



Growth and Job Creation Minimizing Compliances

Rationalization of Compliances

Regulatory Impact Assessment

2nd NATIONAL CONFERENCE OF CHIEF SECRETARIES

5-7 January 2023



“ It has been 75 years since independence, why are you keeping citizens trapped in compliances? A person is jailed for minor issues...We need to get rid of all these things...The more we free the citizen from this burden, the more he will bloom...”

Hon'ble Prime Minister (Civil Services Day 2022)

Sessions Plan

#	Topic	Speaker	Time
1	Context Setting	Sh. Anurag Jain, Secretary, DPIIT	15 Minutes
2	Short Film: Rationalization of Compliances		5 Minutes
3	Presentation: Rationalization of Compliances	Smt. Usha Sharma, Chief Secretary, Rajasthan	15 Minutes
4	Short Film: Regulatory Impact Assessment		5 Minutes
5	Presentation: Regulatory Impact Assessment	Sh. S Krishnan, ACS-Industries, Tamil Nadu	15 Minutes
6	Open house discussion		10 Minutes
7	Summing Up	Sh. Anurag Jain, Secretary, DPIIT	5 Minutes

Preparations so far

Preparations	Track 1 (Lead State Punjab)	Track 2 (Lead State Tamil Nadu)
Stakeholder Consultation (Industry associations, academia and others)	✓	✓
Discussions with States in Working Group		
- Preliminary discussion	✓	✓
- Virtual workshop	✓	✓
In-person Workshop (States, industry and academia)	✓	✓
Telephonic interviews with industry	✓	✓

Agenda

1. Rationalization of Compliances

- Challenges
- Best Practices
- Way Forward

2. Regulatory Impact Assessment

- International Best Practices
- Development of 'Cost of Regulation' Framework
- Way Forward

Growth and Job Creation

- **Minimizing compliances – leads to efficient policy options**
 - Builds an overall ecosystem conducive for economic growth
 - Encourages MSMEs in generating rural jobs
 - Supports start-up ecosystem
 - Boosts investor confidence through transparency

Journey so far...

1

Doing Business Report

Reforms to simplify regulatory ecosystem, processes, reduce physical interface
Movement towards **trust-based governance**
Meteoric rise in ranking from **142 (DBR2015) to 63 (DBR2020)**

2

Business Reform Action
Plan (BRAP)

Sub-national ranking since 2014 – competitive & collaborative federalism
Process Re-engineering and adoption of technology
Ease of Living included in 2022; Public Service Delivery Guarantee Act

3

Reducing Compliance
Burden

Systematic reduction in compliance burden
More than **39,000 compliances** reduced
More than **3,500 provisions** decriminalized; **Jan Vishwas Bill** introduced

