

CUTS International Webinar and Online Release of Discussion Paper

Beyond EODB: Enabling Ease of Running a Business by Bridging Trust Deficit

Wednesday, February 21, 2024 | 14:30-16:00 hours IST

BACKGROUND NOTE

CUTS International invites you to an online release of its discussion paper titled, “**Bridging Trust Deficit: Enabling Ease of Running a Business in India**”. Following the release, there will be a panel discussion. The discussion will emphasise that facilitating business operations should go beyond enabling business establishments to prioritise smooth business operations. This entails addressing the inclination of officials to extract excessive rent from businesses, delay legitimate dues, and initiate litigation. This should be the central focus of the second phase of reforms.

About the Discussion Paper

India, recognised as a promising global hub for manufacturing, services, and investment, is poised for a new phase of reforms that expand upon the initial Ease of Doing Business (EODB) efforts. The government prioritised streamlining business operations by digitising and minimising formal interactions between officials and businesses, particularly during start-up and compliance phases. However, corruption often occurs during discretionary interactions between government officials and businesses, eroding trust and hindering business operations.

The paper proposes revising laws by restricting official discretion, clarifying powers, and implementing safeguards, accountability, and deterrence measures. Additionally, it advocates subjecting laws to legitimacy, suitability, and proportionality tests. Henceforth, the subsequent phase of reforms should prioritise minimising regulatory barriers between government officials and businesses throughout their operations, thereby improving the Ease of Running Business (EORB).

These reforms should cover the entire business lifecycle, including interactions with regulatory authorities. This involves implementing measures to prevent government officials from abusing their discretion, thereby rebuilding and maintaining the confidence of businesses in the government. Additionally, it necessitates addressing the issue of judicial delays and enhancing administrative efficiency to streamline processes and improve overall governance.

The paper looks at discretionary interaction opportunities provided under different laws which enable government officials to extract rents from businesses without any accountability. Government officials also have enormous powers to not pay dues to MSMEs and initiate litigation without caring for consequences. Government-initiated litigation is the key reason for clogging the judiciary and making contract enforcement difficult.

Considering the challenges mentioned earlier, the paper recommends solutions like implementing a strict litigation policy to oversee government litigations. Additionally, it proposes leveraging technology to expedite payments and advocates for a holistic approach centred on transparency, deterrence, and accountability.

AGENDA

14.30-14.40	Welcome Address and Opening Remarks <ul style="list-style-type: none">● Amol Kulkarni Director (Research), CUTS International
14.40-14.45	Release of Discussion Paper <ul style="list-style-type: none">● Pradeep S Mehta Secretary General, CUTS International
14.45-15.35	Panel Discussion <p><i>Moderator</i></p> <ul style="list-style-type: none">● Pradeep S Mehta Secretary General, CUTS International <p><i>Panellist</i></p> <ul style="list-style-type: none">● Rishi Agrawal Co-Founder & CEO, Teamlease Regtech● Bhuvana Anand Co-founder, Prosperiti● Danish A. Hashim Chief- Ease of Doing Business, MNCs and GVCs,Confederation of Indian Industry (CII)● Angira Singhvi Lodha Partner, Khaitan & Khaitan● Jacob Crasta Founder & Chairman, CM Envirosystems Pvt. Ltd., and Chairman - Lsquare Eco Products Pvt. Ltd● Anil Bhardwaj Secretary General, Federation of Indian Micro and Small & Medium Enterprises (FISME)
15.35-15.50	<i>Q&A Session</i>
15.50-16.00	Summing up and Vote of Thanks <ul style="list-style-type: none">● Mehak Sharma Senior Research Associate, CUTS International