

Ease of doing business 2.0

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Key takeaways:

- *The key impediments to growth include unpredictable policies and unclear compliance requirements in India. Government of India along with private sector are pushing the peddle towards reducing the compliance burden on businesses and citizens by making the government interface simpler and easier to access*

The world is watching India on its progressive journey towards becoming Atmanirbhar Bharat, as it pushes towards self-reliance as a manufacturing and export hub. With an aim to attract incremental investments and improve India's positioning in the global value chain, there has been a sharpened focus on the sectors outlined in the 'Champion Sector Framework' and enablers like 'Production-Linked Incentive (PLIs)' in multiple sectors.

To translate the vision of Atmanirbhar Bharat into reality, it is critical to create the right base and restructure the regulatory environment for businesses and citizens alike. Introducing the next generation of reforms relating to reduction in compliance burden in the country is a step in this direction. In the past, uncertainty and lack of clarity in regulations have been highlighted as the key impediments for growth in India and the central ministries with the support of states/union territories (UTs) are working on reforming regulatory regime with a great sense of urgency.

At the heart of the transformation is 'Ease of Living':

- **A four-pronged strategy to have a transformative and multiplier effect**

To leapfrog to the next level of governance excellence along with improved Ease of Living (EoL) and Ease of Doing Business (EoDB), initiatives must be structured and implemented sooner, rather than later. A customer-centric Government-to-Citizen (G2C) interface must be at the helm of the efforts made by the government. Industry must also partner with the government to tackle the most important issues impacting the industry's performance including time and cost spent to remain compliant with laws/regulations.

The government has undertaken a four-pronged strategy, including simplification of compliances through self-certification and deemed approvals; elimination of compliance burden, wherever possible; transparency through digitisation i.e., creation of online interfaces and decriminalisation of laws with minor offenses.

- **'Purpose' at the forefront**

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The next generation of reforms are expected to focus on reconsidering the 'purpose of compliances' and providing seamless end-to-end service delivery to citizens. In the last seven years, several such measures have been undertaken due to which there is an improvement in competitiveness, cost of doing business, innovation, and EoDB in India.

- **Regulatory Compliance Portal:** To eliminate/reduce compliances that have an adverse impact on time and cost of businesses, the Central government launched the portal, which acts as a bridge between industry and government agencies.
- **Cost of doing business:** There have been increased efforts towards identifying reform areas that reduce the overall cost of doing business. Sector-wise consultations are underway to measure the pain points regarding compliance cost, especially time and cost required for preparation and fees paid to intermediaries to remain compliant with the current rules.
- **PM GatiShakti:** This initiative is expected to enable better communication between the public and the business community regarding upcoming connectivity projects, business hubs, industrial areas and surrounding environment.
- **One Nation One Ration Card (ONORC):** Department of Food and Public Distribution has launched 'Mera Ration' App to facilitate One Nation One Ration Card (ONORC) scheme. The initiative enables 69 crore National Food Security Act (NFSA) beneficiaries¹, covered under the scheme, to locate the nearest fair price shop, verify details about their food grain entitlement and manage transactions across the nation.

- **Citizen-centric approach for key inclusion in the transformation plan**

The agenda for the next phase of reforms for reducing the compliance burden has EoL at its core. During the National Workshop on Reducing Compliance Burden in December 2021, the Central government envisioned a holistic approach to:

- Consolidate and revamp the existing digital infrastructure by building a National Single Sign-On (SSO) for Citizens (a one stop for all government services)
- Build an effective grievance redressal mechanism with increased accountability
- Break the silos between its departments which will help in reducing the duplicate compliance requirements as well as overall cost to business.

The above initiatives were discussed by senior officials of Government of India for developing frameworks for the future.

Various government agencies at both the central and state levels have built multiple interfaces for providing citizen services. These interfaces currently have different levels of usability, comprehensiveness, security, and privacy. The multiple applications led to several pain points for citizens, including the requirement of multiple login credentials, the need to prove identity for every new application and the lack of a mechanism for identifying entitlements for citizens. Thus, to enhance easy and quick access to citizen services, the government is planning to converge most of these services into India's first citizen-centric portal with 'National Single Sign-On' and welfare benefits delivery for all citizens.

The public grievance redressal mechanism of India operates somewhat on a decentralised basis. Despite having multiple mechanisms for citizens, the quality and effectiveness of grievance redressal as well as the timeliness remain the major challenges. With the advent of new-generation technologies such as bots and Artificial Intelligence (AI), it is the right time to make the grievance redressal mechanism more robust and

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effective. It is recommended that a dedicated accountability-based mechanism shall be established for percolation of the impact at grass root level i.e., local bodies, Gram Panchayats, etc.

In conclusion, recent efforts have brought dividends already towards EoDB as the country ascended 17 notches, ranked at 63rd position in the Ease of Doing Business report 2020 published by The World Bank. The mood in the industry and businesses is buoyant noticing the willingness displayed by the government to take all stakeholders on-board. The mindset is evolving from 'not able to understand complexities' to 'it is so simple to start a business.'

However, on a cautious note, now is the right time to focus on backing up this sentiment by instilling maturity in policy making and predictability in the government's decisions.

¹ Simplifying Business Ecosystem in India, DPIIT, June 2021