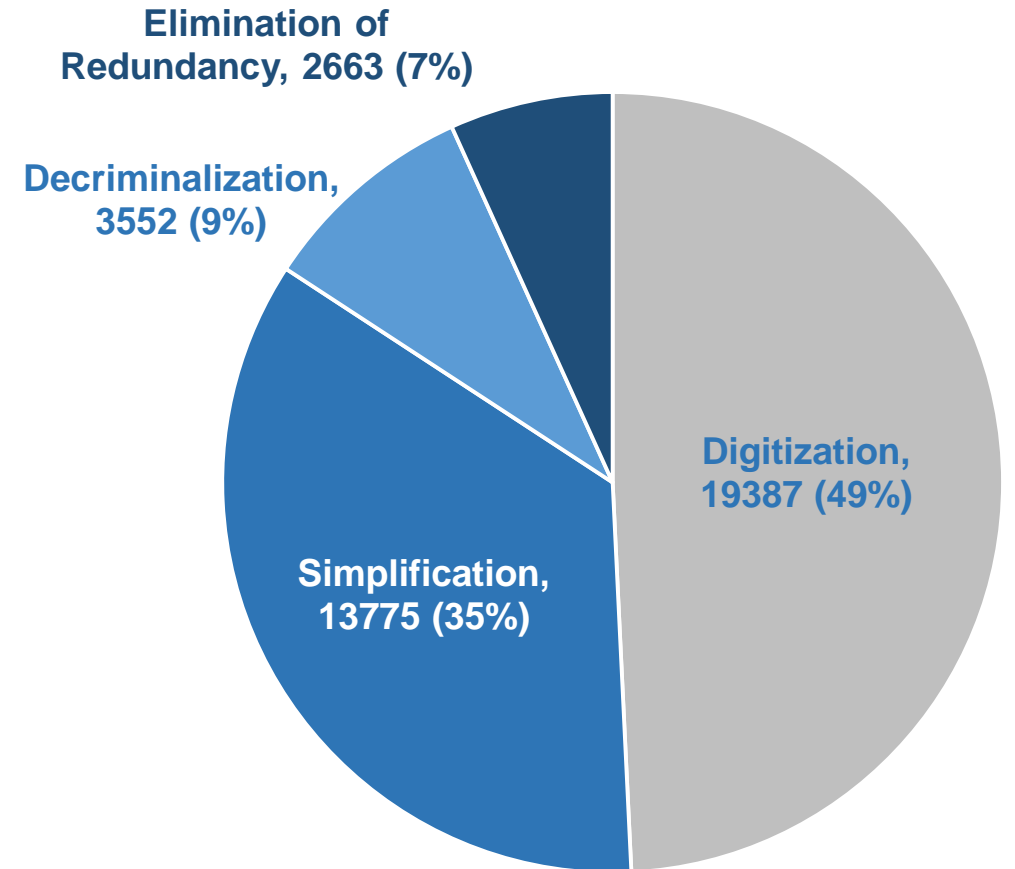
Current Scenario – Reducing Compliance Burden (RCB)

	Number of Compliances*			
	Identified	Reduced	Under Review	Need to be retained
Central	4,685	2,765	638	1,282
States/ UTs	45,287	36,612	3,104	5,571
Total	49,972	39,377	3,742	6,853

*Based on data on Regulatory Compliance Portal as on 01.01.2023

RCB – a continuous process of identification and reduction

Compliances Reduced



Progressive reforms underpinning growth & job creation (2014-2022)

Unshakable trust of investors



FDI record every year

(US\$ 45bn to 84 bn)

Equity market

9th to 5th biggest
(US\$1.5T to 3.4T)

Paradigm shift in India's innovation



Global Innovation Index

(rank 76 to 40)

5x rise in patents granted

(~6,000 to ~28,000)

