



**PHD CHAMBER**  
OF COMMERCE AND INDUSTRY



**DEPARTMENT OF COMMERCE**  
Faculty of Commerce and Business  
Delhi School Of Economics  
UNIVERSITY OF DELHI

# **Ease of Doing Business for MSMEs in India**

## **Percolating EODB Reforms at Factory Level**

**A Report under the Collaborative Arrangement between  
PHD Research Bureau, PHD Chamber of Commerce and Industry and  
Department of Commerce, Delhi School of Economics (DSE)**

**PHD CHAMBER OF COMMERCE AND INDUSTRY**





# Ease of Doing Business for MSMEs in India

## Percolating EODB Reforms at Factory Level

Report under the Collaborative Arrangement between PHD Research Bureau, PHD Chamber of Commerce and Industry and Department of Commerce, Delhi School of Economics (DSE)

Project  
PRB/DOC/03/2022

May 2022

**PHD RESEARCH BUREAU  
PHD CHAMBER OF COMMERCE  
AND INDUSTRY**

PHD House 4/2 Siri Institutional Area, August Kranti Marg, New  
Delhi 110016

Phone: 91-11-49545454 | Fax: 91-11-26855450, 26863135  
Email: [research@phdcci.in](mailto:research@phdcci.in) | Website: [www.phdcci.in](http://www.phdcci.in)

**DEPARTMENT OF COMMERCE  
DELHI SCHOOL OF ECONOMICS**

University of Delhi, Delhi-110007  
Telephone: (011) 2766-7891 | Fax: (011) 2766-6781  
Email: [info@commercedu.com](mailto:info@commercedu.com) | Website:  
[www.commercedu.com](http://www.commercedu.com)

## Viewpoint



**Shri Pradeep Multani**  
President  
PHDCCI

India's rank in World Bank's Ease of Doing Business rankings has improved remarkably to 63rd rank in 2020 from 142nd in 2015. The Government has been undertaking plethora of economic and business reforms since the last few years with the objective of enhancing ease of doing business in the country. State Governments have also initiated various reforms to promote conducive business environment in their respective States. This is evident from the performance of the States over the years in the BRAP Rankings of DPIIT. Andhra Pradesh has consistently been the best performer since last 3 years BRAP rankings, while Uttar Pradesh jumped to 2nd rank in BRAP 2018-19 from 12th rank in 2017-18, among the significant achievement by the other States. The MSMEs play a very significant role in the growth and development of the Indian economy by contributing at around 30% in GDP, 33% in Manufacturing GVA and 49% in exports. Thus, ease of doing business reforms for MSMEs become crucial to provide an efficient business environment for more than 60 million MSMEs in the country. Going ahead, MSMEs can play a vital role in creating jobs and pushing the growth of the country to a higher trajectory if properly supported with ease of doing business environment.



**Shri Saket Dalmia**  
Senior Vice  
President  
PHDCCI

Over the years, the Government has given major thrust to ease of doing business, undertaken string of economic and business reforms and has worked aggressively to ensure that India moves up on the rankings of ease of doing business of the World Bank. Also, all the States very well realizes the significance of improving India's regulatory framework for businesses in order to increase investments flow and create employment opportunities for youth in India. However, there is a need to give major impetus to ease of doing business for MSMEs as the MSMEs are crucial for growth and development of the Indian economy. The MSME have been playing an unprecedented role in various prominent aspects of economy, including GDP, manufacturing, exports, employment, research & innovations, among others. Going ahead, there is a need to ensure that the benefit of implementation of the existing reforms percolates to the ground level.



**Shri Sanjeev Agrawal**  
Vice President  
PHDCCI

Even with lower investments, the contribution of Micro, Small and Medium Enterprises (MSMEs) is significant in Indian economy. At this juncture, considering the significance of MSMEs in the journey towards becoming Aatmanirbhar Bharat with USD 5 trillion economy in the coming times, it become evident that issues and concerns of MSMEs needs be timely addressed for providing a push to their growth and for improving ease of doing business in the country. Here, the States can play a massive role in being the harbingers of improved business environment to the MSMEs by implementing pro-MSMEs policies and providing state-of-the-art infrastructure.



**Shri Saurabh Sanyal**  
Secretary General  
PHDCCI

MSMEs are considered as pillar of growth in developing countries. MSME sector has been of high value to the Indian economy, given its top-notch contribution in the economic and social development of the country. Apart from fostering entrepreneurship and generating large employment opportunities, the MSMEs also complement large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. At this juncture, it is important to study and analyse the ease of doing business at the level of MSMEs and focus on creative a conducive business scenario for more than 60 million MSMEs in the country.



**Prof. R.K. Singh**  
**Head and Dean, Department of**  
**Commerce, Delhi School of**  
**Economics, University of Delhi**

Ease of doing business holds a prime importance for the overall growth and development of trade and industry. Improvement in India's ranking in World Bank's Ease of Doing Business to 63<sup>rd</sup> position in 2020 from 77<sup>th</sup> position in 2019 is highly inspiring. The Central and State Governments have undertaken many reforms to promote ease of doing business as a whole in the country. However, promotion of ease of doing business to MSMEs sector becomes crucial at this juncture, as the MSMEs have emerged as an engine of economic growth of the Indian economy. The role of States in the promotion of MSMEs is of prime importance as the growth at national level is an aggregation of growth at State level.



**Prof Kavita Sharma**  
**Treasurer, University of Delhi**  
**and Former Head, Department**  
**of Commerce, Delhi School of**  
**Economics, University of Delhi**

The growth of MSMEs is of paramount importance as the sector has potential not only to generate additional export earnings but also generate millions of employment opportunities for the growing young population in the country. The Government has undertaken plethora of reforms to facilitate prosperity of MSMEs in the country. Also, the improvement in the Ease of Doing Business from 142<sup>nd</sup> in 2015 to 77<sup>th</sup> in 2019 to 63<sup>rd</sup> in 2020 is a significant outcome of the diligent efforts of the Government towards improving the business environment in the economy. Going ahead, there is a need to sustain this momentum of implementing reforms both at the Centre and State level, with a special reference to MSMEs, to make India one of the best destinations to do business.



**Dr Niti Bhasin**  
**Professor, Department of**  
**Commerce, Delhi School of**  
**Economics, University of Delhi**

The ease of establishment and operation of businesses play a pivotal role in the growth and development of an economy along with improving country's position in the global charts. Over the years, the Central and State Governments have undertaken calibrated measures to improve ease of doing business, which reflect their willingness to reform and attract investments. The Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector over the last few decades. At this juncture, it becomes imperative to assess the business environment for MSMEs in the country and to suggest measures to make it more conducive in the coming times.

## Contents

S. No.	Title	Page No.
	Executive Summary	9
1	Introduction	11
2	Objectives and Research Methodology	11
3	Ease of Doing Business at International Level: India's Position	15
4	Ease of Doing Business at the State Level	18
5	Ease of Doing Business Scenario for MSMEs	20
6	Sectoral Profiles of MSMEs	25
7	MSME Supply Chains	37
8	Ease of Doing Business for MSMEs: Survey Findings	43
9	EODB Benchmarks/ Best Practices of States and Suggestions for Other States	55
10	Conclusions and Recommendations	66
	Annexure	73

## Tables

S. No.	Title	Page No.
1	MSME Classification into Sectors	12
2	Ease of Doing Business measures/parameters	13
3	World Bank Ease of Doing Business Rankings	15
4	India's Ranking on Various Parameters of World Bank's Ease of Doing Business Index	17
5	Rankings of the States and Union Territories on the basis of the implementation of the Business Reform Action Plan (BRAP)	18
6	Distribution of Enterprises	21
7	MSME Definition Classification	21
8	Sectoral Profiles of MSMEs	25
9	PSBLoansIn59Minutes data	40
10	Benchmark of States for Ease of Doing Business	55
11	Overall MSMEs Ease of Doing Business (EODB) Parameters Score; Snapshot	66
12	Manufacturing Sector MSMEs Ease of Doing Business (EODB) Parameters Score; Snapshot	66
13	Service Sector MSMEs Ease of Doing Business (EODB) Parameters Score; Snapshot	67
14	Number of Responses as per Sub-Sectors	73
15	Number of Responses as per States/UTs	74
16	Survey Questionnaire	75

## Charts

S. No.	Title	Page No.
1	Categorisation of Survey Responses	14
2	India's Ranking on the World Bank's Ease of Doing Business Index	16
3	India's Distance to Frontier	17
4	Activity-wise Estimated Employment in MSME Sector	20
5	Estimated Employment created in MSME Sector	22
6	MSMEs Ease of Doing Business (EODB)	43
7	MSMEs Ease of Doing Business (EODB) Parameters Score	44
8	Manufacturing Sector MSMEs Ease of Doing Business (EODB) Parameters Score	45
9	Service Sector MSMEs Ease of Doing Business (EODB) Parameters Score	46





## Executive Summary

India is among the fastest emerging economies in the world ecosystem. The Government of India has launched various pro-business policies over the last few years that are targeted to boost performance and growth of Indian industry. One such reform was GST, which aimed to make tax compliance easy and more cost effective through e-filing and by bringing the nation under a uniform indirect tax system. The implementation of the Insolvency and Bankruptcy code (IBC) was aimed to make insolvency proceedings more transparent and expeditious. The launch of Startup India and Make in India aims to build a strong eco-system for nurturing innovation and promote employment and growth. Such policies have brought about a positive change in the overall Ease of Doing Business (EODB) ranking and parameter-wise ranking of our country.

In 2020, India ranked 63<sup>rd</sup> in World Bank's Ease of Doing Business EODB Report out of 190 countries, leapfrogging by 14 ranks from the previous year. While international EODB rankings are provided by the World Bank, State level rankings in India for EODB (BRAP Ranking) are provided by the Department for Promotion of Industry and International Trade.

Even with lower investments, the contribution of Micro, Small and Medium Enterprises (MSMEs) is significant in Indian economy. MSME sector plays a crucial role in the growth and development of our country and contributes a significant share in India's GDP, employment, investments and exports.

At this juncture, considering the significance of MSMEs in the journey towards becoming Aatmanirbhar Bharat with UD\$ 5 trillion economy in the coming times, effective ease of doing business becomes crucial to provide an efficient business environment for more than 60 million MSMEs in the country. This would give a true picture of the improvement in the ease of doing business and its implementation at ground level.

At this background, PHD Research Bureau of PHD Chamber of Commerce and Industry in collaboration with Department of Commerce, Delhi School of Economics, University of Delhi, has conducted a study on 'Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level'. The Study is based on 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. The survey was conducted for the period 2021 and responses of 5254 MSMEs were received.

