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India’s Ease of Doing Business reforms are shifting from procedural simplification towards predictable, digital and enterprise-friendly governance

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Recent Developments:

- India has continued to shift from a **compliance-heavy regulatory framework** towards a **facilitation-driven, transparent and trust-based business environment**, with reforms aimed at reducing delays, compliance costs and regulatory friction.
- The **Doing Business Report** of the World Bank is no longer published; its final edition, **Doing Business 2020**, placed India at **63rd position**, compared with **142nd position in 2014**, representing a 79-position improvement.
- The World Bank has replaced the discontinued Doing Business framework with **Business Ready**, which evaluates the business and investment climate through **Regulatory Framework, Public Services and Operational Efficiency** across the firm life cycle.
- India was placed in **Group A** in the **GovTech Maturity Index 2025**, reflecting advanced performance in core government systems, digital public services, citizen engagement and GovTech enablers.
- India ranked **41st in the IMD World Competitiveness Ranking 2025**, although it declined from 39th in 2024, indicating that competitiveness depends not only on regulatory reform but also on economic performance, government efficiency, business efficiency and infrastructure.
- India ranked **38th among 139 economies in the World Bank Logistics Performance Index 2023**, improving by six positions from 2018; stronger logistics is important for reducing transaction costs and integrating Indian firms with global value chains.
- As of **27 March 2026**, the **Pradhan Mantri MUDRA Yojana** had sanctioned more than **57 crore loan accounts worth ?40.07 lakh crore**, strengthening access to formal credit for micro-enterprises.

Ease of Doing Business: Concept and Significance:

Meaning:

- **Ease of Doing Business (EoDB)** refers to the extent to which the regulatory, institutional and administrative environment enables enterprises to **start, operate, expand and exit** efficiently.
- It depends on factors such as **business registration, taxation, access to finance, land and property systems, contract enforcement, insolvency resolution, logistics, infrastructure, regulatory compliance and government services**.
- A business-friendly environment does not mean absence of regulation; it means **predictable, proportionate, transparent and efficiently administered regulation**.

Evolution of the Approach:

- India’s reform approach has increasingly moved from merely reducing the number of procedures towards improving the **quality, predictability and delivery of regulation**.

- The objective is therefore shifting from obtaining a better ranking to creating an ecosystem in which firms can **invest, innovate, formalise, scale and compete globally**.
- This approach is consistent with the World Bank's newer **B-READY framework**, which assesses both rules and the effectiveness with which public services are delivered in practice.

India's Progress in Business Environment: Key Indicators:

Historical World Bank Benchmark:

- India improved from **142nd position in 2014 to 63rd position in Doing Business 2020**.
- The improvement was supported by reforms in **starting a business, construction permits, cross-border trade and insolvency resolution**.
- India's **Doing Business 2020 score was 71.0**, compared with 54.05 in 2014.
- The final Doing Business assessment also identified continuing weaknesses in **enforcing contracts and registering property**, showing that reform progress was uneven across regulatory areas.

Competitiveness and Digital Governance:

- India ranked **41st in the IMD World Competitiveness Ranking 2025**, reflecting improvements and continuing challenges in economic performance, government efficiency, business efficiency and infrastructure.
- India remained in **Group A of the GovTech Maturity Index 2025**, demonstrating advanced digital-government capabilities across four broad dimensions: **core government systems, public service delivery, digital citizen engagement and GovTech enablers**.
- Digital governance can reduce transaction costs by enabling **online applications, electronic documentation, real-time tracking, automated verification and interoperable databases**.

Logistics Competitiveness:

- India ranked **38th in the World Bank Logistics Performance Index 2023**, highlighting substantial progress in logistics efficiency.
- Improved logistics reduces **inventory costs, transportation delays and supply-chain uncertainty**, thereby improving manufacturing competitiveness.
- Multimodal connectivity through highways, railways, ports, dedicated freight corridors and digital logistics platforms can strengthen India's integration with **global value chains**.

Major Reforms for Improving the Business Environment:

Startup India:

- **Startup India**, launched in **2016**, seeks to promote entrepreneurship, innovation and investment by reducing regulatory barriers and strengthening the startup ecosystem.
- It supports the broader objective of transforming India from an economy of **job seekers into an economy of job creators**.

Udyam Registration:

- The **Udyam Registration Portal**, launched in **2020**, provides MSMEs with a **free, paperless and self-declaration-based registration mechanism**.
- It reduces administrative friction and facilitates greater formalisation of enterprises.
- Since **1 April 2025**, the revised MSME classification thresholds have raised investment and turnover limits, allowing more enterprises to remain within the formal MSME framework.