Inclusive growth



3rd Largest start-up Ecosystem

~50% from tier 2/3 cities

Comprehensive measures for **MSME development**

Ease of Living

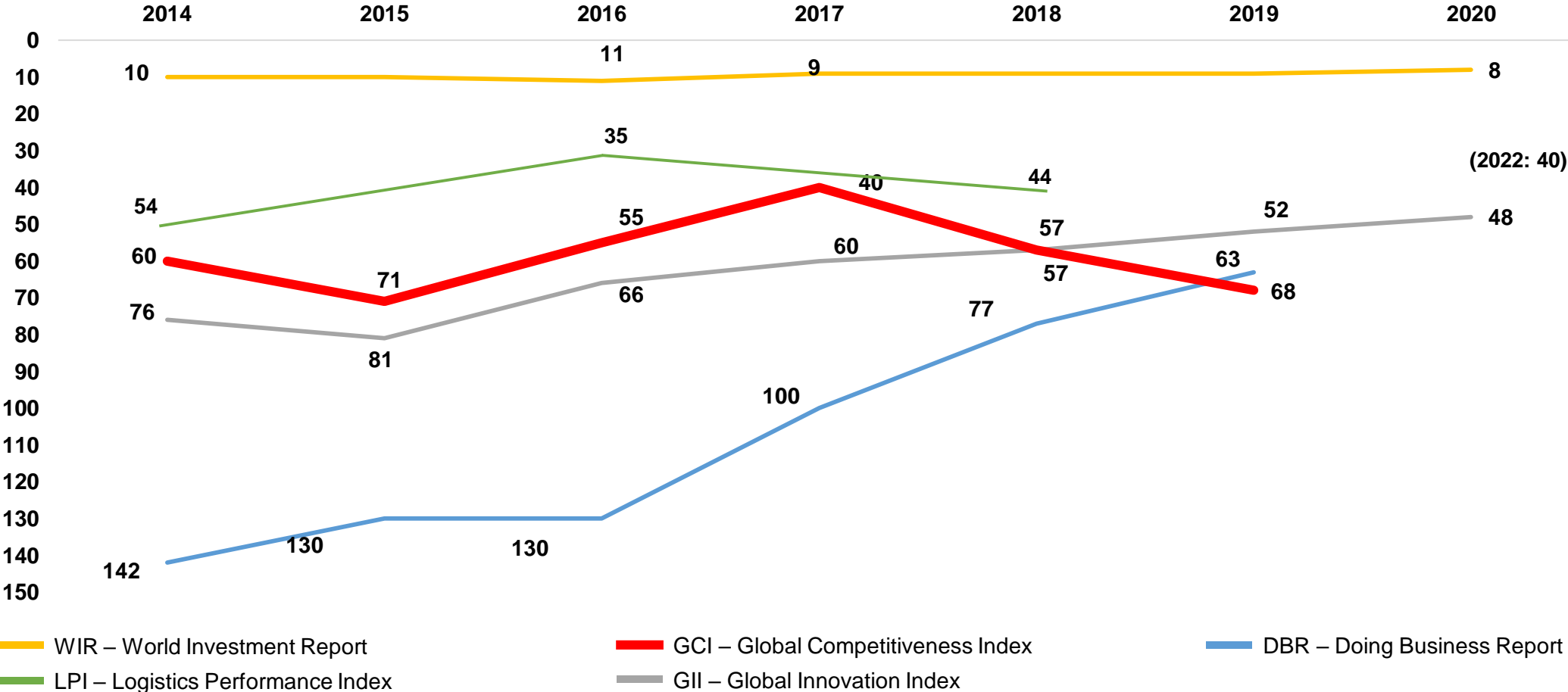


Public Digital infrastructure

India Stack - Aadhar, UPI
COWIN
ONDC

UMANG: Aggregator Platform
2,100 e-Governance Services

Performance in Global Indicators



Need for Minimizing Compliances

Under-regulation

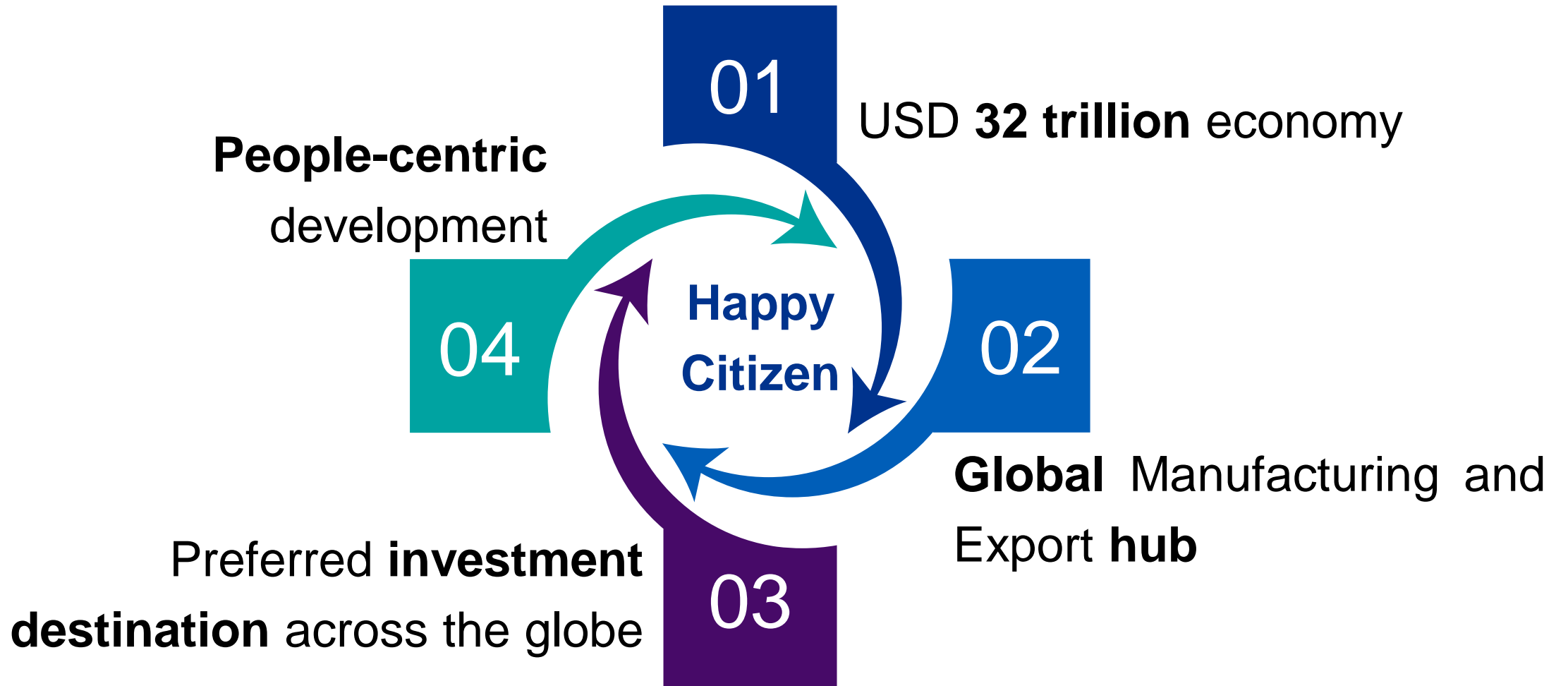
- Market failure
- Negative externality
 - Environment, public welfare, safety
- Asymmetry
 - Information access, service standards

Over-regulation

- Impact on growth and job creation
- Burden on citizens and businesses
- Adds Time and Cost

Rationalized Regulations – enhancing Ease of Doing Business and Ease of Living

Viksit Bharat – 2047



Next generation reform agenda

1. Optimal Regulations

Align State laws with national priorities

2. Technology Usage

3. Data-based decision making

4. Impact assessment of new / existing laws

5. Policy predictability



**‘Whole of Nation’
Approach**

Moving ahead..

Deliberations on

Track 1: Rationalization of Compliances

Focus includes 5 Manufacturing Sectors, 4 Service Sectors

Track 2: Regulatory Impact Assessment

Proposed framework for measuring Cost of Regulation



Growth and Job Creation
Minimizing Compliances

RATIONALIZATION OF COMPLIANCES

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Agenda

- 1. Key Challenges**
- 2. Best Practices**
- 3. Priority Sectors**
- 4. Way Forward**

Key Challenges

1

**Limited
Access to
Precise and
Updated
Information**

2

**Lack of
Integration –
Inter/Intra
Central and
States
Systems**

3

**Persisting
Offline
Requirements
Despite
Digitization**

4

**Delay in
Approvals**

5

**Lack of
Accountability**

6

**Capacity
Constraints**

D/o Science and Technology

Geospatial Data and Services

- Liberalized access for private entities – reduced reliance on foreign resources
- Agriculture, healthcare, logistics, commerce to be positively impacted

D/o Telecommunications

- ‘**Work From Home**’ norms relaxed for Other Service Providers (such as BPOs)
- Requirement of INR1 Cr bank guarantee eliminated

BPO: Business Process Outsourcing

Best Practices – States/UTs

(2/4)