The survey results revealed that the overall MSME EODB stands at 64, of which EODB for manufacturing sector MSMEs stands at 67 and EODB for service sector MSMEs stands at 61. The 5 top scoring parameters for ease of doing business of MSMEs include adoption of digitization, availability of information on business procedures & compliances, processes and procedures for starting a business, adequate power supply availability and process of tax registration and tax compliance. On the other hand, the least scoring parameters were Government support for marketing, reduction in time taken to obtain credit and reduction in the overall costs of doing business.



#### Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

The 5 top scoring parameters for ease of doing business of manufacturing sector MSMEs include adoption of digitization, availability of information on business procedures & compliances, adequate power supply availability, process of tax registration and tax compliance and availability of Infrastructure (internet, telecom and other utility). The least scoring parameters were Government support for marketing, reduction in time taken to obtain credit and Reduction in cost of power.

According to the survey, the top scoring parameters for ease of doing business of service 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. The least scoring parameters were reduction in cost of compliance, reduction in time taken to obtain credit and reduction in the overall costs of doing business.

Over the last few years, the Government has actively taken various measures for the growth and development of MSMEs. Further, in consonance with the clarion call of Hon'ble Prime Minister of India Shri Narendra Modi ji for Self-reliant India, the Hon'ble Finance Minister, over the last 2 years, has announced various appreciable measures for relief and credit support related to businesses, especially MSMEs, such as Rs 3 lakh crore (subsequently increased) Emergency Working Capital Facility for Businesses, including MSMEs; new definition of MSMEs with revised investment limit; e-market linkage for MSMEs, among others.

Going ahead, there is a need to give further impetus to ease of doing business for MSMEs and ensure effective implementation of the existing reforms at the ground level. The cost competitiveness of MSME exporters should be enhanced and a level playing field should be created. Lesser compliances, reduced costs of doing business and level playing field in the country will not only increase the competitiveness of our exporters but also reduce imports of the items where India has domestic capabilities. It is suggested that the value chains of MSMEs should be enhanced further, thus, making them more structurally competent to add to their efficiency. There is a need to ensure lesser compliances for MSMEs and therefore, focus is required on enabling nodal officers for handholding, merger of all 25-30 departments in a Single Window System for approval, inspector to be an enabler, motivator, and guide, one-time registration and no license, among others.

Further, the role of States in the promotion of MSMEs is of prime importance as the growth at national level is an aggregation of growth at State level. The MSMEs can play a vital role in creating jobs and pushing the growth of the country to a higher trajectory if properly supported with ease of doing business environment.



## 1. Introduction

Over the years, the Government has given major thrust to ease of doing business, undertaken plethora of economic and business reforms and has worked aggressively to ensure that India moves up on the rankings of ease of doing business of the World Bank. India has been continuously improving in World Bank's Ease of Doing Business Rankings and has jumped by 79 spots from 142nd rank in 2015 to 63rd rank in 2020 among 190 economies.

However, there is a need to give major impetus to ease of doing business for MSMEs as the MSMEs are crucial for growth and development of the Indian economy, contributing 30%<sup>1</sup> in gross domestic product, employing around 111 million<sup>2</sup> people (36 million in manufacturing, around 39 million in trade and 36 million in other services), accounting 33%<sup>3</sup> of manufacturing gross value output and contributing around 49%<sup>4</sup> in total exports of India.

At this juncture, it becomes imperative to assess the ease of doing business scenario for MSMEs in the country at the ground level. Against this objective, PHD Chamber of Commerce and Industry in collaboration with Department of Commerce, Delhi School of Economics has conducted a study on Ease of Doing Business for MSMEs.

## 2. Objectives and Research Methodology

### 2.1 Objectives of the Study

Following are the objectives of the study:

- (i) To evaluate the ease of doing business scenario at international level and state level (in India)
- (ii) To analyse the status and scenario of MSMEs in India along with supply chain of MSMEs
- (iii) To measure Ease of Doing Business for MSMEs, including EODB for manufacturing sector MSMEs and service sector MSMEs, through pan India primary survey.
- (iv) To draw conclusions and recommendations based on the analysis and survey findings.

### 2.2 Research Methodology

Both primary and secondary research has been conducted to determine various factors contributing to the ease of doing business in the India at the MSMEs level. Both quantitative and qualitative tools have been used for the study. Extensive secondary research has been conducted to evaluate the ease of doing business scenario at international, national and State level. Different news articles, national and international journals, books and websites which focused on various aspects of ease of doing business were referred.

---

<sup>1</sup> Ministry of MSMEs Annual Report 2020-21

<sup>2</sup> IBID

<sup>3</sup> IBID

<sup>4</sup> Ministry of MSMEs press release on PIB, dated 18<sup>th</sup> November 2021

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

For secondary analysis, trends in ease of doing business across the World and in India were analysed using the World Bank's ease of doing database and the trends in ease of doing business at the State and Union Territory level in India were analysed using the Business Reform Action Plan (BRAP) reports of the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India.

For primary analysis, Stratified Random Sampling Technique<sup>5</sup> is used. 2 broad categories of MSMEs, namely manufacturing sector MSMEs and Services sector MSMEs, have been taken, which were further divided into 40 sub sectors, 20 in each broad category.

**Table 1: MSME Classification into Sectors**

S. No.	Manufacturing	S. No.	Services (Including Infrastructure, Construction & energy)
1	Agriculture and Food Processing	1	Audit and Accounts Services
2	Automotive and Auto Components	2	Banking, Insurance and Financial Services
3	Biotechnology	3	Civil Aviation
4	Defence Manufacturing	4	Community, Social and Personal services
5	Drugs, Pharmaceuticals and Ayurveda	5	Construction, Roads and Highways Development
6	Electronics Manufacturing	6	Consultancy Services
7	Engineering Goods	7	E-commerce Services
8	Fast-Moving Consumer Goods (FMCG)	8	Educational Services
9	Fertilisers	9	Electricity/Power/Energy
10	Fisheries, Seafood and Other Marine Products	10	Health services
11	Floriculture, Horticulture and Sericulture	11	Information Technology (IT) and Information Technology Enabled Services (ITEs)
12	Handicrafts and Handlooms	12	Legal Services
13	Iron and Steel	13	Ports & Shipping
14	Leather and Leather products	14	Public Administration
15	Manufacture of Rubber and Plastics Products	15	Rail Infrastructure
16	Manufacturing of Chemical and Petrochemicals	16	Real Estate & Housing
17	Minerals, Oil and Gas	17	Telecommunication Services
18	Mining & Quarrying	18	Tourism & Hospitality
19	Sports Goods	19	Transportation / Logistics Services
20	Textiles & Apparels and Readymade Garments	20	Warehousing & Storage

Note: The list is not exhaustive. The choice of 'other' was therefore provided in the survey questionnaire

<sup>5</sup> Stratified random sampling is a method of sampling that involves dividing a population into smaller groups—called strata. The groups or strata are organized based on the shared characteristics or attributes of the members in the group.

Various qualitative methods like focus group interview, depth interview have been adopted and after considering the opinions of various industry experts, stakeholders and academicians, an extensive questionnaire pertaining to the selected aspects of doing business in India was administered on MSMEs from a variety of sectors across India. The measures/parameters used were:

**Table 2: Ease of Doing Business measures/parameters**

Overall ease of doing business	Interaction with the government authorities	Regulatory environment	Dissolution of business	Availability of Information related to various business procedures & compliances
Time required to enforce a contract in the court of law	Processes and procedures for starting a business	Reduction in the overall costs of doing business	Reduction in cost of power	Adequate power supply availability
Reduction in cost of compliance	Easier compliance to Companies Act	Reduction in cost of logistics	Reduction in cost of land	Credit availability at reasonable rate of interest
Reduction in time taken to obtain credit	Process of tax registration and tax compliance	Access to new technology/ R&D and knowledge	Availability of skilled workforce	Labour laws are becoming conducive
Availability of Infrastructure (internet, telecom and other utility)	Government support for marketing	Access to international markets and international linkages	Meeting of international norms and standardisation	Adoption of digitization

**During the survey over the year 2021, a total of 5254 responses from MSMEs were received (details annexed).**

The questionnaire contains 25 questions and each questions is scored on 4 marks, which makes total score of 100 (25 questions X 4 score each). All questions used a Likert scale<sup>6</sup> to record participant responses. Respondents were asked to rate their experience on a 4-point

<sup>6</sup> The Likert scale is a four (or five or seven) point scale which is used to allow the individual to express how much they agree or disagree with a particular statement. It is the most widely used approach to scaling responses in survey research, such that the term is often used interchangeably with rating scale.

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

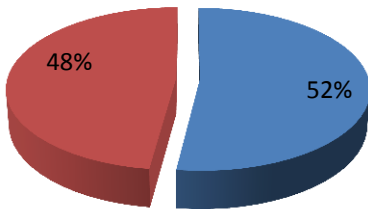
Likert scale of 1 to 4, (where 1-4 represents strongly disagree, disagree, agree and strongly agree respectively) against each parameter of the ease of doing business based on individual questions in the questionnaire. After the responses were collected, they were decoded and analysed.

The aggregate score could take the maximum value of 100, which indicates maximum level of ease of doing business. The lowest value of score could be 25, indicating least level of ease of doing business. The score card highlights the performance of the key ease of doing business parameters during a given period. The composite score combines several parameters into one single concise statistics.

52% of the responses on survey have been received from manufacturing sector MSMEs and 48% from service sector MSMEs. Among the responses from manufacturing sector MSMEs, 36% responses were received from small sized firms, 28% from medium sized firms, 25% from micro sized firms and 12% from startups. Among the responses from Service sector MSMEs, 38% responses were received from small sized firms, 35% from micro sized firms, 24% from medium sized firms, and 3% from startups.

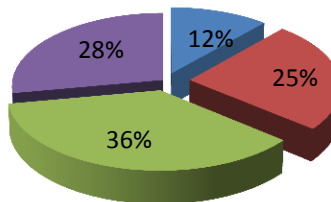
**Chart 1: Categorisation of Survey Responses**

**Responses by Sector Category (in %)**



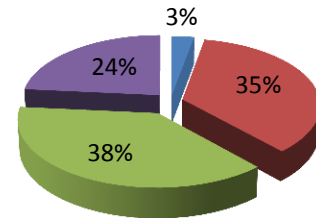
■ Manufacturing ■ Services

**Manufacturing MSMEs Responses by Size of Firms Category (in %)**



■ Startup ■ Micro  
■ Small ■ Medium

**Services Sector MSMEs Responses by Size of Firms Category (in %)**



■ Startup ■ Micro  
■ Small ■ Medium

Source: PHD Research Bureau, PHDCCI, MSMEs EODB Survey 2021. Note: The figures are rounded off

The responses on the survey have been received from Pan India, comprising of around 17% from Delhi, 11.5% from Haryana, 7% from Maharashtra, 6% from Uttar Pradesh, among others States and UTs. The list of detailed responses form States and UTs have been provided in annexure.

