

Event Report

Webinar on

Reducing Unease of Living

Saturday • 12 September 2020 • 1100-1200 hrs

1. Background

- 1.1. Enhancing ease of living has been a long-standing aim of the Indian government. However, it appears that its idea of ease of living has unfortunately been limited to perception surveys on the quality of life and delivery of basic services. This has resulted into several sub-optimal and unintended outcomes. Unlike other countries, the government hasn't sufficiently focused on reducing the unease of living resulting from inefficient regulations, and fostering inclusive consultations at all levels on regulatory reforms.
- 1.2. India deserves a legislation like Freedom from Regulations Act which can institutionalise a structured process to identify, amend and repeal inefficient regulations, by implementing a three-step test of legality, necessity, and proportionality, informed by robust public consultations and cost-benefit analysis. Interests of workers, micro enterprises, and consumers will particularly need to be taken into account while adopting such reforms. It is pertinent to note that Prime Minister Modi also seems to have equated ease of living with the ease of doing business.¹
- 1.3. While advocating for regulatory reforms, CUTS International recently issued an appeal to the Prime Minister and Chief Ministers of all States and Union Territories of India on Reimagining the Nation's Economic Regulatory Framework. Simultaneously, it also initiated a webinar series on Regulatory

¹ Mehta, *Filter out bad regulations to reduce the unease of living*, Livemint, 19 August 2020, <https://www.livemint.com/opinion/online-views/filter-out-bad-regulations-to-reduce-the-unease-of-living-11597850057962.html>

Reforms, in collaboration with SKOCH Foundation. This is the second webinar in the series which discussed possible mechanisms to Reduce Unease of Living. Following questions were discussed:

- How to enhance the scope of ease of living from merely ease of doing business and citizen-focused surveys, and realising that reducing unease of living is equally essential?
- What incentives and/or disincentives are necessary to institutionalise a structured mechanism to identify, amend, and abolish sub-optimal regulations resulting in unease of living?
- How to ensure that neglected groups like MSMEs, women, workers and informal enterprises become pivot of ease of living initiatives?

1.4. This second webinar was organised on building a narrative for reimagining a better regulatory architecture aimed at reducing the unease of living. The details of previous webinar are available [here](#) and appeal to the Prime Minister and Chief Ministers of all States and Union Territories of India on Reimagining the Nation's Economic Regulatory Framework is available [here](#).

2. Speakers

2.1. Key speakers in the webinar were:

- Mr Pradeep S Mehta, Secretary General, CUTS International, (Moderator)
- Sameer Kochhar, Chairman, SKOCH Group
- Mr Anil Bhardwaj, Secretary General, Federation of Indian Micro and Small & Medium Enterprises (FISME)
- Mr Rajendra Bhanawat, Former IAS, and Chairman, SANDHAN
- Mr Rajiv Tikoo, Senior Journalist

2.2. The webinar was attended by close to 130 participants from diverse stakeholder groups, including policy influencers, experts, think tanks, academia, and media.² The video recording of the webinar is available [here](#).

² Some media coverage available at - <https://www.socialnews.xyz/>, <http://www.daijiworld.com/>, <https://newsd.in/>, <https://www.andhram.com/> and the press release available at- <https://cuts-ccier.org/for-ease-of-living-we-need-to-redesign-our-regulatory-architecture-to-listen-to-marginalised-stakeholders-cuts-international-and-skoch-group/>.

