

Ease of Business Norms Revised for States

The Centre has firmed up a 295-point reform agenda for states to boost their ranking in the ease of doing business this year, listing dramatic improvement in parameters including starting a business, electricity connections and granting clearances across various sectors as key targets.

States have been given the target to facilitate the starting of a company in just six days, compared with an average of 26 days now. Digitization of various processes and faster clearances will be key in achieving this objective. All the targets are set after extensive consultations with states.

The World Bank, however, surveys just two destinations (Delhi and Mumbai, and not all states) for ranking India among other nations in ease of doing business. Nevertheless, the target of six days to start a business has been given to all, including Maharashtra and Delhi. To further improve the performance on the electricity parameter, states have been asked to provide electricity connections within just seven days under normal circumstances (against around 15 days now) and in 15 days in right-of-way cases.

Also, the processes for providing such a connection be restricted to just 3 from roughly 5 now. "Getting electricity" was the star performer for a second straight year for India, as its position in this segment in the World Bank's index improved 25 places to 26th in the latest report, saving the country from a slump in the overall ranking.

According to the latest agenda, states have to expedite various licensing and compliance procedures relating to transportation, state excise, health, fertilizer and agriculture sectors to improve their ranking. The DIPP initiative got huge response from states last year. Hon'ble Commerce and industry minister Smt. Nirmala Sitharaman earlier said while only seven states had implemented over 50% of the total reform points in 2015 and no state had crossed 75%, as many as 17 states exceeded the 50% mark, with 16 implementing over 75% of reforms in 2016.

Last year, Andhra Pradesh and Telangana jointly topped the list of states in implementing reforms under the Centre's ease of doing business initiative. Interestingly, four of the seven states with the lowest income levels grabbed a place in the top ten last year, while all seven of them Chhattisgarh, Madhya Pradesh, Jharkhand, Rajasthan, Odisha, Uttar Pradesh and Bihar showed an reform implementation rate of over 75%.

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Warm regards,

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