Gujarat – Digitization of Land Records and Revenue Services through **iORA***

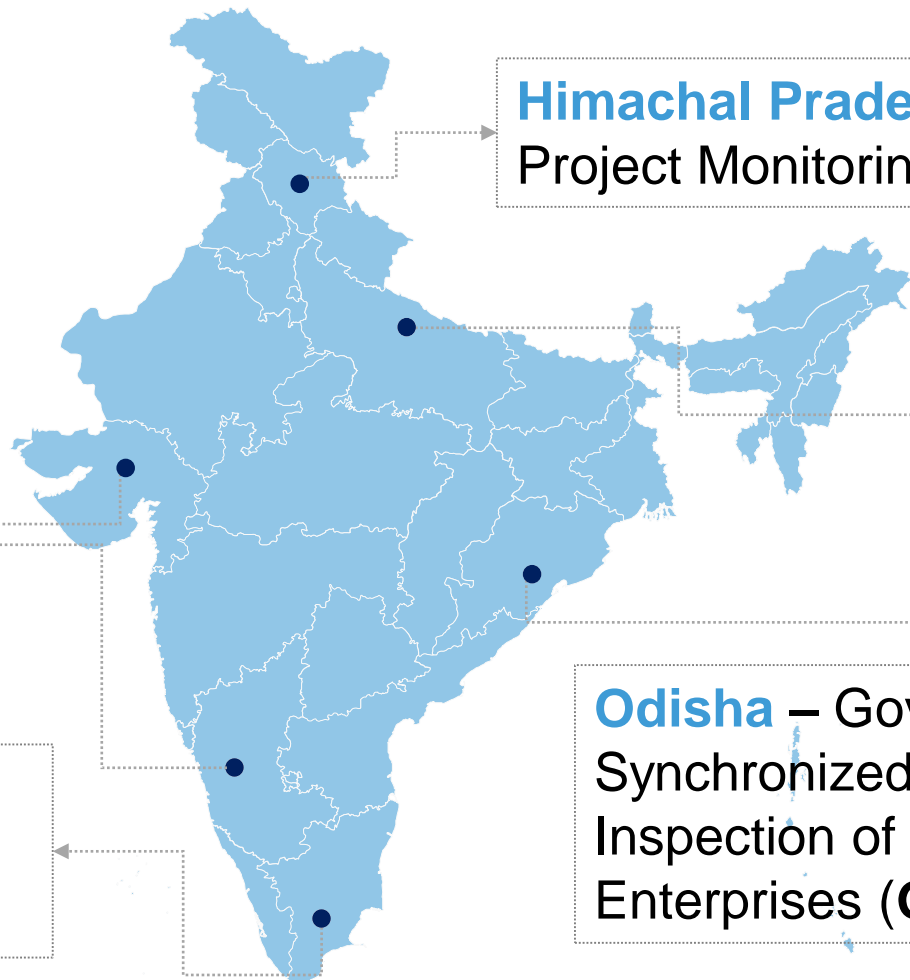
Karnataka – GIS enabled **Industrial Information System**

Tamil Nadu – Municipal Laws **Decriminalized (1300+ provisions)**

Himachal Pradesh – **Him Pragti** Project Monitoring Platform

Uttar Pradesh – ‘**Nivesh Mitra**’ – time-bound, transparent, hassle-free online licensing system

Odisha – Govt. of Odisha Synchronized Mechanism for Inspection of Licensed Enterprises (**GO-SMILE**)



*iORA: integrated Online Revenue Application

International Best Practices

(3/4)

Red Tape Challenge (United Kingdom)

- **Public opinion** sought – regulations to be improved, kept or scrapped
- Over 30,000 comments received
- Analysis by respective Departments, proposal submission in 5-6 weeks
- Proposal review by Cabinet Office
- Identified **3,000 regulations to be scrapped or amended**

Press Release, Red Tape Challenge, www.gov.uk

International Best Practices

(4/4)

Deregulation Agenda (Australia)

- Focus on decreasing regulatory compliance burden
- Moving towards **Trust-based** governance
- Workplan to **eliminate overlapping regulations in 10 areas**
 - Streamlining business registration, reporting
 - Simplifying Design Rules
 - Improving authorization of clinical trials and other health research
 - Modernizing pesticides and veterinary medicines regulation