National Single Window System:

- The **National Single Window System (NSWS)** provides a digital interface through which businesses can identify and apply for required approvals.
- Its **Know Your Approvals** module guides investors regarding applicable approvals across Central and State authorities.
- As of August 2026, NSWS facilitates applications involving **32 Central Departments and 34 State Governments**, with more than **67,000 approvals applied through the platform**.
- The platform also provides **real-time application tracking, document repositories, renewal facilities and query management**, reducing the need to interact separately with multiple authorities.

Business Reforms Action Plan:

- The **Business Reforms Action Plan (BRAP)**, developed by the Department for Promotion of Industry and Internal Trade, promotes **competitive federalism** by encouraging States and Union Territories to implement business reforms.
- BRAP focuses on reform implementation rather than merely prescribing reforms, thereby bringing the **State and local levels** into the EoDB agenda.

Reducing Compliance Burden:

- The Government has pursued the **Reducing Compliance Burden** initiative to simplify procedures, remove redundant requirements and reduce unnecessary regulatory obligations.
- The reform exercise has involved systematic simplification and rationalisation of more than **39,000 compliances** affecting businesses and citizens.
- **Simplification, rationalisation and technology-based process re-engineering** can reduce both compliance costs and opportunities for administrative discretion.

Digital India Land Records Modernisation Programme:

- The **Digital India Land Records Modernisation Programme** seeks to improve the accuracy, accessibility and integration of land records.
- Reliable land records can reduce **property disputes, transaction uncertainty and delays in land-related approvals**, thereby supporting investment.

National Generic Document Registration System:

- The **National Generic Document Registration System** seeks to digitise property registration and make property transactions more transparent and accessible.
- Digitised registration can improve information availability regarding **property valuation, applicable rates and land characteristics**, reducing information asymmetry.

SPICe+:

- **SPICe+** integrates multiple incorporation-related services into a common digital process.
- It reduces duplication in company registration and helps entrepreneurs complete several formalities through a **single integrated interface**.

MCA21:

- **MCA21** digitises corporate regulatory services under the Ministry of Corporate Affairs.
- Its evolution towards technology-enabled services improves **transparency, filing efficiency and corporate compliance**.

Government e-Marketplace:

- **Government e-Marketplace (GeM)** digitises public procurement and expands access to government markets.
- It creates opportunities for **startups, MSMEs, women entrepreneurs, artisans, self-help groups and other smaller suppliers** to participate in public procurement.

Open Network for Digital Commerce:

- **Open Network for Digital Commerce (ONDC)** seeks to create an open and interoperable digital commerce ecosystem rather than restricting transactions to closed platform-based networks.
- It can reduce entry barriers for smaller sellers by enabling participation in a wider **digital market architecture**.

PM GatiShakti:

- **PM GatiShakti National Master Plan**, launched in **2021**, promotes integrated infrastructure planning through a common digital platform.
- It seeks to improve **multimodal connectivity, reduce logistics bottlenecks and coordinate infrastructure development** across ministries and jurisdictions.
- Such coordination is important because fragmented infrastructure planning can increase project delays and logistics costs.

Pradhan Mantri MUDRA Yojana:

- **Pradhan Mantri MUDRA Yojana**, launched in **2015**, provides collateral-free institutional credit to eligible micro and small enterprises.
- As of **27 March 2026**, more than **57 crore accounts** had received loans amounting to **?40.07 lakh crore**.
- The scheme strengthens EoDB by addressing one of the major constraints faced by small enterprises: **timely and affordable access to formal finance**.

Goods and Services Tax:

- **Goods and Services Tax (GST)** replaced multiple indirect taxes with a more integrated tax framework.
- GST has contributed to the creation of a **common national market**, greater digitalisation of tax administration and improved formalisation.
- Its effectiveness for businesses depends on continued efforts to simplify compliance and reduce procedural friction.

Why Ease of Doing Business Matters: Economic and Governance Significance:

Investment and Foreign Direct Investment:

- Predictable regulations, efficient approvals and reliable dispute-resolution mechanisms improve **investor confidence**.
- A transparent business environment can reduce the risk premium associated with investment and support greater **Foreign Direct Investment (FDI)**.

MSME Formalisation:

- Smaller enterprises are disproportionately affected by complex compliance because they have fewer financial and administrative resources.
- Simplified registration, taxation and compliance can encourage informal enterprises to **enter the formal economy**.

- Formalisation improves access to **institutional credit, government schemes, digital markets and public procurement**.

Entrepreneurship and Innovation:

- Lower entry barriers encourage individuals to establish new enterprises.
- Faster registration and digital approvals allow startups to redirect resources from administrative procedures towards **innovation and productive activity**.

Employment Generation:

- Easier business entry and expansion can increase the number of productive firms.
- A larger and more competitive enterprise base is essential for generating **formal, productive and non-farm employment**.

Manufacturing and Global Value Chains:

- Competitive logistics, reliable infrastructure and predictable regulations reduce production and transaction costs.
- These conditions help Indian firms participate more effectively in **global value chains**, particularly in manufacturing and export-oriented sectors.

