



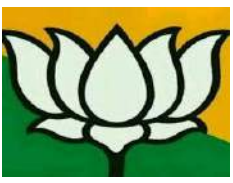
***“Transform India  
With  
Narendra Modi”***

**Collective inputs from over 50,000 Indian Citizens on**

**“Making Doing Business in India Easy”**

***(Issues, Root Causes and Proposed Solutions)***

***June 10, 2014***



## Background

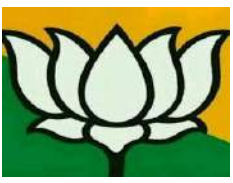
The 50,000+ strong online citizen community - “Transform India with Narendra Modi” has collectively discussed and debated the subject of “Doing Business in India”. The community has reviewed the Current Issues, Root Causes and on the basis of it, proposed some needed Solutions. Here are the details:

## Key Issues Identified

1. The interaction with bureaucracy when it comes to starting/running a business is too much
2. A large amount of paperwork leads to a lot of delays and increases chances of corruption
3. Access to credit for SMEs to facilitate their expansion is very tough
4. Labour laws are rigid
5. The company registration is a tedious and a time consuming process as one has to run behind different departments to get different licenses/clearances
6. The rate of interest on bank loans for business in India is very high
7. A number of taxes like Sales tax, Central sales tax, vat, interstate sale obstacles like road permit, etc. are imposed which increases the cost of the final product, time spent on non-productive tasks and corruption
8. To set up and operate a business, even when doing everything by the book, one has to bribe various agencies to ensure things are not stalled
9. Service tax system is extremely complex with many unknowns making compliance very hard and affects a large number of people

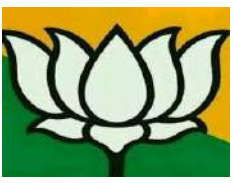
## Root Causes Identified

1. No time bound decision making or clearances
2. Requirements of EPF, ESI and Payment of Bonus Act are too stringent for MSMEs
3. Rate of interest on loans is too high. Collaterals required. This makes it tough for the budding entrepreneur to get a loan and he enters the vicious circle of the black money mongers
4. Lack of transparency and the amount of discretion the govt. employees have while granting loans, licenses, etc.
5. No Customer Service/ centricity training
6. Ambiguous laws with interpretation left to the individual in office
7. Processes are not technology driven
8. Lenient reviews and no feedback mechanism to Government



## Solutions Identified

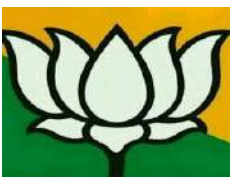
1. Greater freedom from government control on industry. The interaction with bureaucracy needs to be minimised when it comes to starting/running a business.
2. The paperwork should be done away with and the entire system should be computerised. Lesser the paper work/human interaction, lesser are the chances of corruption.
3. Easier access to credit for SMEs and labour law flexibility required in states to facilitate the expansion of small scale industries to larger ones. It will also be critical to boost employment of low skilled labour.
4. There should be a single window movement of applications for the entire gamut of registrations.
5. The rate of interest on bank loans for business in India needs to be brought down.
6. The business tax structure must be simplified - Implement GST so that the goods/services are taxed just once. No need to impose Sales tax, Central sales tax, vat, interstate sales obstacles like road permit, etc.
7. There should be a law/guideline that protects receivables of SME businesses in case of default by large companies and enables fast track recovery of outstanding payments.
8. The present labour law needs to be amended to make it more transparent for both employees and employers.
9. Uninterrupted power and an accessible police and legal support system is needed.
10. A dedicated helpline number or an electronic community for the business owners to get accurate facts and answers to general questions.



