha (92.73%) and Punjab (91.07%).

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ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (a) OF RAJYA SABHA UNSTARRED QUESTION NO. 1938 FOR ANSWER ON 02.08.2017.

Some of the reforms undertaken by the country towards easing the business environment in the country are listed below:-

STARTING A BUSINESS

Simplified Proforma for Incorporating Company Electronically (SPICE) form has been introduced to make incorporation of companies possible within one working day by imbibing 5 services viz. Name reservation, DIN, Incorporation, PAN and TAN. Earlier this used to take 30 days (1 day for DIN, 7 days for name reservation, 5 days for company incorporation, 10 days for PAN and 7 days for TAN registration as per DBR 2017). This has also reduced the fees for filing the incorporation form INR 2000/- to INR 500.

Until March 2017, the government allocated PAN and TAN to 19,704 new corporate entities, wherein PAN was allotted within 4 hours to 95.63% of the 10,894 newly incorporated companies and TAN was allotted to 99.73% applicants.

The Companies (Amendment) Act, 2015 has eliminated the need of a common company seal for incorporation.

Value Added Tax (VAT) Registration is now processed within 24 hour using electronic application and does not require any inspection. Earlier this used to take 9-10 days in Delhi and Mumbai and also involved inspection. As per the January 2017 data 79% of VAT registrations in Mumbai were done in a single day.

In Mumbai, registering under Shops and Establishments has been made online without any physical inspection and registration is given within a day. 92% of the registration is given within a single day in January 2017. Earlier it used to take 2-6 days as per DBR 2017.

Registration with ESIC and EPFO has been made real-time by eliminating all physical touch-points. Inspection procedures associated with both procedures have been dispensed with.

"Shram Suvidha" Portal has been launched to issue Unique Labour Identification Number (LIN), submission of common electronic returns under 16 Labour Acts and facilitate risk based inspections.

CONSTRUCTION PERMITS

Both Municipal Corporation of Greater Mumbai (MCGM) and Municipal Corporation of Delhi (MCD) have reduced the number of
procedures from 42 and 29 respectively to only 8. Also, the time taken in giving the various approval during the construction cycle of a building has been brought down to 60 days from last year 213 days in Delhi and 164 days in Mumbai.

In Delhi since last few months a total of 2885 online applications for construction permits were received out of which 2466 were sanctioned within an average time of 18 days.

Delhi Development Authority (DDA) has notified the Unified Building Bye-laws. The unified building bye laws have provision of deemed approval of sanctioning building plans within 30 days.

Both MCD and MCGM has introduced digital signing of building permit application, as well as maps, thereby eliminating need of physical submission of documents. The manual application for grant of construction permits has been discontinued.

MCGM and MCD Single Window Application System have a provision for online transfer of application and receipt of No Objection Certificate (NOC).

There is an online common occupancy-cum-completion requirement form (COCCRF) which captures requirement of all agencies for granting OCC. This certificate is to be granted mandatorily within 22 days (15 days for inspection + 07 days for processing by MCD).

MCD has completed the process of single window approval by integrating with internal departments as well as external Departments like DMRC, Delhi Fire Services, DUAC, AAI and NMA through a common application form. NOC from Labour Department of Delhi Government is not required if no manufacturing activity is being undertaken in the building.

Infrastructure charges have been abolished by Delhi Jal Board Authority for commercial/industrial connections. The Development Charges for commercial and industrial water connections upto 50 sq. m is INR 45000 and above 50 sq. m is INR 0.5 Million (1 lakh). No NOC is required from DJB for building plan approval.

MCGM has operationalized online building plan approval system with integration of all internal/external agencies. Applicant is only required to submit common application form (CAF) which captures the requirements of Municipal Corporation and that of all internal/external agencies like AAI, NMA, Fire, storm water drain, sewage, Tree Authority, Revenue Department, etc.

Common Application Form provides an online calculator on the website to calculate fees and charges for the building proponent. Provision has
been made for online payment of all fees/charges to MCGM. This is
transferred to concerned agencies through e-payment.

Timeframe for building plan approval has been fixed for 30 days, inspection
for 07 days and OCC for 22 days, in all less than 60 days. There is a
provision under Maharashtra State Right to Service Act, 2015 to ensure
that such time commitments are adhered to else the concerned officers
is to be penalized under law. In Mumbai, the building completion
certificate and occupancy certificate can now be processed
simultaneously through single-window approval system.

