

**Concept Note on
National Productivity Week Theme:
“Ease of Doing Business for higher productivity and sustainable growth”**

India has emerged as one of the key players in the global arena with a huge potential to rise to higher echelons of growth and development. It is among the fastest growing economies today coupled with attributes such as a large and growing middle class having a high disposable income, a rich reservoir of skill and talent and a large resource and cost advantage, among others.

The need for improving ease of doing business has never been more pressing in India than now when the recently launched ambitious mission of ‘Make in India’ requires to transform investor attractiveness of the country. Ease of Doing Business (EDB) is about commitment to make it faster, easier and competitive to do business with the objective of fostering inclusive growth. It requires radical reforms that facilitate entrepreneurship and improve the competitiveness of SMEs, like lower costs to do business, better access to credit, added opportunities to engage in international trade, and more efficient regulatory institutions, among others.

India was ranked 142nd in Doing Business Report, 2015. In order to catapult India’s ranking on the parameters measured by the World Bank’s Doing Business Report, the stakeholders should recognize the importance of renewing the emphasis on structural reforms needed to boost productivity and to make growth stronger and more inclusive. They should commit to continue supporting the implementation of regulatory reforms to improve the business environment.

Against this backdrop, it is promising to note the reformative drive and resolve of the Government to improve ease of doing business in India in the last few months, which will go a long way in achieving Hon’ble Prime Minister’s vision of taking India among the top 50 countries in terms of ease of doing business in the next two years. Among steps already taken to improve ease of doing business in the country are the withdrawal of the requirement of minimum paid-up capital and common seal for companies, allowing single-step incorporation of companies and integration of 14 government services on an online single-window portal. Cross-border trade has been made easier by cutting the number of forms for export and import to three from seven and nine, respectively. Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry will be the nodal office to undertake business ranking for the states based on seven parameters, including setting up of a business, allotment of land and obtaining construction permit, complying with labor regulations and environment procedures and obtaining infrastructure-related utilities.

As per DIPP study, there are six select best practices from various State Governments - Comprehensive system for managing indirect taxes in Karnataka, Labor Management Solution (LMS) by Maharashtra, Single Window Clearance (SWC) for Industries - MAITRI by Maharashtra, Land related interventions in Gujarat, Implementation of e-

Governance in Pollution in Gujarat and Single Window Clearance mechanism in Rajasthan and Punjab. In all these cases, technology has been the key driver of change and a critical State Official has been the change agent.

The Govt of India has taken most of its regulatory services online portal called eBiz .Now, one can apply for Industrial License (IL) and Industrial Entrepreneur Memorandum (IEM), incorporation of company, etc. online. The regulatory requirements have been simplified like limitation on the number of documents required for export and import has been reduced to three, requirement for minimum paid-up capital and common seal for companies has been removed, application forms simplified, validity of industrial license has been increased from 2 year to 3 years, partial commencement of production is being treated as commencement of production, etc. In order to increase the participation of the entrepreneurs, the concept of Defence products has been simplified under IEM as well as requirement for ‘Security Manual for Licensed Defence Industry’ has been removed.

The EDB reforms will act as a catalyst to create opportunities to lift the lives of millions of poor both directly and indirectly; directly – by way of deregulating bottom-of-pyramid livelihoods such as street vending, e-rickshaw, cycle rickshaw and indirectly – by way of job creation in micro, small and medium enterprise sector. The policy reforms by Government will serve as incubator to make entrepreneurship viral in the country. These reforms will enable the Government to harness the potential of indigenous manufacturing and contribute to its ‘Make In India’ campaign.

The Government policy reforms on EDB have opened gates of opportunities for more business participation. The existing economies, who have generally refrained from active industrial policy, will have to seek new ways to improve the environment for Productivity in order to sustain their growth. For companies to succeed during these times of change, they'll need to define and embrace a rigorous framework for sustainability. Sustainable economic growth means a rate of growth which can be maintained without creating other significant economic problems, especially for future generations. There is clearly a *trade-off* between rapid economic growth today, and growth in the future. Rapid growth today may exhaust resources and create environmental problems for future generations, including the depletion of oil and fish stocks, and global warming. In terms of sustainability, it may be argued that growth based on short-term public debt, rather than long term productivity, is unsustainable

Productivity is the measure of production efficiency. At a national level it captures the economy's ability to ‘harness its physical and human resources to generate output and income’. Whereas, productivity growth refers to an increase in the value of outputs produced for a given level of inputs, over a given period of time. For businesses, productivity growth is important because providing more goods and services to consumers translates to higher profits. As productivity increases, an organization can turn resources into revenues, paying stakeholders and retaining cash flows for future growth and expansion. Productivity leads to competitiveness and potentially competitive advantages.

If sustainable development is to achieve its potential, it must be integrated with the measurement and planning system of the enterprises. There is need for a coordinated, comprehensive and holistic strategy, which involves the fullest mobilization of all our economic endeavors resulting in increased yields at optimal use of all input resources. Our development efforts must be complemented by technological innovations that extend the reach of knowledge and learning to the remotest corners of the country. As a majority of India's workforce is employed in the informal sector, their educational and skill levels and resultant productivity are extremely low which hinders the sustainable development of the overall economy.

Therefore to renew us constantly to keep pace with changes, higher productivity for sustainable development by adapting and innovating interactive process of changing is required that leads to sustainable social and economic progress. For achieving double digit economic growth, the corporate sector needs to look at sustainable development challenges not as a component of corporate social responsibility practices, but as a business opportunity. We will have to innovatively augment productivity both at micro as well as macro level to be competitive in the changing scenario. Keeping the importance of realizing higher productivity on continual basis for various sectors of economy, "Ease of doing business for higher productivity and sustainable growth" is selected as the theme for the 'National Productivity Week-2016'.