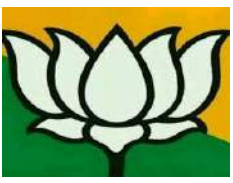
## Appendix

### Make doing business easy – Select Citizen Inputs

- Greater freedom from government control on industry - allowing ease of doing business and encouragement to entrepreneurship – **Ashish Rastogi**
- We must promote innovation in industry. At present we are importing even smallest of items for our use from China and other countries. We must promote our industry to produce the same in our country. Attention must be directed for development of SME. There must be efforts to make our country an exporting country within next 10 to 15 years – **Dinesh Nagpal**
- To form an organisation in India on lines similar to SBA {Small Business Administration} of USA and do all the things that they do. I have been talking in futile to the previous govt on this. This will give a boost to MSMEs in India - **Ramamurthy Rajagopalan**
- single tax collection mechanism for movement of goods across states. All tax collection should be online and/or at central locations with an aim of zero paper work. Doing away with border check posts for collection and replaced with random checks – **Harjeet Singh Saini**
- Easier access to credit for SMEs and labor law flexibility in states to show for expansion of small scale industries to larger ones are critical to boost employment of low skilled labor. Easier access to capital would of course have to be tempered with concerns for inflation, but as rightly pointed out, red tape needs to be cut back. It is heartening to see people responding in the same sentiment to the wisdom raised in this discussion forum – **Rohit Pathania**
- Development quality infra for better connectivity of rural with nearest urban area, further strengthen road, rail to large cities should be priority – **Ram Prasad Meena**
- Pl introduce GST instead of the myriad of taxes at the moment – **Debi Sen Gupta**
- India has one of the most cumbersome rules to start. It takes mere 24 hours to register a Company and start business in Singapore, one week in Malaysia and Thailand is little like India but helpful bureaucracy. We need everything on net and all processes should be completed without visiting offices of the respective departments. Minimum interaction with bureaucracy – **Yogeshwar Pushkarna**
- More accountability for every govt. employee – **Ashutosh Devbrat**
- Have a transparent single window permit structure – **Mahendra Damani**
- There should be a single window movement of applications for the entire gamut of registrations. You apply for company registration. Once you get registered, apply separately for PAN. Once you get PAN, apply for service tax with one department, VAT with a state department. Then to get a PF registration is you run behind a different department. Then ESI registration with a new department. Then professional tax, then shops and establishment....Its endless – **Shaju Nair**



- We request the authorities to stop importing items from China. Instead they should allowed to enter into partnership with Indian entrepreneurs so that we can increase our manufacturing sectors and improve our quality of the products – **Bala Chandran**
- The rate of Interest of loan for business in India is very high 11%-12.5% to 13%. This should be brought down to 8% and as required the rate of fixed and term deposits and savings bank be lowered – **Anant Talpallikar**
- Automate processes, clearance system and have automatic escalation process if file not created within time – **Ajeesh Damodaran**
- So much paper work, licenses, permits, and taxes - not to mention visits by municipal, tax people, even goons to claim their hafta [bribe] - even in case of legitimate business where clean records are maintained - these idiots continue to fork out bribes! - Remedy - please do away with innumerable paperwork involved with business – **Virendra Battu**
- Make it possible for a business manager to carry out all regulatory aspects online - right from applying to open a new business, to filing taxes, to closing down business. Use cutting-edge authentication technology to enable this, to prevent fraud – **Rahul Agarwal**
- Second step should be a structural reforms in the Income tax , At present it is a complex form based system to be converted into Dynamic, Simple & fully electronic. The different users fills different forms for the same purpose. For Example: TDS Deposition, TDS Return & Income Tax Return, AIR Information etc . it is to be simplified – **Sanjeev Kumar**
- One tax regime. Just take one tax, how its distribution is done can be decided by the govt – **Ashutosh Devbrat**
- It is most important that the process of registration and other procedures should be universal to all states. The Taxation and other levies should also be uniform. Every process should be made online, subject to conditions set by the government. Total Transparency and good governance will eradicate the disease of Bribe- **Joseph Alex**
- Simplify the tax structure - Implement GST immediately. We can allocate half of the VAT from the originating state to the concerned state govt, 25% to the govt of the recipient state and 25 to the centre. No need to have State GST and Centre GST separately – **Mahendra Damani**
- 20 yrs ago when VAT became applicable, it was said that the govt wanted only tax on the final sale value and all the intermediary taxes, cst, sales tax on dealers, wholesalers already levied will be refunded. further cst would be abolished once vat was fully operational.  
Sorry to say that not only that CST has not been abolished but vat rates have been increased manifolds, intermediary tax charged upon dealers, wholesalers is never refunded.  
So abolish interstate tax, reduce vat rates, abolish intermediary taxation within state – **Chakresh Jain**
- One Time Tax collection at the time of manufacturing like excise duty. Increase the rate of excise duty and impose the excise duty on all items manufactured. Rate can be fixed according to products manufactured. No need to impose Sales tax, Central sales tax, vat, interstate sale obstacles like road permit, etc – **Kishore Nagpal**
- Being a distributor for a product manufactured in New Delhi and sold in Karnataka, I end up paying VAT twice. Can we not have a single VAT % across all states? – **Meera Tiwari**



- Restrict the number of Taxes to two i.e One Indirect Tax and One Direct Tax, no more local and other taxes –**Raghnand Dutt**
- Fiscal deficit below 1%, economic and fiscal reforms like DTC, GST , labour and land reform , subsidy and reservation only for economically backwards – **Sudiptamoy Mallick**
- The new govt must overhaul the taxation system. Introduce GST and VAT and rationalize GST in line with ASEAN nations (8%). Revisit oil and gas taxation and subsidy regime – **Sanjeev Verma**
- There should be only one kind of TAX added in the production cost before deciding MRP cost of any product in the market. It will be very helpful for the auditor to make an audit of production companies only. There is no need to audit every retailer/distributor/Stockiest for different TAX practices like LBT, Sell TAX etc. which leads to corruption/unprofessional practices in the country – **Kapil Dhakad**