The Development Plan of Mumbai along with all plots has been mapped on
GIS platform and the requirement for NOC from different agencies like
AAI, NMA, etc. as Colour Coded Zonal Maps (CCZM) and have been
superimposed on GIS Map of Mumbai. Hence, for every plot, building
proponent can know which parts of common application form (CAF) is
to be filled up. No NOC is required if the building area falls outside
CCZM of any agency.

Provisions have been introduced in the building regulations to ensure that
parties (architect, engineer, construction company etc.) involved in the
construction process are held legally liable for defects such as structural
flaws or problems in the building once it is in use.

Mandated that any party (architect, engineer, Construction Company etc.)
involved in the construction process is legally required to obtain a latent
defect liability or decennial (10 years) liability – insurance policy to
cover possible structural flaws or problems in the building once it is in
use.

MCD has introduced system of risk based classification in the amended
UBBL for all categories. These classifications are used for fast-pacing
the building plan approval, inspection and grant of occupancy-cum-
completion certificate (OCC).

GETTING ELECTRICITY

Owing to the efforts of Ministry of Power and Government of NCT of
Delhi and Maharashtra, rank in 'Getting Electricity' indicator leaped
from 137 in DBR 2015 to 26 in DBR 2017. This is a a jump of 111 ranks!

Number of procedures for obtaining an electricity connection reduced from
5 to 3,namely: Online submission of application to utility and conduct
site inspection;

Load sanction and demand note generation;

Utility does external connection and installs meter

Online application for connections above 100KVA mandatory in
Maharashtra and Delhi. Now, it takes only 15 days to get an electricity connection. Tata power has issued 250+ new connections above 50 KVA and 85000+ new connections below 50 KVA in less than 15 days in the last one year

Brihanmumbai Electricity Supply and Transport (BEST) has issued 40+ new connections above 50 KVA and 4900+ new connections below 50 KVA in less than 18 days in the last one year

Delhi Electricity Regulatory Commission (DERC) has rationalized LT and HT tariff thereby allowing LT connections upto 150KVA.

NOC/Consent to Establish is not required for getting industrial electricity connection for setting up new industries and projects.

Amendments in Central Regulatory Authority regulation has been done to allow installation of transformers up to 500 KVA on double pole structure.

Amendments in Central Regulatory Authority notification to waive off electrical approval for 11 KV installations carried out by DISCOMs and allowing self-certification by DISCOMs engineers.

Supply Code Regulation and Standard of Performance (SOP) regulations have been modified by DERC and MERC to complete the process within 15 days.

Automated systems to monitor outages implemented

**TRADING ACROSS BORDERS**

Government has made only 3 documents mandatory for export and import which has made the process simpler and easier. There is significant reduction in time from 111 hours to 4 hours for imports and from 34 hours to 4 hours for exports after Central Board of Excise and Customs (CBEC) implemented Single Window Interface for Facilitating Trade (SWIFT).

The launch of the Customs Electronic Commerce Interchange Gateway (ICEGATE) portal has allowed e-filing of integrated customs declaration, bill of entry and the shipping bill. ICEGATE also facilitates data and communication exchanges between applicants and customs.

Other relevant developments include expanding the number of 24x7 customs clearance facilities, introducing changes to the period of warehousing, implementing an electronic messaging system between shipping lines and custodians for electronic delivery orders and reducing the number of required documents. This reform applies to both Mumbai and Delhi. 24X7 Customs clearance facility is available at 19 seaports and 17 Air Cargo complexes.
CBEC has implemented Single Window Interface for Facilitating Trade (SWIFT) on the ICEGATE portal by integrating 6 other Departments viz. FSSAI, Animal Quarantine, Plant Quarantine, Drug Controller, Wildlife Control Bureau and Textile Committee for exports and imports. Also, online message exchange system under single window between Customs' ICEGATE and Plant Quarantine Information System (PQIS) has been implemented for import clearances of agricultural commodities.

CBEC have merged the two facilitation schemes namely Accredited Client Programme (ACP) and Authorized Economic Operator (AEO) programme into a combined three-tier AEO programme to further provide facilitation/benefits to the exporters/importers for efficient custom clearance based on their compliance history.