### 3. EODB Scenario at International Level: India's Position

At the international level, the World Bank, since 2003, assesses the policies to ease the regulatory burden, undertaken by countries across the world. It is done through the Doing Business Report, Distance to Frontier Score also known as Ease of Doing Business score and the Ease of Doing Business rankings. The ranking of economies is determined by sorting the aggregate ease of doing business scores of 190 economies across the world.

The economies that rank highest in the ease of doing business are those that have consistently well-designed business regulation or whose regulatory environments have thrived as a result of comprehensive reform over the years. While, New Zealand has topped the Ease of Doing Business rankings in the years 2017, 2018, 2019 and 2020, Singapore topped the Ease of Doing Business rankings from 2007 to 2016.

**Table 3: World Bank Ease of Doing Business Rankings**

Rank	2020	2019	2018	2017	2016	2015
1	New Zealand	New Zealand	New Zealand	New Zealand	Singapore	Singapore
2	Singapore	Singapore	Singapore	Singapore	New Zealand	New Zealand
3	Hong Kong SAR	Denmark	Denmark	Denmark	Denmark	Hong Kong SAR
4	Denmark	Hong Kong SAR	Korea, Rep.	Hong Kong SAR	Korea, Rep.	Denmark
5	Korea, Rep.	Korea, Rep.	Hong Kong SAR	Korea, Rep.	Hong Kong SAR	Korea, Rep.
6	United States	Georgia	United States	Norway	United Kingdom	Norway
7	Georgia	Norway	United Kingdom	United Kingdom	United States	United States
8	United Kingdom	United States	Norway	United States	Sweden	United Kingdom
9	Norway	United Kingdom	Georgia	Sweden	Norway	Finland
10	Sweden	Macedonia, FYR	Sweden	Macedonia, FYR	Finland	Australia
	<b>2020 Rank</b>	<b>2019 Rank</b>	<b>2018 Rank</b>	<b>2017 Rank</b>	<b>2016 Rank</b>	<b>2015 Rank</b>
<b>India</b>	<b>63</b>	<b>77</b>	<b>100</b>	<b>130</b>	<b>130</b>	<b>142</b>

Source: PHD Research Bureau, PHDCCI, compiled from World Bank Doing Business Reports

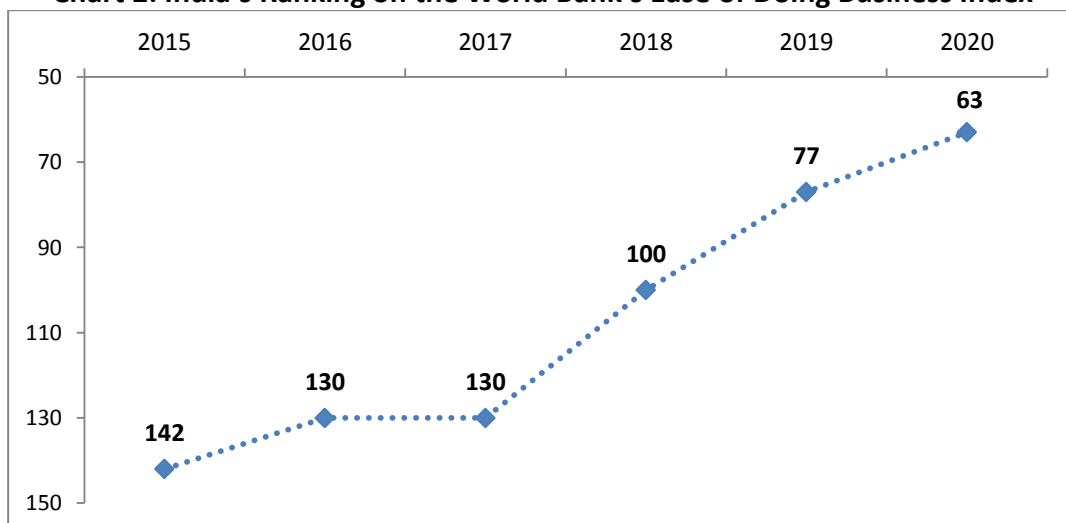
Over the past six years, India's performance on the World Bank's Ease of Doing Business Index has improved at a remarkable pace from 142<sup>nd</sup> rank in the year 2015 to 63<sup>rd</sup> rank in the year 2020 on the back of implementation of robust reform measures such as removing regulatory burdens, cutting delays, introduction of Goods and Services Tax (GST), promoting paperless transactions, among others. India has improved notably in the areas of dealing

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

with construction permits, getting electricity, registering property, paying taxes, trading across borders and resolving insolvency in 2020 rankings as compared to 2019. The reason for this improvement can be attributed to the following:

- India made starting a business easier by abolishing filing fees for the SPICe company incorporation form, electronic memorandum of association, and articles of association. This reform applies to both Delhi and Mumbai.
- India (Delhi) streamlined the process, reduced the time and cost of obtaining construction permits, and improved building quality control by strengthening professional certification requirements. India (Mumbai) streamlined the process of obtaining a building permit and made it faster and less expensive to get a construction permit.
- Online Building Permission System (OBPS) is an online Single Window for obtaining all building permissions. In Delhi and Mumbai, all relevant agencies have been brought on board this single window system thereby eliminating requirement on the part of the applicant to engage with each agency individually.
- India made trading across borders easier by enabling post clearance audits, integrating trade stakeholders in a single electronic platform, upgrading port infrastructures, and enhancing the electronic submission of documents. This reform applies to both Delhi and Mumbai.
- India made resolving insolvency easier by promoting reorganization proceedings in practice. India also made resolving insolvency more difficult by not allowing dissenting creditors to receive as much under reorganization as they would receive in liquidation. This reform applies to both Delhi and Mumbai.

**Chart 2: India's Ranking on the World Bank's Ease of Doing Business Index**



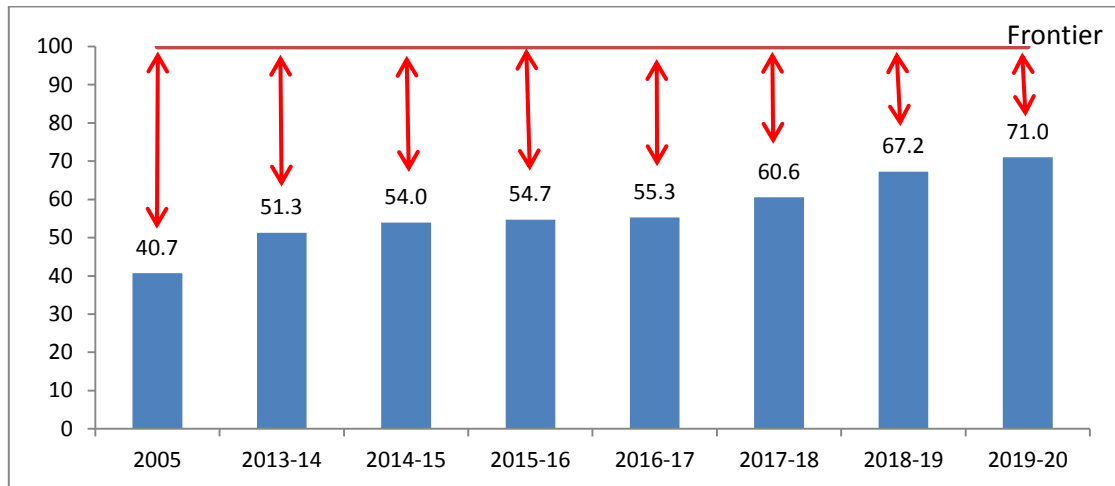
Source: PHD Research Bureau, PHDCCI, compiled from Doing Business Reports, World Bank



Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

India's performance has improved at a remarkable pace on distance to frontier score/ease of doing business score from 40.7 in 2005 to 71.0 in 2020 on the back of strategic reform measures undertaken by the Government.

**Chart 3: India's Distance to Frontier**



Source: PHD Research Bureau, PHDCCI, compiled from World Bank's Doing Reports

In World Bank's Doing Business Report 2020, India was among the 10 top improving economies, which made remarkable improvement in performance on the Doing Business indicators in 2019-2020. India has joined this list of top 10 improvers for the third year in a row. 2020 has been the third year that India has been recognized for considerable improvement in its business environment in the Doing Business Report which shows that the Government is committed to make it easy to do business in India for making it a global manufacturing hub.

**Table 4: India's Ranking on Various Parameters of World Bank's Ease of Doing Business Index**

Parameter	Rankings					
	2020	2019	2018	2017	2016	2015
<b>Overall Ranking</b>	<b>63</b>	<b>77</b>	<b>100</b>	<b>130</b>	<b>130</b>	<b>142</b>
1. Starting a business	136	137	156	155	155	158
2. Dealing with construction permits	27	52	181	185	183	184
3. Getting electricity	22	24	29	26	70	137
4. Registering property	154	166	154	138	138	121
5. Getting credit	25	22	29	44	42	36
6. Protecting minority investors	13	7	4	13	8	7
7. Paying taxes	115	121	119	172	157	156
8. Trading across borders	68	80	146	143	133	126
9. Enforcing contracts	163	163	164	172	178	186
10. Resolving insolvency	52	108	103	136	136	137

Source: PHD Research Bureau, PHDCCI, compiled from Doing Business Reports 2015-2020, World Bank

#### 4. Ease of Doing Business at the State Level

Improving India's regulatory framework for business is a key prerequisite for increasing investments in India and thereby creating jobs. The Government of India has already embarked on an ambitious agenda to further improve India's Doing Business in the country. In December 2014, under the 'Make in India' initiative, the representatives of the State Government identified and shared a 98-Point Business Reform Action Plan (BRAP) to be implemented by them for improving the regulatory framework for business as part of easing the doing business in the country. More importantly, this assessment allows India to generate a wide base of knowledge on how States have been addressing the task of reducing the regulatory burden on business, and identifying a series of good practices already underway in each State.

Till date, State Rankings have been released for the years 2015, 2016, 2017-18 and 2018-19. The Business Reform Action Plan 2018-19 includes 180 reform points covering 12 business regulatory areas such as Access to Information, Single Window System, Labour, Environment, etc.

