



PHD Research Bureau
PHD Chamber of Commerce and Industry



PHD Chamber's Report on 'Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level'

Ease of doing business for MSMEs steady, digitization help significantly; Overall Ease of Doing Business for MSMEs at the scale of 100 is 64; manufacturing MSMEs at 67 and service MSMEs at 61

PHD Research Bureau of PHD Chamber of Commerce and Industry, in collaboration with the Department of Commerce, Delhi School of Economics (DSE), Delhi University, has conducted a survey Study on 'Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level'.

The Study is based on a pan India stratified random sample survey of MSMEs from manufacturing and services sectors, through a structured questionnaire on 25 parameters of ease of doing business. According to an extensive survey of more than 5,000 MSMEs, the overall EODB for MSMEs has been observed at 64 on the scale of 100, of which EODB for manufacturing MSMEs is at 67 and service MSMEs is at 61.

The survey reveals that the adoption of digitization has been the top scoring parameter for ease of doing business for manufacturing MSMEs, followed by availability of information on business procedures & compliances, adequate power supply availability, process of tax registration and tax compliances and availability of Infrastructure (internet, telecom and other utilities).

The top scoring parameters for ease of doing business for services sector MSMEs include availability of information on business procedures & compliances, processes and procedures for starting a business, regulatory environment, dissolution of business and adoption of digitization.

Whereas, the low scoring parameters for ease of doing business for manufacturing MSMEs came out to be the Government support for marketing, reduction in time taken to obtain credit and reduction in cost of power. On the services sector MSMEs front, the low scoring parameters for ease of doing business include cost of compliances, reduction in time taken to obtain credit and reduction in the overall costs of doing business.

The survey Study has been released recently by Shri Gajendra Singh Shekhawat, Hon'ble Minister of Jal Shakti, Ministry of Jal Shakti, Government of India and Ms. Sumita Dawra IAS, Additional Secretary, Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry, Government of India.

For further enhancing the ease of doing business for MSMEs, the report has suggested

the following measures:

1. **Nodal officers for handholding-** There is a need for dedicated officers for Facilitating Domestic and Foreign Companies.
2. **One-time registration and no license-** There should be a one-time registration instead of issuing a license every year for renewal which causes a lot of time and effort.
3. **Merger of all 25-30 departments in a Single Window System for approval-** To start a business, there should be one window clearance instead of running after 25-30 departments.
4. **Inspector/officials to be an Enabler, Motivator, and Guide-** The inspector should be an enabler, motivator, and guide for improving the business and giving positive confidence to the investors.
5. **Speedy and timely Justice for litigation under GST and other laws-** The various Departments should not be allowed to issue summons / notices without a valid reason. The litigation should be time-bound and speedy.
6. **Reservation on Local Labour-** Employment should be productivity linked. Local reservation on labour must be abolished in states in order to provide justice to skilled employees if hired from outside the state. Recently, the declared “reservation policy” in Haryana is one example.
7. **Fixed Term Employment-** Fixed-term employment provision announced by Government of India but the State should fully implement it at the ground level.
8. **Uninterrupted Power and Gas supply-** to ensure uninterrupted power and gas supply to the industrial areas at reasonable rates.
9. **Decriminalisation of the minor offences** will significantly improve the EODB in the Country
10. **Bank Financing for setting up new projects-** clear cut instructions should be issued and there should not be unreasonable collateral requirement for the loans disbursed to the businesses
11. **Lesser compliances for MSMEs** will create visible ease of doing business at the ground level and a lower tax regime will increase the personal disposable income of the people and create an overall virtuous circle of growth and development in the economy.
12. **PLI Scheme** should include more sectors from manufacturing for the benefits of businesses/industry.
13. **Simplification of land acquisitions** is required as it remains complex, because of the difficulties in establishing legal ownership and a 'clean' holding for purchase.

To access the full report on ‘Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level’, please [click here](#).

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Warm Regards,
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