Customs' risk management system has been extended to other regulatory agencies to ensure risk-based inspection.

Terminal handling receipts have been eliminated from Jawaharlal Nehru Port Container Terminal, Gateway Terminals India and Nhava Sheva International Container Terminal by web based e-form 13.

Filing of import and export declarations and manifests has been made online with digital signature. Importers, exporters using services of Customs Brokers, shipping lines and airlines can file customs documents under digital signature mandatorily.

Electronic messaging system between shipping and custodians' i.e. electronic delivery order instead of manual, paper based delivery order has been introduced.

The system of physical control and locking of public and private warehouses by Customs has been dispensed with and replaced by record based controls.

The Import Data Processing and Management System (IDPMS) has also been launched to facilitate efficient data processing for payment of imports and effective monitoring.

The port has reduced the "Gate in" time period for export containers from 5 days to 4 days which will further reduce export dwell time by another 24hrs.

Indian Customs has done away with routine print-outs of several documents related to customs clearance including GAR 7 Forms/ TR 6 Challans, TP copy, Exchange Control Copy of Bill of Entry and Shipping Bill, and Export Promotion copy of Shipping Bill.
RESOLVING INSOLVENCY

The Insolvency and Bankruptcy Code, 2016 enacted as a law on 28th May, 2016.

All the elements of the corporate insolvency eco-system, namely,  
the National Company Law Tribunal (NCLT),  
the National Company Law Appellate Tribunal (NCLAT),  
the Insolvency Professionals (IP),  
the Insolvency Professional Agency (IPA),  
the Insolvency Professional Entity (IPE), and  
the Insolvency and Bankruptcy Board of India  
have been made operational

Eleven benches of the NCLT, approximately 1000 Insolvency Professionals, 3 IPAs and 2 IPEs are in operation

The corporate insolvency provisions of the Code have been commenced w.e.f. 01/12/2016 and liquidation provisions w.e.f. 15/12/2016.

At present 144 cases have been filed with various benches of National Company Law Tribunal (NCLT) and out of which 89 cases have been disposed of till date.

ENFORCING CONTRACTS

On 7th January 2016, the Maharashtra High Court established Commercial Division benches and Commercial Appellate Division benches under the High Court.

Commercial divisions and appellate divisions in Delhi High Court have been established.

The Arbitration and Conciliation Act has been amended to reduce the time taken in arbitration proceedings and grounds on which an award may be challenged.

National Judicial Data Grid (NJDG) was opened to general public on 19th September, 2015. NJDG is a national data warehouse for case data including case registration, cause list, case status and orders/judgments of courts across the country till District Level Courts.

REGISTERING PROPERTY

Integration of Sub Registrars' offices with the Land Records Department has been completed. Registration data is being shared with the Land Records Department as part of the LR-SRO linkage under the National Land Records Modernization Program.
The iSarita system available in all SR offices has enabled online registrations in Mumbai as well as rest of Maharashtra. iSarita is available over MPLS VPN connections in the SR offices.

For citizens, various aspects of the registration process have been made available online:

a) Citizens can review the property details using e-Search facility

b) Citizens can carry out data entry in the system before going to the SR offices using the Public Data Entry portal

c) Appointment slots can also be booked using the eStepIn system, and
d) make online payment using GRAS

The grievance management system (a single window service portal) has already been implemented by Government of Maharashtra - called "Aaple Sarkar" portal.
The Land Records (Cadastral mapping agency) related grievances are reported through "Aaple Sarkar" portal to the Land Records Department.

Documents of last 30 years have been scanned and are available in eSearch; mortgages against properties are also available in eSearch. Negative property list is available in iSarita and the system issues alerts

Year-wise historical statement for number of documents registered and revenue collected is publically available.

All land parcel maps are already surveyed as a part of City Survey under section 122 and section 126 of MLRC 1966 and property cards (RoR) are present in Digital form for all privately held land plots.

Necessary amendment has been made to mandate the adjudication of the cases/ disputes with regard to land within one year.

In Mumbai, Service delivery standards have been introduced to provide maps within a specific time frame though an online portal

In Mumbai, title search can be conducted online without requirement of any physical visit

In Delhi, an electronic database for recording boundaries, checking points and providing cadastral information has been completed.