Australian National Audit Office, Productivity Commission, Australia

Priority Sectors

Manufacturing

1. Medical Devices
2. Drugs & Pharmaceuticals
3. Electronic/Technology Products
4. Textiles
5. Auto components

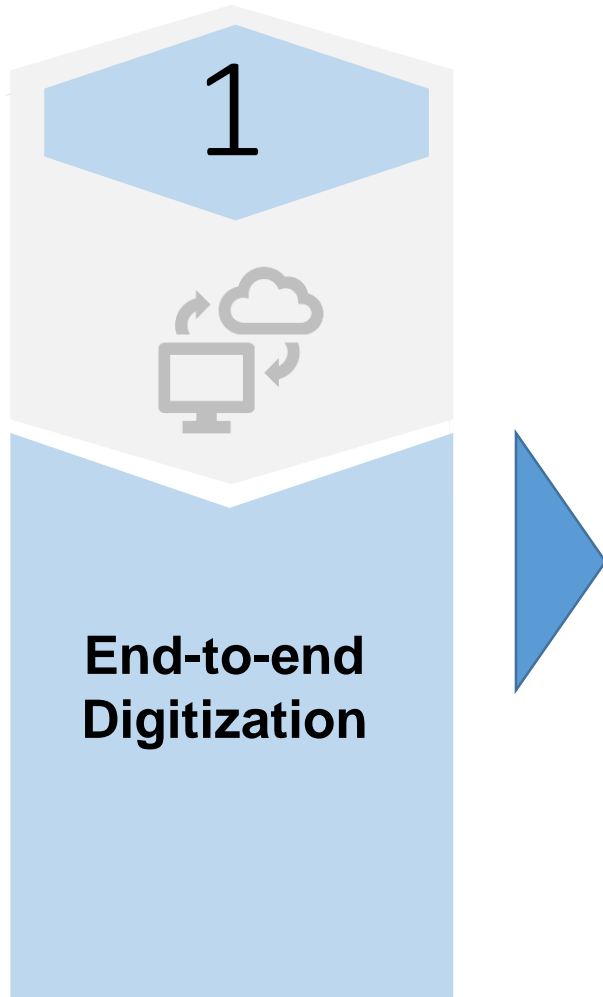
Services

1. IT & ITeS
2. Retail and e-Commerce
3. Tourism and Hospitality
4. FinTech

-
- Sectoral deep-dive – revealed specific challenges
 - Possible solutions deliberated
 - Nodal authority for Tourism and Hospitality
 - States to identify priority Sectors – basis specific challenges and opportunities

Way Forward

(1/3)



National Single Window System (NSWS)

- 27 Central Ministries and 19 States/UTs already integrated
 - Focus on **onboarding all** Central and State Departments
- **Sector-specific** compliance **modules** to be expanded
 - Vehicle Scrapping Policy integrated
- Facilitate **renewals** and **returns**
- Reverse **integration with State Single Window Systems**

Way Forward

(2/3)




- Long pending demand of industry
- Consensus built
 - PAN as single business identifier
 - Taken up with D/o Revenue
- Self-certification (Acknowledgement-based system)
 - Deemed Approvals



*PAN – Permanent Account Number

Way Forward

(3/3)




4

Digilocker for Businesses



- Emulate convenience of DigiLocker (citizens) for businesses
- Enable operational efficiency
- Authentication and Validation ensured
- Repository of Best Practices on NSWS
- Capacity building of officers through inter-State knowledge exchange programs



5

Central Platform for Sharing Best Practices





Thank you



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Agenda

1. Challenges
2. Regulatory Impact Assessment (RIA)
3. RIA - Global Best Practices
4. Benefits of RIA
5. Cost of Regulation
6. Focus Areas
7. Way Forward

Challenges

- Disproportionate / over regulation
- Limited clarity of requirements / regulations
- Capacity constraints in the system
- Frequent uncoordinated changes
- State-wise variations in compliance requirements

Next stage of EoDB Evolution – Regulatory Impact Assessment

Cost of Doing Business – new focus

World Bank's 'Doing Business Report 2020' (DBR20)

Dealing with **Construction Permits** (as % of warehouse value)



- **India - 4%** (China - 2.8%, Vietnam - 0.5%, Malaysia - 1.3%)

Registering Property (as % of property value)