3. Summary of the Discussion

➤ Underlying Issues and Problems

- 3.1. The discussion started with highlighting the issues and problems which has led to increase in unease of living. Post-independence, India with its objective to develop an industrial ecosystem to achieve sustainable development and raise standards of living started to formulate sub-optimal regulations without following the due process of consultations. The prevailing regulatory framework has about 1,536 acts, 69,233 compliances, 6,618 different filings, across central, state, and local laws, which has changed multiple times last year. The resulting compliance burden and red tape has direct impact on the ease of living of citizens, particularly for consumers, low income citizens, micro-entrepreneurs and informal sectors.
- 3.2. It was also highlighted that compliance burden from bodies such as Resident Welfare Associations (RWAs) and municipalities along with labour and taxations laws create hardships for low-income consumers, medium and small enterprises.
- 3.3. It was pointed out that the reason for the rising informality is the cost of being formal. This is evident from the fact that 50% of the GDP in India is accounted for by the informal economy. Apart, from the financial constraints faced by the informal sectors, the three policy and structural stumbling blocks which stigmatise the informal sectors include zoning policies in urban areas, electricity charges on the type of uses, and house tax on commercial enterprises.
- 3.4. These points were further elaborated through highlighting the sub-optimal urban planning which has left cities divided into residential and commercial zones. As a result self-employed and people working from home are not able to leverage the same benefits as formally employed work-force due to differentiation in policies based on the use of property. On the other hand, people from professions such as lawyers and chartered accountants have leveraged benefits for themselves from municipalities, however the same is not applicable to other self-employed person. In today's pandemic times, many people are working from home who too need the same concessions as lawyers and accountants. Additionally, the house tax increases tremendously if the property is used for commercial purposes which creates additional burden on the enterprises and leads to sub-optimal level of functioning.
- 3.5. It was pointed out that in the current setting all the processes to get access to public services require approaching public authorities, which creates an

unnecessary bureaucratic layer. Moreover, the systems and processes within government departments are mystified, language is too legalistic and there is lack of accountability, this creates further ambiguities, which gives leeway to culture of middlemen. This leads for the systems to become more complicated and expensive for common man.

- 3.6. In this regard, the presumption that ease of doing business will percolate downwards leading to ease of living is incorrect as it has gushed in upwards direction increasing the economic divide.
- 3.7. One of the basic reason for the continuation of these problems and ad hoc approach within the systems and process of the state machinery is the lack of awareness of problems which the masses face and insouciance of officials at the lower and middle level of government machinery. This has emanated from the lack of capacity building and institutional training to make them more acquainted with recent developments.
- 3.8. Furthermore, citizens are not aware about the process to follow while seeking redress as many of the success stories of grievance redress are not told, which could act as a learning resource for the citizens. For small and medium enterprises, problems exists on the lines of lack of digital know how, lack of capacity to attract adequate talent, uncertainty and government interference. Notably, these problems become compounded due to lack of appropriate channels of communication between the administration and citizens.

➤ **Way Forward**

- 3.9. While highlighting the problems related to existing urban policies, government systems and grievance redress which contribute to unease of living, the panellists suggested some way forward which could help in achieving ease of living. It was recommended that we should revisit zoning policies to make them more flexible so that people can work from their homes without burdening themselves from unnecessary compliances, taxes and electricity charges.
- 3.10 The focus should be on building trust amongst citizens in administrative systems through simplified process so that a common man can understand the laws and procedures without the help of a middlemen. Additionally, there should minimum number of laws which should be drafted in simple language to enable the common man to comprehend.

- 3.11 It was pointed out that we must see ease of living from the viewpoint of common man and not just people who have the clout and money to get things done. For this, a workable system of grievance redress is required along with building capacities of administrative personnel.
- 3.12 Citizen driven accountability measures are necessary and government should get out of the way of people and should just act as a facilitator rather than creating hurdles for them.
- 3.13 Furthermore, it was pointed out that is necessary to hear voices from the ground regarding opening and closing of businesses and hearing feedback from MSMEs. For this, appropriate channels of communications should be established and digital medium should not be considered the only silver bullet.
- 3.14. Following specific suggestions came out from the discussion:
- Enable dual use of property, with right threshold and parameters such as numbers of employed persons, usage of electricity and other reasonable regulatory compliance.
 - There is a need to undertake capacity building initiatives for both citizens as well as personnel working in the government departments.
 - Forming a national communication and media policy, so that a two-way channel of communication could be maintained so that concerns of citizens reach the relevant set of people.
 - Citizens need to be adequately informed about the reaction or action taken in response to feedback given by them. This would help in building citizens' trust in the government.
 - Enacting an effective Public Service Delivery Assurance Act nationally. This should be subject to third party audit, public disclosure and accountability, so that tokenism is not practiced by the bureaucracy.