The performance of the States over the years in the BRAP Rankings of DPIIT has been noteworthy. Andhra Pradesh has consistently been the best performer since last 3 years BRAP rankings, while Uttar Pradesh jumped to 2nd rank in BRAP 2018-19 from 12th rank in 2017-18, among the significant achievement by the other States.

**Table 5: Rankings of the States and Union Territories on the basis of the implementation of the Business Reform Action Plan (BRAP)**

State/UT	Rank			
	2018-2019	2017-2018	2016-2017	2015
Andhra Pradesh	1	1	1	2
Uttar Pradesh	2	12	14	10
Telangana	3	2	1	13
Madhya Pradesh	4	7	5	5
Jharkhand	5	4	7	3
Chhattisgarh	6	6	4	4
Himachal Pradesh	7	16	17	17
Rajasthan	8	9	8	6
West Bengal	9	10	15	11
Gujarat	10	5	3	1
Uttarakhand	11	11	9	23
Delhi	12	23	19	15
Maharashtra	13	13	10	8
Tamil Nadu	14	15	18	12
Lakshadweep	15	34	31	-

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

<b>Haryana</b>	16	3	6	14
<b>Karnataka</b>	17	8	13	9
<b>Daman &amp; Diu</b>	18	24	23	-
<b>Punjab</b>	19	20	12	16
<b>Assam</b>	20	17	24	22
<b>Jammu &amp; Kashmir</b>	21	22	31	29
<b>Andaman &amp; Nicobar Islands</b>	22	31	31	25
<b>Dadra &amp; Nagar Haveli</b>	23	26	25	-
<b>Goa</b>	24	19	21	19
<b>Mizoram</b>	25	30	29	28
<b>Bihar</b>	26	18	16	21
<b>Puducherry</b>	27	27	26	20
<b>Kerala</b>	28	21	20	18
<b>Arunachal Pradesh</b>	29	34	31	32
<b>Chandigarh</b>	29	29	31	24
<b>Manipur</b>	29	32	27	-
<b>Meghalaya</b>	29	34	31	30
<b>Nagaland</b>	29	28	26	31
<b>Odisha</b>	29	14	11	7
<b>Sikkim</b>	29	33	30	27
<b>Tripura</b>	29	25	22	26

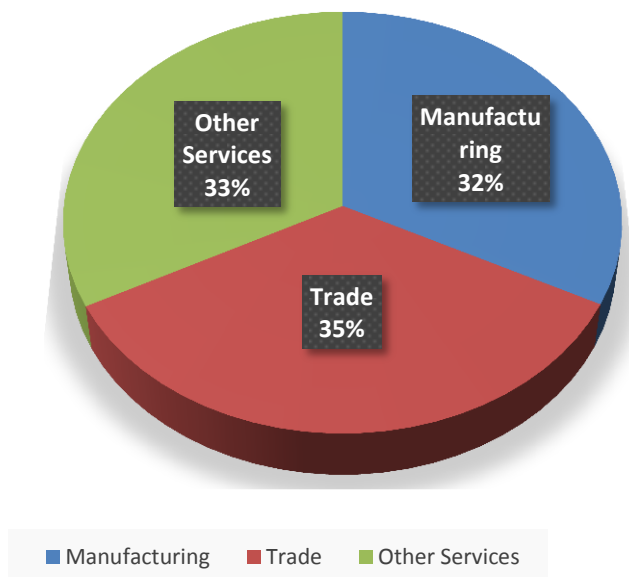
Source: PHD Research Bureau, PHDCCI, compiled from Assessment of State Implementation of Business Reforms, Department for Promotion of Industry and Internal Trade.

## 5. Ease of Doing Business Scenario for MSMEs

### 5.1 Importance of MSMEs

The Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector over the last few decades. It plays a very significant role in the growth and development of the Indian economy by contributing at around 33.5% in GVA and 49% in exports. There are 634 lakh unincorporated non-agriculture MSMEs in the country engaged in different economic activities, out of which 31% are in manufacturing, 36% are in trade and 33% are in other activities. As per National Sample Survey (NSS) round 73<sup>rd</sup> conducted during 2015-16, the MSME sector has generated 11.1 crore (111 million) employment opportunities. The attached pie chart shows the break-up of these jobs create by various non-agricultural sectors engaged as MSMEs in India.

**Chart 4: Activity-wise Estimated Employment in MSME Sector**



Source: PHD Research Bureau, PHDCCI, compiled from Ministry of MSME

The MSME sector contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets.

Thus, MSMEs have a very special and vital role in the Indian economy. The Government has given a major thrust to the growth of MSMEs as the next level of economic growth is expected to come from this crucial sector of the economy. However, the sector needs facilitation in terms of ease of doing business. The Government's role towards building the required infrastructure for smooth running of business is the key towards an efficient manufacturing sector for a strong and sustainable economic growth.

In nutshell, the growth of MSMEs is of paramount importance as the sector has potential not only to generate additional export earnings but also generate millions of employment opportunities for the growing young population in the country. At this juncture, it becomes imperative to assess the business environment for MSMEs in the country and to suggest measures to make it more conducive in the coming times.

## 5.2 Profile of MSMEs

MSME sector has emerged as the most vibrant and dynamic sector of Indian economy since Independence. Moreover, the significant share of MSMEs in non-agricultural manufacturing and services sector makes them strategically more important part of Indian Economy. The following table shows the distribution of enterprises in terms of its size viz. micro, small or medium size unit. 99.5% of MSMEs are micro sized units, 0.5% are small sized, whereas only 0.01% of the sector comprises of medium sized enterprises.

**Table 6: Distribution of Enterprises** (no. in lakh)

Sector	Micro	Small	Medium	Total	Share (%)
Rural	324.1	0.8	0.01	324.9	51.3
Urban	306.4	2.5	0.04	309.0	48.8
All	630.5	3.3	0.05	633.9	100.0
Share (%)	99.5	0.5	0.01	100.0	

Source: PHD Research Bureau, PHDCCI, compiled from MSME Annual Report, 2020-21 Ministry of MSMEs, Government of India

In view of the importance of MSMEs for growth and development of the economy, Government of India takes necessary steps time to time so as to strengthen the sector wherever required. In the same line, recently the new classification for MSMEs has come into effect from 1<sup>st</sup> July 2020, which is based on investment in plant & machinery and annual turnover and is common for all the enterprises whether engaged in manufacturing or service sector. The categorisation as per the new norms is as follows:

**Table 7: MSME Definition Classification**

Classification	Micro	Small	Medium
<b>Manufacturing Enterprises and Enterprises rendering Services</b>	Investment in Plant and Machinery: Not more than Rs. 1 crore;  Annual Turnover: not more than Rs. 5 crore	Investment in Plant and Machinery: Not more than Rs. 10 crore;  Annual Turnover: not more than Rs. 50 crore	Investment in Plant and Machinery: Not more than Rs. 50 crore;  Annual Turnover: not more than Rs. 250 crore

Source: PHD Research Bureau, PHDCCI, compiled from Ministry of MSMEs, Government of India

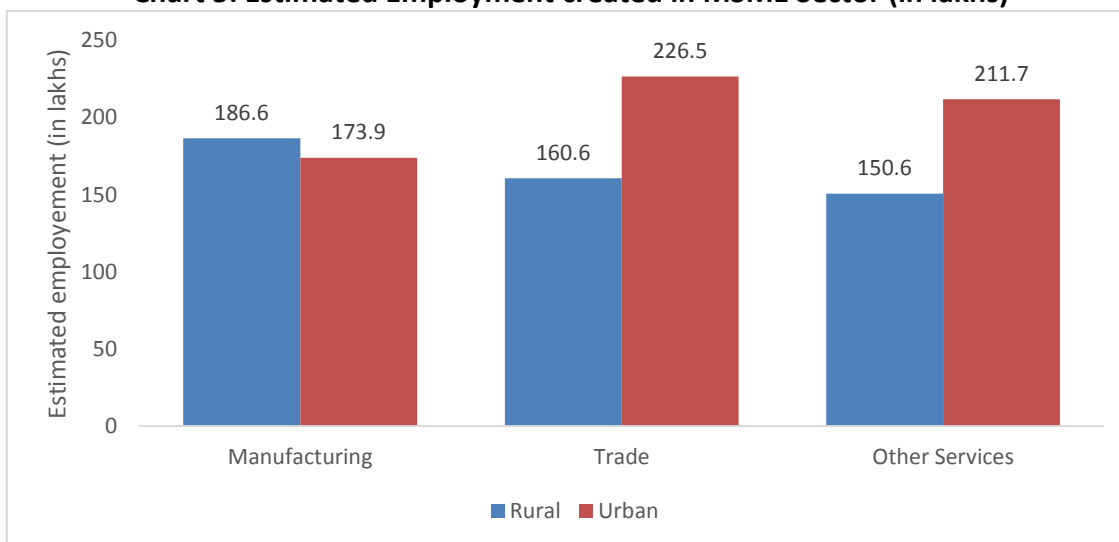
These revisions in definition are more realistic and supportive in terms of Ease of Doing Business. It is expected to attract more investments and create more employment opportunities. Moreover, it is expected to offer major relief to the MSME Exporters.

Moreover, the MSMEs in India are playing a crucial role by providing large employment opportunities at comparatively lower capital cost than large industries as well as through industrialization of rural & backward areas, inter alia, reducing regional imbalances, assuring more equitable distribution of national income and wealth. The following diagram shows the number of jobs created by manufacturing, trade and other non-agricultural MSMEs as

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

per NSS 73<sup>rd</sup> round conducted in 2015-16. Non-manufacturing MSMEs (Trade and other services) prefer Urban locations more as compared to the industries engaged in manufacturing activities. Availability of cheap labour and low to average level skill requirement by various manufacturing units prefer to setup the plants and other equipment in rural areas itself. It has evidently helped in employment generation in rural India.

**Chart 5: Estimated Employment created in MSME Sector (in lakhs)**



Source: PHD Research Bureau, PHDCCI, compiled from MSME Annual Report, 2020-21 Ministry of MSMEs, Government of India

### 5.3 State of MSMEs during COVID

The 1<sup>st</sup> wave of COVID-19 pandemic had a widespread impact on MSMEs. MSMEs experienced uneven flow of business activities and sustainability. Most MSMEs faced the challenge of keeping their financial wheels turning during the lockdown due to almost negligible business generation, weak demand and low consumer confidence.

COVID 19 pandemic apart from the nationwide lockdown and resulting suspension of production activities caused delay in availability of finance and credit and further rise in cases of non-timely payment of dues and adjudication of pending dues. Apart from these issues, country's supply chain had been massively disrupted due to the COVID lockdown, which further added fuel to the fire.