- Highest cost among the South Asian and BRICS nations @7.8%
- Cost remained constant between DBR17 and DBR20

Impact assessment by CUTS International in 2015*



Case 1: Delay Cost Burden

EIA Notification coal-fired power plants

- **70% environmental clearances delayed**
- Estimated notional revenue loss up to INR 186.73 crore

Case 2: Delay Cost Burden

Forest (Conservation) Act, 1980;
Forest (Conservation) Rules, 2003

Delayed acquisition of forest land for hydro projects:

- Estimated notional loss of up to INR 182 crore / year

Case 3: Administrative Burden

National Solar Mission (NSM)
State Solar Policy

- **Delayed payments under NSM** – 5% higher solar power price
- **6-month delay to obtain grid connectivity** - revenue loss of up to INR 42 lakh per 1 MW capacity

*Source: 2015 report on Regulatory Impact Assessment in Indian Electricity Generation Sector by CUTS International (Consumer Unity and Trust Society) with support of ADB

Regulatory Impact Assessment (RIA)

- Framework for objective **assessment of costs and benefits of regulations** to society
 - ❖ Impact of existing regulations
 - ❖ Potential impact of new regulations
- No standard model for RIA
- Developed countries follow RIA guidelines of OECD
- **Most countries performing well on global indices have adopted RIA**

RIA – Global Best Practices (1/2)

One-in, Two-out Policy – *Regulatory cost savings of £836mn between 2010-14*

Initiated Compliance Cost Assessment (CCA) in 1980s; strengthened the process in 1992

- Adoption of alternative regulatory solutions
- Lower costs without undermining the policy objective

Successful examples of CCA

- **Increasing the maximum temperature of certain foods from 5°C to 8°C** would reduce business costs by £41m without diminishing food safety

RIA – Global Best Practices (2/2)

2012 - A baseline cost benefit study related to Construction Permits to set up a petrol station in 16 cities

City	No. of Procedures	Time (Days)	Cost (RM)
Kangar	20	80	6,691
Kuala Lumpur	37	140	30,676
Kota kinabalu	40	278	46,241
Gerogetown	41	196	407,814

