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# EASE OF DOING BUSINESS IN INDIA

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## EASE OF DOING BUSINESS IN INDIA

India has secured the 63rd position among 190 countries worldwide as per the World Bank's ranking on "the **ease of doing business**" or **EODB** ranking.

Last year, India's rank was 77th, which clearly indicates an improvement in the **ease of business** prospects in the country. In the coming years, the Government looks forward to offering more opportunities to foreign investors and leading entrepreneurs of the world to strengthen ties with India by opening offices in cities like Mumbai, Chennai, Delhi, and others to fulfil their dream of becoming independent and successful global entrepreneurs. The Indian Government is assisting budding business to establish successfully in India.

### *Advantages of starting an independent business in India:*

India is considered one of the major forces in the international financial market. Despite being a developing country, India's economy has a significant impact on international trading. Its '**doing business index**' is so impressive that most developed nations and economic masters from around the globe are eager to have business ties with India.

**EODB** ranking published annually by the World Bank is also a proof of India's incredible business chances. From career-focused young citizens to flexible foreign policies, from experienced specialists to constant support from the Government, several factors have made India an ideal place to commence business. Given below is an illustrative list of advantages of setting up a business in India:

① **Tax rate reduction and direct tax simplification**- When it comes to tax treaties, India has a comprehensive network. Moreover, the tax system of the country has been subject to several modifications recently. The Goods and Services Tax (GST) and the Direct Taxes Code have been revised to give **ease of business** opportunities to renowned and emerging businessmen.

② **A vast network of trade**- India takes pride in having a vast network of management and technical institutions that are of international standards and backed by bilateral, regional trade agreements. Another reason behind the betterment in India's **doing business index** is that businesses can have many trading partners. These institutions have blessed the country with excellent and talented human resources.





- ③ **Availability of cheap labor**- When it comes to **ease of doing business**, employability must be one of the deciding factors. Many people are required at different levels to run a business smoothly. India's labor force is approximately 530 million, the majority of the laborers being under 30 years. So, businesses can easily get cheap labor in any state.
- ④ **Availability of land**- Even if India is a densely populated country, most cities have acres of uninhabited land in the suburbs. As the population is not distributed evenly, most people reside only in the big cities. So, getting land for construction purposes to run business operations is not a problem in India.
- ⑤ **Operation costs**- With the **ease of business** development goals, the scopes for running a business in the country have increased immensely. The costs of amenities necessary for businesses like labor, food, internet, transportation, and infrastructure are quite affordable. Compared to several European countries, India is a heaven for people who dream of having a business with limited capital.
- ⑥ **Planning for betterment in the existing labor laws**- The Central Government is taking various e-governance, administrative, and legislative initiatives to better the country's existing labor laws which benefit both big and small businesses.
- ⑦ **English speaking population**- India has a solid base of population that can speak English. The historical experience with the U.K. has made English the official language of India. Even if the vocabulary and accent differ slightly from American English, people can still communicate fluently in English. Language barriers are relatively fewer in number, making it easy for international organizations to do business in India.
- ⑧ **Focus on proper governance to support legal compliance**- The Government has also taken interesting initiatives for attracting foreign investments in diverse sectors in India. It has announced many attractive policies and schemes to lure investments and improve India's **doing business index**. The individual ministers in charge of different industries have also made unique attempts to ease the regulations and rules to encourage foreign investments. Startup India Movement is one such step taken by the Indian Government.
- ⑨ **Single application form**-On **18.02.2020**, India government has revamped the process of incorporation of a company with a view to lower the cost of incorporation and facilitate ease of doing business in India by introduction of integrated web form **SPICe+**. Cluster of services which company can have recourse to while incorporating through **SPICe+** are as follows:
- DIN allotment
  - Mandatory issue of PAN
  - Mandatory issue of TAN
  - Mandatory issue of EPFO registration
  - Mandatory issue of ESIC registration
  - Mandatory issue of Profession Tax registration (in case of Maharashtra Only)
  - Mandatory Opening of Bank Account for the Company and
  - Allotment of GSTIN (optional)
- ⑩ **Getting credit and resolving insolvency**- In 2016, The Insolvency and Bankruptcy Code was passed which provided for a 180-day time-bound process to resolve insolvency. It also provides for the continuation of a debtor's business during these proceedings. The stated code allowed secured creditors to opt out of resolution



proceedings and specified that a debtor will be immune against creditor claims during the 180-day insolvency resolution process. Before this code was passed, it took 4.3 years in India to liquidate a business (as of 2015).

⑪ **Online tax payment**- In India, tax payments are made easy and hassle free by introducing of online tax payment facility for taxes like income tax, GST, EPF etc.

### *The bottom line:*

This was a bird's eye view of the **ease of doing business** initiatives undertaken by Indian Government. Spreading any business in an emerging or new market demands great involvement and investment. With proper expansion and growth strategies, business owners can achieve their targets and the above reasons explain why India deserves the 63rd position in the World Bank's **EODB** ranking.





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