Amidst the dynamic and difficult times caused by health and economic impact of COVID-19, the bold economic reforms announced by the Hon'ble Finance Minister, Smt Nirmala Sitharaman aimed at countering these issues and mitigate the daunting impact of pandemic COVID-19 were laudable. The provision of collateral free automatic loans, new definition for MSMEs, Rs 20,000 crores Subordinate Debt for Stressed MSMEs; Rs 3 lakh crores collateral-free automatic loans for businesses, including MSMEs (subsequently expanded); Rs 50,000 crore Equity infusion for MSMEs through Fund of Funds, among others, were launched to



#### Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

help the MSMEs rejuvenate sooner than later and further strengthen the Indian economy's backbone.

Further to solve the credit related issues, the Government introduced a push to ensure more credit to small businesses, in accordance to which, the Reserve Bank of India (RBI) amended the requirements for the banks on keeping the cash reserve ratio (CRR) requirement against loans disbursed to first-time borrowers of micro, small and medium enterprises (MSMEs).

To sum up, India had been resilient in fighting 1<sup>st</sup> wave of COVID-19 on the back of big ticket economic reforms including economic booster package giving equal importance to Land, Labour, Liquidity and Laws, MSMEs and taking equal care of all strata of society.

The 2<sup>nd</sup> wave of coronavirus in April 2021 had fully engulfed the country, with record new cases, active cases and deaths. Coronavirus induced restrictions in the country created a difficult time for the businesses, especially MSMEs and overall economy. The situation has impacted the businesses in four major ways: the partial/complete lockdowns in many States and strict restrictions in various regions across the country: labour shortage, as the daily wage labours and office working segment fear the contraction of virus; skyrocketing price of commodities, such as steel, copper, aluminium, among others; the depressed demand scenario as the second wave of COVID had spread to urban areas, metropolitan areas, small cities and rural areas.

With calibrated approach of the Government amidst the 3<sup>rd</sup> wave of COVID-19 in the country, the economic activity was relatively less affected as compared to 1<sup>st</sup> and 2<sup>nd</sup> wave. With meaningful and timely Government support, the MSMEs almost revived from the distressed times caused by pandemic COVID-19.

#### **5.4 Challenges**

Across the globe, MSMEs face many difficulties in starting and operating businesses. However, their difficulty level varies with the regulatory and institutional environment in which they operate. Effective business regulation and continuous and focused reform measures to ease the business environment provide MSMEs opportunities to grow, innovate and move from informal to the formal sector of an economy. For instance, in Denmark, the average number of newly registered companies is 8 per 1,000 workers per year, whereas in Uganda this figure is less than 1 new company per 1,000 workers per year. This difference can be explained by many factors including the level of business regulations. Various studies have also found that an economy that undertake reforms to ease the regulatory burden on businesses tend to attract greater foreign investments as Multinational Corporations (MNCs) prefer countries that have predictable and stable business environment with fewer, cheaper and simpler regulations.

In India, promotion of ease of doing business has become most crucial for the growth of industry and the reforms undertaken in this direction have started giving fruitful outcomes.

#### Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

Relatively easier and lesser number of procedural requirements, efficient judicial system, online availability of required information, among others have made it easier to bring out law suits against a company and enforcing a contract has become easier. Obtaining the pre-requisites for a law suits has become hassle free and less time consuming. The historic restructuring of tax system in the country, accompanied by increase in use of digital payments and technological upgradation at the receiving end, i.e. government departments, have resulted in the improved tax payments, competitive pricing and economies of scale.

Ease of doing business has significantly improved as getting approvals has been made a lot easier and hassle free. The improvement in communication and coordination between the Government departments and citizens is visible. Steps such as removal of tedious procedures, curtailment of transmission loss of electricity, availability of online applications and online approval systems, among others, have created a transparent working environment and thus raised the confidence of people and firms.

Over the years, many landmark decisions have been taken by the Government of India for the upliftment of MSMEs and improve the ease of doing business, nevertheless, there is a long way to go. The MSMEs in India yet face a lot of challenges when it comes to set up a business and sustain it in long run.

As per the “Ease of Doing Business for MSMEs” report launched by PHD Chamber in September 2019, the entrepreneurs have been facing the following challenges, apart from COVID-19 detrimental impact, which needs a significant improvement:

- Number of tax payments in a year
- Cost of transportation and logistics
- Time required to enforce a contract
- Bringing out law suit against the company
- Supply of electricity
- Time to obtain an electricity connection
- Time involved in transportation of goods
- Number of documents in starting a business
- Online availability of business procedures
- Starting a business
- Business procedures are IT enabled
- Cost to obtain an electricity connection
- Obtaining construction permit/certificate
- Cost to obtain an internet connection
- Cost of enforcing a contract
- Cost of documenting in exporting and importing
- Time of processing building permit & certificate
- Procedures for new water & sewage connection
- Time for documenting in exporting and importing
- Time to register a property
- Cost for new water and sewage connection
- Behaviour of inspectors
- Road police checks/inspections
- Documents required for exporting and importing
- Credit Availability



## 6. Sectoral Profiles of MSMEs

**Table 8: Sectoral Profiles of MSMEs**

S. No.	MSME Sectors	Sector Profile
<b>Manufacturing</b>		
1	<b>Agriculture and Food Processing</b>	India has the 10th-largest arable land resource in the world. Agriculture is the primary source of livelihood for about 58% of India's population. Gross Value Added (GVA) by agriculture, forestry and fishing was estimated at Rs. 20.5 lakh crore and the recorded growth in GVA by sectors is 3.3% in 2020-21. During 2020-21 crop year, food grain production was estimated to reach a record 308.7 million tonnes (As per 4 <sup>th</sup> advanced estimation). Government of India is targeting food grain production of 310.7 MT in the FY 2022.
2	<b>Automotive and Auto Components</b>	The automobile industry in India is the world's fourth largest. India was the world's fourth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in 2019. The industry attracted Foreign Direct Investment (FDI) worth US\$ 31.8 billion between April 2000 and December 2021, accounting for approx. 6% of the total FDI during the period according to the data released by Department for Promotion of Industry and Internal Trade.  Moreover, during FY2016 to FY2020, automotive components industry registered a CAGR of 6%, reaching US\$ 49.3 billion in FY20, with exports growing at a CAGR of 7.6% during FY16-FY20 to reach US\$ 14.5 billion in FY20. The auto components industry accounts for around 25% to its manufacturing GDP and providing employment to more than 1.5 million people, directly and indirectly.
3	<b>Biotechnology</b>	India is world's third-largest producer of recombinant Hepatitis B vaccine and second-largest producer of BT cotton. The country is among the top 12 biotech destinations in the world and ranks second in Asia, after China. Current estimates value the industry at US\$ 7 billion in FY2015. Biopharmaceutical is the largest segment that contributed around 58% to the Indian biotechnology market in 2019, followed by bio-agriculture and bio-services, accounting for 19% and 15% respectively in 2019. Also, bio-services are becoming a leading destination for clinical trials, contract research and manufacturing activities in the country.

<p><b>4</b></p>	<p><b>Defence Manufacturing</b></p>	<p>The defence manufacturing industry is an important sector of the Indian Economy. The industry is likely to accelerate with rising concerns of national security. Demand for defence equipment in India has been growing due to the ongoing territorial disputes with a few neighbourhood countries.</p> <p>The defence exports in the country witnessed strong growth in the last two years. Defence exports in India were estimated to be at USD 2.0 billion in 2019–20. India’s defence import value stood at USD 463 million for FY2020</p> <p>Over the years, India has been ranked among the top importers of defence equipment to gain technological advantages over rival countries. To modernise its armed forces and reduce dependency over external dependence for defence procurement, several initiatives have been taken by the government to encourage ‘Make in India’ activities via policy support initiatives.</p>
<p><b>5</b></p>	<p><b>Drugs, Pharmaceuticals and Ayurveda</b></p>	<p>India ranks 3rd worldwide for pharmaceutical production by volume. It contributes the second largest share of pharmaceutical and biotech workforce in the world. The country has an established domestic pharmaceutical industry, with a strong network of 3,000 drug companies.</p> <p>India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK.</p> <p>India’s domestic pharmaceutical market turnover reached Rs. 1.4 lakh crore in 2019 from Rs. 1.29 lakh crore in 2018. In May 2020, pharmaceutical sales grew 9% year on year to Rs. 10,342 crores.</p>
<p><b>6</b></p>	<p><b>Electronics Manufacturing</b></p>	<p>India witnessed a substantial spike in demand for electronic products in the last few years; this is mainly attributed to India’s position as second-largest mobile phone manufacturer worldwide and surge in internet penetration rate. The Government of India attributes high priority to electronics hardware manufacturing, as it is one of the crucial pillars of Make in India, Digital India and Start-up India programmes.</p>

<p><b>7</b></p>	<p><b>Engineering Goods</b></p>	<p>India's engineering sector has witnessed a remarkable growth over the last few years driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy.</p> <p>India, on its quest to become a global superpower, has made significant stride towards developing its engineering sector. The Government has appointed Engineering Export Promotion Council (EPEC) as the apex body in charge of promotion of engineering goods, products, and services from India. India export transport equipment, capital goods, other machinery/equipment, and light engineering products such as castings, forgings, and fasteners to various countries of the world. The Indian semiconductor industry offers a high growth potential area as industries which source semiconductors as inputs are themselves witnessing high demand.</p>
<p><b>8</b></p>	<p><b>Fast-Moving Consumer Goods (FMCG)</b></p>	<p>Fast-moving consumer goods (FMCG) sector is India's fourth largest sector with household and personal care accounting for 50% of FMCG sales in India. Growing awareness, easier access and changing lifestyles have been the key growth drivers for the sector. The urban segment (accounts for a revenue share of around 55%) is the largest contributor to the overall revenue generated by the FMCG sector in India. However, in the last few years, the FMCG market has grown at a faster pace in rural India compared to urban India. Semi-urban and rural segments are growing at a rapid pace and FMCG products account for 50% of the total rural spending.</p>
<p><b>9</b></p>	<p><b>Fisheries, Seafood and Other Marine Products</b></p>	<p>India today represents one of the largest producers of fish in the world. Both, domestic consumption as well as export of fishes has witnessed a strong growth in India over the last few years. The per capita consumption of fish has also shown a continuous growth over the last several years.</p> <p>There are a number of factors that has induced a high demand for Fisheries, Seafood and Other Marine Products in India including life style changes, the perception of fish as a healthy food with high levels of digestible protein, PUFA and cholesterol lowering capability etc. Indian seafood Industry is a major supplier in the 'Global Seafood trade' in exporting 'wide range of products'. 'International seafood trade' had seen major change in the last decade due to factors like;</p>