Malaysia

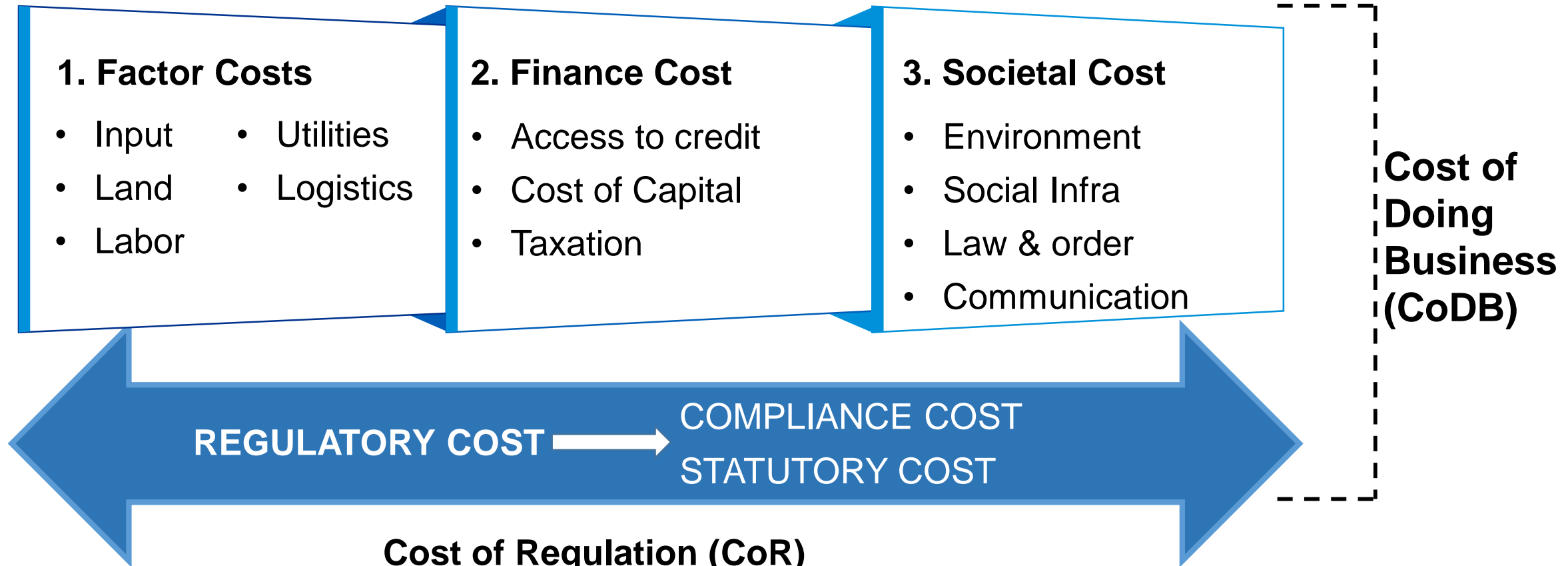
**Better Regulation
Practices**

*Higher Procedures;
Higher Costs*

RIA benefits to India

- Avoiding retrospective action/ dialogue on regulations
- Policy based on data and assessed impact of regulations
- Achieve desired benefits without placing undue burden on business
- Deterrent for additional administrative burden
- **Imperative for achieving Viksit Bharat**

Cost of Regulation (CoR)



Cost of Regulation (CoR)

- Measures only the direct cost burden
- A precursor to Regulatory Impact Assessment (RIA)

CoR - Proposed framework – List of Services for assessment in Year 1

1 Land Registration 	6 Consent to Establish 
2 Land Conversion 	7 Consent to Operate 
3 Building Plan Approval 	8 Environment Clearance 
4 Factory Building Plan Approval 	9 Electrical Drawing Approval 
5 Factory License 	10 Electricity Connection 

- 1. Synchronized working among Centre and States
- 2. Framework assessment: Perception survey and State provided data

Focus areas

- Exercise to measure and reduce cost of existing regulations
- Mechanism for assessing impact of proposed regulation (costs and benefits)
- Move towards flexible “outcome-oriented” regulation based on principles and purpose
- Capacity augmentation
- Improve clarity of regulations with the help of technology

Way Forward

Short term (2023-24)

- Implementation Guidance on CoR by March 2023
- CoR Framework – baseline by June 2023
- Exercise to reduce costs by States by December 2023
- **Assessment of CoR exercise by March 2024**

Medium term (March 2025)

- **Development of framework for RIA**
- Central and State units *to enhance capacity and assess impact of respective regulations*
- Technology (AIML) enabled **clarity on compliances**
- **Interoperability** among platforms of state and central departments

Long term (March 2027)

- Justifiable implementation of regulations (cost benefit analysis) after considering measurable impact



Thank you



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Solutions & Timelines

1. Knowledge exchange Platform

2. Reduction of Compliances

Under Review

De-novo Analysis

3. Sharing of Best Practices on Platform

4. Self Certification

5. Deemed Approvals & Accountability



March 2023

June 2023

December 2023



End to end Digitization – National Single Window

- | | |
|--|------------------|
| 1. Integration of all Central Departments | March 2023 |
| 2. Integration of all States / UTs | June 2023 |
| 3. Enabling systems – Single Business Identifier (PAN) | December
2023 |
| 4. Reverse integration with State portals | |
| 5. Facilitate renewals and returns (up to State level) | |
| 6. Sector- specific approval modules | March
2024* |
| 7. Technology enabled clarity of compliances | |

* Next stage of development

Regulatory Impact Assessment

- | | |
|--|---------------|
| 1. Cost of Regulations Framework | March 2023 |
| 2. Baseline – cost of select 10 services | June 2023 |
| 3. Reform Implementation period | December 2023 |
| 4. First Cost of Regulations Report | March 2024 |
| 5. Maturity of Framework | March 2026* |
| 6. RIA Roll-out | March 2027* |

* Based on the learnings



Thank you