

India's Reforms in Ease of Doing Business: From Compliance to Competitiveness

India has advanced its efforts to enhance ease of doing business, boost competitiveness, and establish itself as a premier global investment destination. By 2024, the central government has implemented a comprehensive reform agenda encompassing regulatory streamlining, fiscal incentives, infrastructure development, and technological integration.

India is steadfast in its efforts to create a business-friendly environment that aligns with international standards and drives sustainable economic growth. These initiatives are complemented by the country's significant progress in fostering innovation, as reflected in its ranking on the Global Innovation Index (GII) 2024. Securing the 39th position among 133 economies, India's ranking indicates its vision to develop a robust innovation ecosystem. This progress is underpinned by strong **policy frameworks**, increased investments in research and development (R&D), and targeted support for startups.

A critical aspect of India's reforms has been the simplification of regulatory and compliance frameworks. In the union budget of 2023, the central government announced its decision to reduce over 39,000 compliances and decriminalize more than 3,400 legal provisions.

BRAP 2024: Deepening business reforms in India

In 2024, India has deepened its focus on enhancing the ease of doing business through the **Business Reforms Action Plan (BRAP) 2024**, led by the Department for Promotion of Industry and Internal Trade (DPIIT). This initiative incorporates elements from global frameworks such as the World Bank's B-READY program. It aims to streamline regulatory processes, improve transparency, and reduce compliance burdens, thus fostering a more business-friendly environment. BRAP 2024 also integrates advanced digital tools like the National Single Window System and PM Gati Shakti, enabling centralized and digitized business services for greater efficiency.

Since its inception in 2014, BRAP has been instrumental in transforming India's business environment. The comprehensive reform agenda has been expanded over the years, with the BRAP 2020 report, published in 2022, covering 301 reform points across 15 regulatory areas such as labor, environment, land administration, and utility permits.

The BRAP 2020 report introduced 118 new reforms, including digital integration and process re-engineering, to enhance transparency and efficiency. States are ranked based on their implementation, with top achievers like Andhra Pradesh, Gujarat, and Tamil Nadu demonstrating significant progress. These reforms aim to foster a business-friendly environment, promote competitive federalism, and boost India's global investment appeal.

The 2024 plan introduces reforms across critical sectors, including labor, environment, taxation, land administration, and utility permits. A key feature is the emphasis on adopting information and communication technology (ICT) and process re-engineering to optimize government-to-business interactions. To ensure effective implementation, BRAP employs a novel assessment methodology that combines evidence-based and feedback-driven evaluations, encouraging competitive federalism by incentivizing states and union territories to adopt impactful changes. Additionally, citizen-centric reforms focus on enhancing transparency in business procedures, fees, and timelines, aligning with the broader objectives of the Make in India initiative to attract global investments and strengthen India's economic framework.

Measures supporting ease of doing business in India

- **Simplifying compliance:** The "Jan Vishwas Act, 2023" has decriminalized 183 provisions across 42 central laws, reducing the regulatory burden on businesses. The focus is on rationalizing and digitizing interfaces between businesses and government agencies, thereby enhancing efficiency and transparency.
- **National single window system (NSWS):** This digital platform consolidates approvals and services required by investors into a single interface. It simplifies procedures across central and state governments, making it easier for businesses to set up operations in India.
- **Sector-specific reforms:** Key sectors such as labor, land administration, taxation, and utility permits are being reformed to promote operational efficiency. State and union territory governments are assessed under the Business Reforms Action Plan (BRAP) to encourage competitive federalism and foster localized business-friendly environments.
- **Tax and financial incentives:** The abolition of the "Angel Tax" for startups and reductions in corporate tax for foreign companies aim to attract investments. Simplified capital gains tax structures and specific sectoral incentives further enhance the business climate.
- **Digitization and technological integration:** Programs like PM Gati Shakti and the digitization of land records streamline logistics and property transactions. These initiatives improve infrastructure planning and access to accurate property data, benefiting businesses.
- **Infrastructure and innovation:** Budget allocations emphasize infrastructure development, supporting private investments through viability gap funding. Additionally, research and innovation are encouraged through funding and policy reforms, strengthening India's position as a global hub for technology and entrepreneurship.

India's advancements in innovation and global competitiveness

India has solidified its position as a global innovation leader and an economic powerhouse in Central and Southern Asia and among lower-middle-income nations. The country ranks 4th in the World Intellectual Property Organization's (WIPO) Science & Technology Cluster Ranking, with cities such as Mumbai, Delhi, Bengaluru, and Chennai listed among the top 100 global science and technology hubs. Furthermore, India ranks 7th globally in intangible asset intensity and 33rd in innovation outputs. These rankings indicate India's growing influence in science, technology, and innovation, driving its transformation into a hub for cutting-edge advancements and strengthening its global competitiveness.

India's commitment to fostering a conducive **business environment** is evident through its focus on strengthening intellectual property rights (IPR), integrating advanced technologies, and promoting public-private partnerships (PPPs). These initiatives are creating a dynamic ecosystem that attracts investments and supports sustainable growth.

1. Strengthening Intellectual Property Rights (IPR)

Recognizing the role of intellectual property in economic development, India has introduced comprehensive measures to enhance IPR registration, enforcement, and dispute resolution. Key reforms include expedited patent and trademark processing, user-friendly online filing systems, and awareness campaigns to highlight the significance of IPR for businesses. These efforts ensure legal clarity and foster innovation, making India an appealing destination for both domestic and international enterprises.

2. Integrating advanced technologies

India is leveraging transformative technologies such as artificial intelligence (AI) and blockchain to improve governance and streamline business operations. AI-powered tools are being deployed to automate regulatory compliance, detect counterfeiting risks, and monitor trade practices. Blockchain technology is enhancing transparency and efficiency in areas like supply chain management, land records, and business transactions.

3. Fostering public-private partnerships (PPPs)

Public-private partnerships are instrumental in driving India's ease-of-doing business reforms. Collaborative efforts between the central and state government, private sector, and academia are promoting innovation, developing infrastructure, and shaping effective policy frameworks. Such partnerships have also facilitated the creation of incubation centers, research hubs, and digital infrastructure, enabling businesses to scale operations efficiently and adapt to market demands.

Future outlook

India's concerted efforts have yielded tangible results. The country's improvements in starting a business, obtaining construction permits, and resolving insolvency reflect its progress in creating a conducive business environment. India continues to rise as a preferred global investment destination, further supported by ambitious next-generation reforms. These include enhancing IPR protection, integrating advanced technologies like AI and blockchain into governance, and fostering PPP model.