		‘environment reasons’, ‘diet diversification’, ‘increased global supply’, ‘international trade barriers’ and Bioterrorism.
<b>10</b>	<b>Floriculture, Horticulture and Sericulture</b>	<p>India is bestowed with several agricultural climatic zones conducive for production of sensitive and delicate floriculture products. During the decade after liberalization floriculture industries took giant steps in the export arena. According to the National Horticulture Board, India's total export of floriculture was Rs. 541.61 crores/ US\$ 75.9 million in 2019-20.</p> <p>Moreover, the country ranks second in fruits and vegetables production in the world, after China. The vast production base offers India tremendous opportunities for export. During 2019-20, India exported fruits and vegetables worth Rs. 9,182.9 crores. India has the unique distinction of being the only country producing all the five known commercial silks and is the second largest producer of silk in the world. Among the four varieties of silk produced, Mulberry accounts for 71.8%, Tasar 9.9%, Eri 17.8% and Muga 0.6% of the total raw silk production.</p>
<b>11</b>	<b>Handicrafts and Handlooms</b>	<p>The Indian handloom industry is one of the oldest and largest cottage industries in India with 23.8 lakh looms. Handloom weaving is one of the richest and most vibrant aspects of the Indian cultural heritage. The handloom industry produces more than 8.01 billion sq.m of cloth and provides employment to almost 4 million people. It offers a wide range of textile products - both traditional and modern. The sector employs 43.3 lakh weavers directly and indirectly throughout the country with 77% of them being women. Indian handicrafts are exported across geographies, with the top destinations being the US, the UK, the UAE, Germany, France, Latin American Countries (LAC), Italy, Netherlands and Canada.</p>
<b>12</b>	<b>Metal and Mining &amp; Quarrying Industry</b>	<p>India holds a fair advantage in production and conversion costs in steel and alumina. Its strategic location enables export opportunities to develop as well as fast-developing Asian markets. India ranks fourth in terms of iron ore production worldwide, and the production of iron ore in 2019-20 stood at 206.45 MT. India has approximately 8% of the world's iron ore deposits. India became the world's second largest crude steel producer in 2019 with production at 111.2 MT.</p>

<p><b>13</b></p>	<p><b>Leather and Leather products</b></p>	<p>The Leather industry in India accounts for around 12.9% of the world's leather production of hides/skins and handles a robust annual production of about 3 billion sq. ft. of leather. The country accounts for 9% of the world's footwear production. The industry is known for its consistency in high export earnings and it is among the top ten foreign exchange earners for the country.</p> <p>India has an abundance of raw materials with access to 20% of world's cattle and buffalo and 11% of the world's goat and sheep population.</p> <p>The Leather industry is an employment intensive industry providing job to more than 4 million people, mostly from the weaker sections of the society. Women employment is predominant in Leather products industry with about 30% share.</p>
<p><b>14</b></p>	<p><b>Manufacturing of Chemical and Petrochemicals</b></p>	<p>Chemicals industry in India is highly diversified, covering more than 80,000 commercial products. It is broadly classified into Bulk chemicals, Specialty chemicals, Agrochemicals, Petrochemicals, Polymers and Fertilizers. India's proximity to the Middle East, the world's source of petrochemicals feedstock, makes for economies of scale.</p> <p>India is a strong global dye supplier, accounting for approximately 16% of the world production of dyestuff and dye intermediates. Chemicals industry in India has been de-licensed except for few hazardous chemicals. Upcoming Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) and Plastic parks will provide state-of-the-art infrastructure for Chemicals and Petrochemicals sector.</p>
<p><b>15</b></p>	<p><b>Minerals, Iron and Steel (Metal &amp; mining Industry)</b></p>	<p>India produces 95 minerals, 4 fuel-related minerals, 10 metallic minerals, 23 non-metallic minerals, 3 atomic minerals and 55 minor minerals. The country operates 1531 mines with large reserves of iron ore, bauxite, chromium, manganese ore, barite, rare earth and mineral salts. In production and conversion costs of steel and alumina, India holds a fair advantage, while holding strategic location in fast developing Asian Market.</p>
<p><b>16</b></p>	<p><b>Manufacturing of Fertilisers</b></p>	<p>The Indian fertilizer market exhibited moderate growth during 2015-2020. Fertilizers have played a key role in the success of India's green revolution and subsequent self-reliance in food-grain production. The increase in fertilizer</p>

		consumption has contributed significantly to sustainable production of food grains in the country. As a result, the demand of fertilizers has witnessed double digit growth rates over the past several years.
<b>17</b>	<b>Oil and Gas</b>	<p>Indian Oil and gas sector is among the eight core industries in the country as the economic growth is closely related to its energy demand driving strong investment. The Government policies have allowed 100% Foreign Direct Investment (FDI) in many segments of the sector, including natural gas, petroleum products and refineries.</p> <p>Indian crude oil import has risen sharply from US\$ 70.72 billion in 2016-17 to US\$ 101.4 billion in 2019-20, while consumption of petroleum products grew 4.5% to 213.69 MMT during FY2020 from 213.22 MMT in FY2019. According to India Energy Outlook 2021 by IEA, primary energy demand is expected to nearly double to 1,123 million tonnes of oil equivalent, as the country's gross domestic product (GDP) reaches US\$ 8.6 trillion by 2040.</p>
<b>18</b>	<b>Manufacture of Rubber and Plastics Products</b>	<p>India is the third largest producer and fourth largest consumer of natural rubber in the world and also the fifth largest consumer of natural rubber and synthetic rubber put together. The Indian plastics industry comprises around 55,000 plastic processing units, spread over both the organised and unorganised sectors, employing an estimated 0.4 million people. About 75 per cent of plastic processing units are in the small-scale sector and these account for about 25% of the total production.</p>
<b>19</b>	<b>Sports Goods</b>	<p>The Sports goods manufacturing Industry is one of the fastest growing sectors of Technical Textile which contributes around 7% of Indian technical textiles market. The entire segment is growing at 8.9% CAGR. India is among the largest sports goods manufacturers in Asia after countries like China and Japan. Although its share in global trade is only around one per cent, it is a niche player in manufacturing.</p> <p>Most of India's sports goods are exported to United Kingdom, United States of America, Germany, France and Australia. The Indian sports goods industry is highly labour intensive and it provides employment to the weaker sections of society and also employs a large number of women workers.</p>

20	<b>Textiles &amp; Apparels and Readymade Garments</b>	<p>India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors to capital-intensive sophisticated mills sector on the other end. The industry has a capacity to produce wide variety of products suitable for different market segments, both within India and across the world.</p> <p>The domestic textiles and apparel market was estimated at US\$ 100 billion in FY2019. The textile industry has around 4.5 crore workers including 35.22 lakh handloom workers all over the country.</p>
<b>Services, Infrastructure, Construction &amp; Energy</b>		
21	<b>Audit and Accounts Services</b>	<p>The Indian Accounting Services Market can be categorized into tax preparation services, bookkeeping services, payroll services and others. The tax preparation services segment is expected to dominate the market on account of the growing number of new businesses and start-ups in the country. The market is dominated by Big 4 Audit and accounting firms, as it has been the case globally.</p>
22	<b>Banking, Insurance and Financial Services</b>	<p>The Indian banking system consists of 12 public sector banks, 22 private sector banks, 44 foreign banks, 56 regional rural banks, 1,485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions. As of August 2020, total number of ATMs in India increased to 2,09,110.</p> <p>Assets of public sector banks stood at Rs. 107.83 lakh crore and the total assets across the banking sector increased to 178.7708 lakh crores in 2019-20. India's foreign exchange reserve reached US\$ 633.6 billion as on 31<sup>st</sup> December 2021. Credit to non-food industries stood at Rs. 115 lakh crore as on December, 2021.</p>
23	<b>Community, Social and Personal services</b>	<p>Community, social and personal services is a sub-set of broader service sector among a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and construction services.</p> <p>The service sector is a key driver of the economic growth that has accounted for 55.39% to India's Gross Value</p>

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

		Added in FY 2020. The sector has a marked significant contribution to the exports and large-scale employment in the country. The service sector also attracts significant foreign investment ranking 1st in FDI inflow between April 2000 and December 2021.
<b>24</b>	<b>Civil Aviation</b>	<p>The civil aviation industry in India has emerged as one of the fastest growing industries in the country during the last three years. India has become the third largest domestic aviation market in the world.</p> <p>India's domestic and international passenger traffic stood at 341.05 million in FY2020. It grew at a compound annual growth rate (CAGR) of 11.13% during FY2016-FY2020. India's domestic and international aircraft movements grew to reach 2,155 thousand and 433 thousand during FY2020, respectively. To cater to the rising air traffic, the Government of India has been working towards increasing the number of airports.</p>
<b>25</b>	<b>Construction, Roads and Highways Development</b>	<p>India has the second largest road network in the world, spanning a total of 5.89 million kilometres (kms). This road network transports 64.5% of all goods in the country and 90% of India's total passenger traffic uses road network to commute.</p> <p>Highway construction in India increased at 21.4% CAGR between 2015-16 to 2018-19. In 2018-19, 10,855 km of highways were constructed with targets increasing every year. To sum up, Road transportation has gradually increased over the years with improvement in connectivity between cities, towns and villages in the country.</p>
<b>26</b>	<b>Consultancy Services</b>	In financial year 2020, the foreign direct investment equity inflow for the consultancy services industry in India reached a new height of US\$ 1.05 billion, indicating around 2 times growth compared to 2019.
<b>27</b>	<b>E-commerce Services</b>	E-commerce has transformed the way business is done in India. Much of the growth for the industry has been triggered by an increase in internet and smartphone penetration. As of August 2020, the number of internet connections in India significantly increased to around 760 million.



Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

		Propelled by rising smartphone penetration, launch of 4G network and increasing consumer wealth, the Indian E-commerce market is expected to flourish in upcoming decade. Smartphone shipments in India increased to reach 50.0 million units in the first quarter of 2020, driven by positive shipments of all smartphone vendors in the market.
<b>28</b>	<b>Educational Services</b>	India has one of the largest networks of higher education institutions in the world. As far as growth opportunities are concerned, India has the world's largest population of about 500 million in the age bracket of 5-24 years, which provides a great opportunity for the education sector. Number of colleges and universities in India reached more than 42,000 and 1043, respectively. Moreover the country is second largest market for e-learning after US.
<b>29</b>	<b>Electricity/Power/ Energy</b>	<p>Power is among the most critical component of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate infrastructure is essential for sustained growth of the Indian economy.</p> <p>India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar, and agricultural and domestic waste. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.</p>
<b>30</b>	<b>Health services</b>	<p>Healthcare has become one of India's largest sector, both in terms of revenue and employment. Healthcare comprises hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services and increasing expenditure by public as well private players.</p> <p>India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive</p>

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

		<p>compared to its peers in Asia and Western countries. The cost of surgery in India is about one-tenth of that in the US or Western Europe. There is a significant scope for enhancing healthcare services considering that healthcare spending as a percentage of Gross Domestic Product (GDP) is rising.</p>
<b>31</b>	<b>Information Technology (IT) and Information Technology Enabled Services (ITEs)</b>	<p>Information Technology (IT) and Information Technology Enabled Services (ITEs) market in India continues to grow at a commendable pace. India is the leading sourcing destination across the world, accounting for approximately 55% market share of the US\$ 200-250 billion global services sourcing business in 2019-20. Indian IT and ITES companies have set up over 1,000 global delivery centres in about 80 countries across the world. India has become the digital capabilities hub of the world with around 75% of global digital talent present in the country.</p>
<b>32</b>	<b>Legal Services</b>	<p>Legal services sector in India is composed of three sub-sectors i.e. Lawyers providing domestic legal services to individual and businesses; Lawyers providing cross-border sophisticated, legal work to corporate clients; and LPO's, providing support functions such as documentation review and legal research as an outsourcing services.</p> <p>As of 2017, India's legal profession is the world's second largest, with more than 600,000 lawyers in more than 500 legal practices nationwide and expected to grow at a rate of about 40% per annum, as per various reports.</p>
<b>33</b>	<b>Ports &amp; Shipping</b>	<p>According to the Ministry of Shipping, around 95% of India's trading by volume and 70% by value is done through maritime transport.</p> <p>India has 12 major and 205 notified minor and intermediate ports. The Indian ports and shipping industry play a vital role in sustaining growth in the country's trade and commerce. India is the sixteenth largest maritime country in the world with a coastline of about 7,517 kms. The Indian Government plays an important role in supporting the ports sector. It has allowed Foreign Direct Investment (FDI) of up to 100% under the automatic route for port and harbour construction and maintenance projects.</p>

34	<b>Public Administration</b>	Fundamental task of Public Administration is to defend its methodological diversity, context-specific approach and public character to survive as a praxis discipline in the face of the ever-changing global scenario. The recommendations of the Administrative Reforms Commissions led to the formation of several bodies and the enactment of certain laws in order to root out administrative corruption and uphold the spirit of ethics in governance.
35	<b>Railway</b>	<p>Indian Railways is among the world’s largest rail network, and its route length network is spread over 1,23,236 kms, with 13,523 passenger trains and 9,146 freight trains, plying 23 million travellers and 3 million tonnes (MT) of freight daily from 7,349 stations.</p> <p>In November 2020, Indian Railways freight loading stood at 109.68 million tonnes compared with 100.96 million tonnes in November, 2019. Revenue growth has been strong over the years. Indian Railways’ gross revenue stood at Rs 183,092.74 crore in 2019-20.</p>
36	<b>Real Estate &amp; Housing</b>	Real estate sector is one of the most globally recognized sectors. It comprises of four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy. Housing sales reached 2.61 lakh units in 2019 across seven major cities. Home sales volume across eight major cities in India jumped by 2.5x to 33,403 units from July 2020 to September 2020, signifying healthy recovery post the strict lockdown imposed in the second quarter due to the spread of COVID-19 in the country.
37	<b>Telecommunication Services</b>	Currently, India is the world’s second- largest telecommunications market with a subscriber base of 1.16 billion and has registered strong growth in the last decade. The Indian mobile economy is growing rapidly and will contribute substantially to India’s Gross Domestic Product (GDP) according to a report prepared by GSM Association (GSMA) in collaboration with Boston Consulting Group (BCG).

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

		<p>India ranks as the world's second largest market in terms of total internet users. The number of internet subscribers in the country increased at a CAGR of 21.36% from 2015-16 to 2019-20 and reach 743.19 million in 2019-20. Total wireless data usage in India grew 11.01% quarterly and recorded 25,369,679 TB in the first quarter of 2021.</p>
<b>38</b>	<b>Tourism &amp; Hospitality</b>	<p>The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. In 2019-20, 39 million jobs were created in the tourism sector in India, which is 8% of the total employment in the country.</p> <p>According to WTTC, India ranked 10th among 185 countries in terms of travel &amp; tourism's total contribution to GDP in 2019. During 2019, contribution of travel &amp; tourism to GDP was 6.8% of the total economy.</p>
<b>39</b>	<b>Transport and Logistics</b>	<p>India's transport and logistics sector has been the mobility backbone of India's growth, as the ability to move people and goods efficiently and at minimum costs has a multiplier effect on the economy. The sector is rapidly moving towards integrated end-to-end Logistics solutions. Increased investments in logistics infrastructure, last-mile connectivity, and emerging technologies are streamlining the logistics landscape in India. Currently, India's logistics sector is valued at US\$ 160 billion and employs over 22 million people directly. The logistics market in India is estimated to grow at a CAGR of 10.5% between 2019 and 2025.</p>
<b>40</b>	<b>Warehousing &amp; Storage</b>	<p>On the back of robust expansion in the country's pharmaceutical, e-commerce, and manufacturing sectors, the sector is expecting strong growth especially in tier-II and tier-III cities. The warehousing market in India was valued at Rs 1,050 billion in 2020. It is expected to expand at a compound annual growth rate (CAGR) of ~14.86% between 2021 and 2025, to reach a value of Rs 2,028 billion by 2025.</p>

Source: PHD Research Bureau, PHDCCI, compiled from various sources

## **7. MSME Supply Chains**

### **7.1 Introduction**

The supply chain refers to the value-added activities which are vital to bring the goods from the point of origin to the final consumer. Thakkar et al. (2008) defined supply chain management in MSMEs perspective as “Supply chain in MSMEs is a set of business activities including purchase from open/spot market, manufacturing or processing of subcomponents/subassembly within the plant and delivery to large enterprises using hired transportation to enhance value of end product and in-turn to ensure long term regular purchase order”. This supply chain becomes global value chain when these value added activities dispersed across borders to multiple country locations. Therefore, a global value chain (GVC) includes across borders value-added business activities. GVC has emerged as one of the leading antecedent for doing business internationally. It links organizations, employees and consumers from the different parts of the world. This across border value chain has put these MSMEs under pressure to improve their performance and increase their competitiveness.

Low cost firms have entered Indian market which in turn has intensified competition for MSMEs. Micro, Small and Medium enterprises of India were not able to exploit the opportunities generated by the emerging GVCs (Masato Abe, 2015). Therefore, a need is felt to explore potential causes, which restrict MSMEs’ participation in GVCs. Though, MSMEs in India have a remarkable contribution in the growth and development of the Indian economy, but there is a requirement to give support to MSMEs of India to do the business across borders effectively. The present chapter investigates the challenges in the process of MSMEs integration in GVC and accordingly the policy initiatives which could be taken to create more market opportunities for them.

### **7.2 Factors Affecting MSMEs in Integrating in Global Value Chain**

SMEs in GVC are required to meet many stringent standards, certifications and conformity requirements (ESCAP, 2007) and also are required to upgrade their production methods, their management practices, and work in a more formal manner (Masato Abe, 2015). MSMEs faces lack of access to finance (Harvie et al., 2013). Their development is constrained by lack of skill and expertise in organisation and management, which is important for being competitive (Asasen et al., 2003). MSMEs faces problems like higher transaction costs relative to large enterprises; lack of resources, lack of networks which contribute to a lack of information, increased market competition from large multinational enterprises, lack of research and development expenditure which makes them unable to compete against larger firms in terms of innovation (product, process, and organisation), lack of brand development, and weak market access (Harvie and Charoenrat, 2013; Masato Abe, 2015).

In India, despite of commendable contribution to the nation’s economy, the MSMEs have faced many problems. Numerous studies have been conducted to identify these problems. Following major problems have been identified: absence of adequate and timely affordable

bank credit (Shiralalshetti, 2010; Bansal, 2010; Venkataramanaiah and Ganesh, 2011; Sengupta, 2011; Londhe, 2014; and Vasu, 2014), lack of product or process innovation (Mirta, Kumar, Mukherji, 2009; Shiralalshetti, 2010; Venkataramanaiah and Ganesh, 2011; and Ministry of textiles, , 2012), shortage of skilled labour (Anis Ali, 2014; Khurana and Paliwal, 2014; and Vasu, 2014), rise of competition from foreign companies (Jayshree Sengupta, 2011), lack of easy availability of raw material and infrastructure (Shiralalshetti, 2010; Bansal, 2010; Sengupta, 2011; and Ministry of textiles, 2012), and Government negligence and efficiency in implementation of policies (Jadhav, 2013; and Khurana and Paliwal, 2014).

MSMEs in international market are required to fulfill many rigorous standards, certifications and conformity requirements (ESCAP, 2007). MSMEs in global value chain also need to upgrade their manufacturing methods, their management policies and procedures (Masato Abe, 2015). MSMEs face a problem of lack of access to finance (Harvie et al., 2013). Their integration in global value chain is also constrained by inadequacy of relevant skills in the employees, which is very essential for facing competition in global markets (Asasen et al., 2003). MSMEs faces challenges like higher operational costs as compared to big firms, shortage of resources, deficient of access of knowledge, less research and development expenditure which makes them unable to compete against larger enterprises in global market in terms of innovation, lack of brand development and weak market access (Harvie and Charoenrat, 2013; Masato Abe, 2015). In India, despite of remarkable contribution to the nation's economy, the MSMEs have faced many problems. Many empirical studies have been conducted to identify these problems. The challenges and problems in the process of MSMEs integration in GVC are as follows:

### **7.2.1 Access to Adequate and Timely Finance**

Finance is one of the most important antecedent distressing the growth and development of MSMEs. This problem results in the use of outmoded technology, obsolete machineries, lack of global business orientation and finally attain low profit. The accessibility of sufficient finance on time is the vital factor for the survival of MSMEs. Therefore, lack of access to adequate and timely finance is a major obstacle as it often restricts MSMEs' access to global market by restricting the flow of working capital. The MSMEs need to fulfill many conditions for taking loans from the banks. According to Economic Survey (2017-18), MSMEs sector is facing a major obstacle in regard to getting timely and adequate loan. This survey has also revealed that that the MSMEs received only 17.4% of the total credit outstanding. Most banks are disinclined to give loan to MSMEs because of less experience of these firms, weak financial position, lack of security and infrastructure. Therefore, the government of India needs to take proactive steps in making trade finance more popular among the bankers to support MSMEs to compete in cross-border trade.

