

Transform India through Ease of Doing Business

For taking Asia to prosperity, India must transform itself in the ease of doing business. For this, a series of legal & economic reforms are needed. But the old legacy & mindset are big impediments. To overcome, we need team spirit and economic awareness among all stakeholders. Healthy competition must prevail among states for development as well as raising national income.



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While inaugurating HANNOVER MESSE industrial fair in West Germany in Apr'15, Indo German Chamber of Commerce raised their concern on the issue of 'Ease of doing Business'. India's placement on the list indicates that many reforms are needed for improvement. Our prime minister has expressed a sincere desire to do so and sought their suggestions. He also emphasized on past relations among the two nations.

Sometime back, the government made an announcement of uplifting India to 50th position from the current 142nd, pertaining to the global index of 'Ease of doing Business'. Few initiatives have already been taken those deserve applaud. But, digitization and simplification of application forms are baby steps. At this juncture, India needs radical changes. It is classic irony that India has ample potential but entrepreneurs are in 'pause' or in 'rewind' mode. In absence of domestic investment, global investment will be a mirage. Even faster approvals will not

re-initiate the investment cycle unless, the stress on existing & operating units get some relief and associated risks are abridged.

Most parameters in this global index are dealing with initial approvals required for starting a new business. But in India, it is more important for business operations to remain hassle free. We should have two separate indexes, 'Ease of Operating Business' and 'Ease of Starting Business', as Indian conditions are altogether different. Laws, rules and regulations those governs business activities are too many and often unpredictable, hence, they

do not target for developmental outcome. Full compliance is not possible even for the best corporate including PSUs. What to speak about SMEs and mid corporate? Even government in its economic survey-2012, has admitted these ground realities.

In past few years, a new trend has started. Fine prints of law are examined through a magnifying glass with a sole motto of finding the fault and penalizing. Similarly, in the event of shortfall in achieving revenue target, taxmen become merciless and non-judicious, while raising tax demand. Vast discretionary powers vest with regulators and taxmen have inflated the regulatory and taxation risks, which are indeed deterrent. Even banks are now hesitant to finance productive activities, considering such risks. Activism of labour unions and NGOs is on a rising trend and it is affecting even the PSUs.

Minor faults, ignorance and non-compliances are blown out of size and subjected to huge penalties. The closure of industries and economic activities has become a routine affair. Criminal prosecution is the recent addition and it has indeed killed the entrepreneurial spirit in the nation. More so, burden of proving innocence remains with entrepreneurs, it violates the basic principle of justice even at the higher forum. The question arises, why is it so? What is the reason and what is the remedy? Can we achieve desired targets of national income and development with such mindset?

Recently, the Central government has been rewriting business laws. More than 1,700 central laws have been identified and still counting. The process at state level is yet to start. The first attempt of land bill amendment encountered tough opposition and agitations. Labels such as 'Pro Corporate' & 'Pro Rich' have been attached to the government that may cause a temporary political damage. Probably, team spirit among the public representatives was missing.

The truth remains, India needs several economic reforms for meeting the aspirations of public, young mass in particular. Challenges are many and time is too short, if India wants a lead in Asia's development.

The government must consider election promises and a huge expectation of public. The government must demonstrate political courage and reach to opposition members, involve them in this transformation process and give them due credit. Simultaneously, awareness about economic needs of the country must spread among all the stakeholders that include government officials, regulators, taxmen and public representatives. Every Indian must know that productivity is necessary for the national income and its development needs private participation. Media and political channels should be engaged for this cause. By and large, mindset towards productivity must change. Economic environment must be inspiring for the new entrants and job satisfaction must prevail among existing entrepreneurs.

During interim period, regulations may be eased through executive instructions, wherever feasible. Firm message must travel for a hassle free environment to the economic activities. Activism of taxmen and regulators must end. Practical targets may be fixed for revenue collection. A law must be enacted overriding all existing laws, so that any closure of plant, huge demand of taxes and penalties does not initiate without multi stage approval. Loss of national income and employment must be evaluated before announcing such orders. Criminal prosecutions must not be revoked under ordinary circumstances. All these remedial actions will rebuild a platform and then economic reforms will be easy to enact and implement.

Nation comprises of the states and without their support, India cannot proceed on its 'Vikas Yatra'. Their role

is very vital for easing operation of any business. All the states must be taken on board. In fact, competition must prevail by ranking each state on both the index i.e. 'Ease of Operating Business' and 'Ease of Starting Business'. An independent rating agency may be assigned this job. The parameters and guidelines may be framed by Central government. Such ranking may be periodically reviewed and published. This will bring competitive environment on the investment and development front. At the same time, this will promote entrepreneurship among young masses, as they are now shying away looking into hurdles and risks involved in the business. One must admit that India needs a team of job providers and cannot depend upon handful of big corporate. Doing so will invite monopoly.

In the past decade, rural India hastasted benefits of the modern economy. Young mass from poor and middle class have lot of aspirations. Their need can't be fulfilled with a chunk of small subsidies. They need job & income, an earning opportunity with self-respect. If we fail to provide, it may lead to a mass revolution. India must come out from the syndrome of socialistic economy, which has failed in most countries to bring prosperity. India must focus on increasing national income and purchasing power of the public, young mass in particular. They have the vigour, competence and talent. It depends on the policy makers, in which way they use their energy?

India is passing through a transformation stage. Economic prescriptions will not be enough unless we come out of the old legacy and mindset. It's a barricade on the path of development journey. Political courage, team spirit, economic awareness coupled with dedication for nation, will cross all barricades. Only after then, we can transform India to a prosperous country that every Indian desires. ■