Property tax dues can be accessed online free of cost by registered users (property owners) through Property Identity Number (PID).

Online database has been developed for checking for encumbrances (liens, mortgages, restrictions and the like).
In Delhi, grievances related to land can be made online on Department of Revenue's website through Registration Related Monitoring System.

GETTING CREDIT

SARFAESI (Central Registry) Rules, 2011 has been amended. The amendment provides inclusion of additional types of charges such as security interest in immovable property by mortgage other than deposit of title deeds, hypothecation of plant and machinery, stocks, debt including book debt or receivables, intangible assets, etc. This amendment allows (Central Registry of Securitization Asset Reconstruction and Security Interest) CERSAI to register these additional charges. Over 100,000 charges on movables have been registered thus far.

The amended SARFAESI Act 2002 provides priority to secured creditors to be paid first over all other debts and all revenues, taxes, cesses and other rates payable to the Central Government or State Government or local authority.

PAYING TAXES

In recent times, the focus of the Indian Government is to gradually reduce the corporate tax rate from 30% to 25% in medium term. The Government is also focusing on increasing the incentives for the small businesses and the MSME (micro, small and medium enterprises) industrial base.

The tax incentives provided to the small and medium sized businesses in the fiscal year 2016 include the reduction of corporate tax rate to 29% for the companies with turnover/gross receipts of INR 50 Million or less and reducing the tax rate to 25% for newly incorporated manufacturing companies. This has been further liberalised by reducing the corporate tax rate to 25% in the fiscal year 2017 for the companies with turnover/gross receipts of INR 500 Million or less. Also, tax incentive is provided to start-ups to promote setting up start-ups in India.

The Government is driving a new mantra 'RAPID- revenue, accountability, probity, information and digitalization' for administrating the tax reforms. With project RAPID, Government is trying to achieve the goal of 'minimum government and maximum governance' and make tax compliances more taxpayer-friendly, transparent and eventually leading to widening of the tax base. There are visible efforts to facilitate, inter alia, online payment of taxes and electronic filing, processing, analyzing and scrutiny of income tax returns.

The Income Tax dept in India has initiated an E-proceeding facility for all taxpayers which is an expanded and extended form of e-assessment (audit) involving direct communication between the taxpayer and the Dept for all Income Tax proceedings including assessment (audit).
It is likely that Goods and Service Tax (GST) would be effective from 1 July 2017. GST will subsume all the indirect taxes and will be a game changer of these times. Under the GST regime, the registration number would be PAN based and the details furnished in the GST return would also be reported to Income Tax department. Also, the Tax Audit report would be furnished before the inspecting GST authority. Such dialogue between these tax departments would lead to reporting of consistent data by the taxpayer and would boost better, harmonized and efficient tax compliances within the Indian economy and widening of the tax base.

Recently, the Provident Fund administrative charges have been reduced from 1.10% to 0.65% (change of .45%). This will reduce the overall tax rate in India.

Payment of Employee State Insurance Corporation and Employee Provident Fund Organization contributions can now be made online through 58 banks, debit cards or credit cards.

Sales tax department of Maharashtra has eliminated physical touch point for filing of tax returns, tax payment and tax compliances by introducing online return filing and online payment through GRAS (Government Receipt Accounting System) for VAT, CST, Profession tax, Luxury Tax and Entry Tax.

In India, the revision of return of income is a completely online process and revision by itself is not a criteria for selection of a case for scrutiny (audit). In India, selection of a case for scrutiny is based on several parameters under the Computer Aided Selection for Scrutiny (CASS) program.
CFA engages in critical analysis, monitoring and critique of the role of financial institutions – national and international, and their impact on development, human rights and the environment, amongst other areas.

CFA partners with civil society groups, social movements and community groups in trying to ensure that financial institutions are transparent and accountable to the people.

We critically examine and monitor National Financial Institutions (both banking and non-banking), multilateral and bilateral institutions, export credit agencies and the new banks - Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDB).

Our work includes both research and programmes. We publish information resources and policy analysis. Our awareness programmes work towards demystifying finance though increasing public awareness and encouraging public debates about issues of financial accountability.