Persistent Challenges: Why Reform Implementation Remains Uneven:

Regulatory Complexity:

- Frequent amendments and overlapping regulations can increase **compliance uncertainty** even when individual regulations are simplified.
- Excessive compliance requirements disproportionately affect **MSMEs and startups**.

State and Local-Level Variation:

- Business conditions vary considerably across States and local jurisdictions.
- Central reforms may not produce the desired outcomes if **municipalities, district administrations and local regulatory institutions** lack adequate capacity.

Land and Construction Approvals:

- Land acquisition, conversion, title verification and construction permissions can remain time-consuming.
- Weak land records and fragmented approval systems increase transaction costs and project uncertainty.

Access to Finance:

- Small businesses may continue to face difficulties in obtaining **timely, affordable and appropriately structured credit** despite expansion of formal financial channels.
- Credit information gaps and limited collateral can constrain the growth of smaller enterprises.

Contract Enforcement:

- Effective business regulation requires not only clear rules but also **fast and predictable dispute resolution**.
- Delays in courts can increase the cost of enforcing contracts and discourage investment.

Infrastructure and Logistics:

- Deficiencies in transport, electricity, ports, warehousing, digital connectivity and urban infrastructure can increase the cost of conducting business.
- Better physical infrastructure must therefore accompany regulatory reform.

Policy Predictability:

- Businesses make investment decisions over long time horizons and therefore require **stable and predictable tax, trade, environmental and industrial policies**.
- Frequent policy changes can increase uncertainty even where the underlying regulatory objective is legitimate.

Way Forward: From Ease of Doing Business to Ease of Sustainable Enterprise:

Strengthen Local Governance Capacity:

- Capacity-building should extend to **municipalities, district administrations and local regulatory bodies**, because many business-related interactions occur below the Union level.
- Digital systems should be accompanied by trained personnel and adequate institutional capacity.

Move Towards a Genuine Single Window:

- A true single-window system should eliminate duplication rather than merely providing a common interface for multiple departments.
- Approvals should increasingly follow **interoperability, risk-based regulation, common data standards and time-bound decision-making**.

Adopt Risk-Based Regulation:

- Low-risk businesses should face proportionately lower inspection and compliance burdens.
- Regulatory resources should be concentrated on **high-risk activities and genuine violations** rather than routine procedural scrutiny.

Improve Contract and Commercial Dispute Resolution:

- Faster commercial dispute resolution is essential for reducing uncertainty and improving investor confidence.
- Greater use of **commercial courts, mediation, arbitration and digital case management** can strengthen the business environment.

Deepen MSME-Focused Reform:

- Compliance requirements should be proportionate to the **size, risk and capacity of enterprises**.
- Access to formal credit, digital markets, skilled workers, technology and public procurement should accompany regulatory simplification.

Ensure Regulatory Stability:

- Major tax, trade and industrial policy changes should provide adequate transition periods and predictable implementation frameworks.
- Greater consultation with industry, workers, States and other stakeholders can improve **regulatory quality and legitimacy**.

Measure Outcomes, Not Only Reforms:

- EoDB should increasingly be evaluated through **time taken, cost incurred, user satisfaction, approval predictability and actual investment outcomes**.
- This approach is closer to the logic of the World Bank's **B-READY framework**, which assesses the interaction between regulations, public services and operational efficiency.

Conclusion:

- India's EoDB journey has evolved from **simplifying individual procedures** towards building a broader ecosystem based on digital governance, regulatory predictability, infrastructure, formal finance and competitive markets.
- The historical improvement from **142nd position in 2014 to 63rd in Doing Business 2020** demonstrates the scale of earlier reform efforts, but the discontinuation of the Doing Business rankings means that future assessment should focus on **actual business outcomes rather than ranking optimisation**.
- The next phase should therefore combine **regulatory quality, institutional capacity, logistics, access to finance, contract enforcement and cooperative federalism**.
- The ultimate objective should be an economy in which firms can **enter easily, operate predictably, scale efficiently, innovate continuously and exit responsibly**, thereby strengthening investment, productivity, employment and India's global competitiveness.

Value Addition for UPSC:

GS Paper III Linkages:

- **Economic Growth:** Better business conditions increase investment, productivity and productive capacity.
- **Employment:** Easier firm entry and expansion can support formal and non-farm employment.
- **MSMEs:** Simplified compliance and formal credit can accelerate MSME formalisation and scale.
- **Infrastructure:** PM GatiShakti and logistics reforms reduce connectivity and transaction costs.
- **Digital Economy:** NSWS, GeM, GST and digital corporate services demonstrate the role of **Digital Public Infrastructure** in economic governance.
- **FDI:** Regulatory predictability and efficient approvals strengthen India's attractiveness as an investment destination.
- **Competitive Federalism:** BRAP makes States and Union Territories important partners in improving the business environment