### **7.2.2 Skill, Expertise and Productivity of Labour**

Though many MSMEs become digitalized, but they have a serious issue i.e. they have the shortage of talented employees. For MSMEs to survive and develop, both employees and technology need to update simultaneously. The lack of skill, expertise and productivity of the labour is the biggest obstacle for MSMEs to expand their businesses internationally. Therefore, MSMEs need to do investment in the training and development of their employees for participating in the global value chain across borders. It is very complicated for the MSMEs to give high salaries and other perks to the workforce and therefore they are notable to recruit employees for their enterprises. Thus, the MSMEs go through with less efficiency, less productivity and less profit.

The Government should provide sufficient skill development schemes to MSMEs to encourage them to participate in global markets.

### **7.2.3 Innovation**

In the current era marked by dynamic technology trends, access to updated technology is imperative to sustain in the global value chain. Many previous studies have also found that the level of innovation and value addition embedded into the products are still at their nascent stage (Mitra et al. 2009; Shiralalshetti, 2010 ). Indian MSMEs need to adapt and inculcate advanced level of value addition to compete at par with their global counterparts. At present, the majority of MSMEs are still struggling with access to upgraded technology and their technical know-how. MSMEs need to update their technologies to maintain their research and development activities.

The large price of updated technology, shortage of adequate and timely finance, deprived of communications facilities and elevated repairs cost of machinery act as obstacles for MSMEs to adopt latest techniques and technologies. Thus, the outdated use of technology is the imperative antecedent for the sluggish development of Indian MSMEs. The MSMEs are sometimes not aware of updated techniques and technologies to boost their efficiency in productivity.

Therefore, Government should increase awareness among MSME owners regarding embracing of updated tools and techniques to face the competitiveness in global market.

### **7.2.4 Scale of Operations**

The infrastructure facilities affect the growth of MSMEs in India. Majority of the MSMEs are located in the rural areas and there is a lack of infrastructural facilities in the rural areas such as network, transport, electricity etc. Therefore, the MSMEs, which are in rural areas, face many challenges and problems in participating in international market. The MSMEs also face the major challenge i.e. outdated technology in rural areas. This technological inflexibility is the major antecedent behind the slow growth of MSMEs in international market. The MSMEs of India are not able to provide goods at reasonable price in the

international market, due to which they lose their competitive edge in the global market. Therefore, it is very difficult for Indian MSMEs to face competition in the international market and to fulfil strict product standards and quality required for participation in GVCs.

### 7.2.5 Knowledge, Awareness and Networking

Lack of information of global markets is also a biggest obstacle for MSMEs for integrating in global value chain. A lack of knowledge affects the MSMEs capability to compete in the global market. MSMEs face finance and profit uncertainties because of less experience in international markets. Therefore, Indian MSMEs are not able to formulate its appropriate strategies in the international market. This, in turn, converts into their incapability to formulate the appropriate industry model to face competition in the global markets.

Therefore, it is central for the Indian MSMEs to enlarge relations with various stakeholders to gain from networks and able to survive in an international market.

### 7.3 Government Measures to Support MSMEs Supply Chain

Despite a remarkable share of MSMEs in the GDP of India, MSMEs face many problems and challenges that confine their entry into the international market. Therefore, Government has taken many initiatives and steps to support the MSMEs integration with global value chain.

#### 7.3.1 Government Initiatives to Address the Challenge of Access to Adequate and Timely Finance

- I. Public Sector Banks (PSB) Loans In 59 Minutes: This initiative of the government has been taken to ease the access of credit to MSMEs. It provides sanction to loans of MSMEs up to one crore in fifty nine minutes from PSB.

Table 9: PSB Loans In 59 Minutes Data			
Particulars	As on November 2, 2018	As on June 7, 2019	% increase
Preliminary approvals (No.)	72,041	1,65,411	130
Final sanctions (No.)	1,987	1,27,884	6336
Amount sanctioned (₹ crore)	637	40,156	6204

Source: PHD Research Bureau, PHDCCI, compiled from Reserve Bank of India





#### Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

- II. **Cash Flow-based Lending:** In Cash Flow-based lending, the loan is given to the MSMEs on the basis on their current and future cash flows rather than on the basis of adequate collaterals. Further, the timing of the return back of loan is depending on the timings of cash inflows of the MSMEs.
- III. **Trade Receivables Discounting System (TReDS):** This initiative helps in quick financing for the MSMEs. It is an online platform where MSME's can trade their pending account receivables such as invoices. Therefore, it is an easy method to obtain the collateral funds at discounted rate of interest.
- IV. **Lending to MSMEs under Priority Sector lending (PSL):** The Reserve Bank of India has stated that the PSL norms will be followed while giving loans to MSMEs. Under Priority Sector Lending rules, 7.5% of bank credit must go to micro firms.
- V. **Credit Guarantee Schemes:** This initiative has been taken by the Government to give loan (with prescribed limit) to the micro and small enterprises without any collateral and the guarantee by the third party.
- VI. **Venture Capital Funding for MSMEs:** Indian MSMEs majorly depend on the informal sources of finance, i.e. funding from personal savings and funding from relatives. They also take loan against ancestral property and jewellery while equity as a source of finance is preferred by very few micro, small and medium scale enterprises. Venture capital funding for MSMEs is a source of equity financing for growing MSMEs. Venture capitalists give funds to MSMEs after vigilantly verifying their projects.

### **7.3.2 Government Initiatives to Address the Challenge of Innovation and Access to Global Market**

MSMEs face challenges in terms of higher supply chain costs, limited access to international market, limited awareness, lack of networks etc. The Government of India is helping MSMEs by providing many facilities related to digital/e-commerce platforms for connecting in international markets.

The National Resource Center (NRC) & The Export Facilitation Centers (EFCs) – This NRC and EFCs guides the MSMEs about the types of products in demand in international market, expected requirements by the consumers in terms of quality, packaging, labeling, price etc. It also gives information to the MSMEs regarding the available schemes of the Government which are beneficial for them while integrating in global value chain. It also gives details to the MSMEs regarding the bilateral and multilateral agreements so that MSMEs can avoid double tax and take advantage of many other subsidies. It has also developed a handbook especially for the MSMEs exporters which provide the practical information to the exporters.



#### Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

A call centre is also established by these centres which provide all the information related to international market and other enquiries. It has also developed an online platform which provides the details related to the products in demand country wise, information related to loan and finance provided by various banks and financial institutions. It has also done partnership with various international agencies so that MSMEs can easily enter in the international market.

The Government of India is taking many initiatives and drafting many new policies that support MEMEs in the integration with global value chain. The Reserve Bank of India is also relaxing their conditions with regard to providing loans to MSMEs. Many banks have set up for providing loans to MSMEs without any collateral. Therefore, this chapter highlighted that many problems of the MSMEs get solved by the initiatives taken by the Indian Government and the Reserve Bank of India. The owners of the MSMEs should take advantage of these opportunities and put their steps in the integration in global value chain across borders. This integration will help MSMEs to customize their goods according to the requirements of the international market and they can transport the goods at rapid pace.

Therefore, MSMEs need to focus on innovation, development of new products and partnership with the suppliers and other key stakeholders for remain competitive, grow and prosper in international market. The main objective of supply chain management is to provide right product to the right consumer at the right place, at the right cost, at right time, with right quantity and quality (Basher, 2010).

The MSMEs will not be able to fulfil this objective without adopting digitization. Therefore, the MSMEs should also take steps towards redefining its supply chain by adopting complete digitization in the supply chain. Digitization is very important for the MSMEs for their survival and sustainable growth in the international market. It also helps MSMEs in improving their supply chain efficiency and also helps in increasing competitiveness in global market.

## 8. Ease of Doing Business for MSMEs: Survey Findings

### 8.1 MSMEs Ease of Doing Business (EODB)

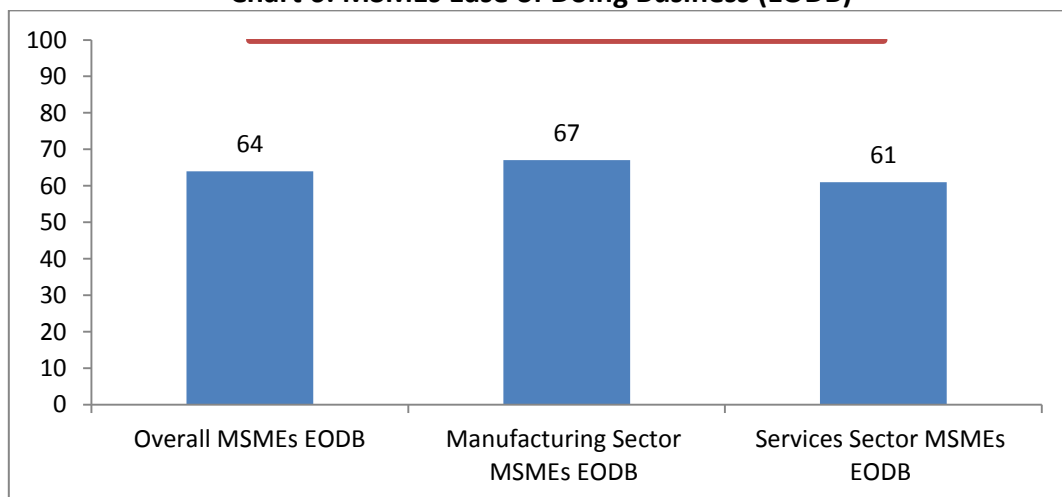
On the back of series of reform measures taken by the Government in the last few years, India has marked a remarkable improvement in the World Bank Ease of Doing Rankings. However, the World Bank's ranking relates to only two metropolitan cities of India, ie. Delhi and Mumbai. Further, 99% of the entities in India fall under the category of MSMEs, especially after the change in the MSMEs definition.

MSME sector has been of high value to the Indian economy, given its significant contribution in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country.

Considering the significant importance of MSMEs in Indian growth story and its contribution in the journey towards becoming USD 5 trillion economy in the coming times, enhanced ease of doing business becomes crucial for MSMEs.

At this backdrop, the ease of doing business for MSMEs at the ground level has been analysed and scored on the basis of a pan-India survey over the year 2021. The survey results reveals that the overall MSME EODB stands at 64 (out of 100), of which EODB for manufacturing sector MSMEs stands at 67 and EODB for service sector MSMEs stands at 61.

**Chart 6: MSMEs Ease of Doing Business (EODB)**



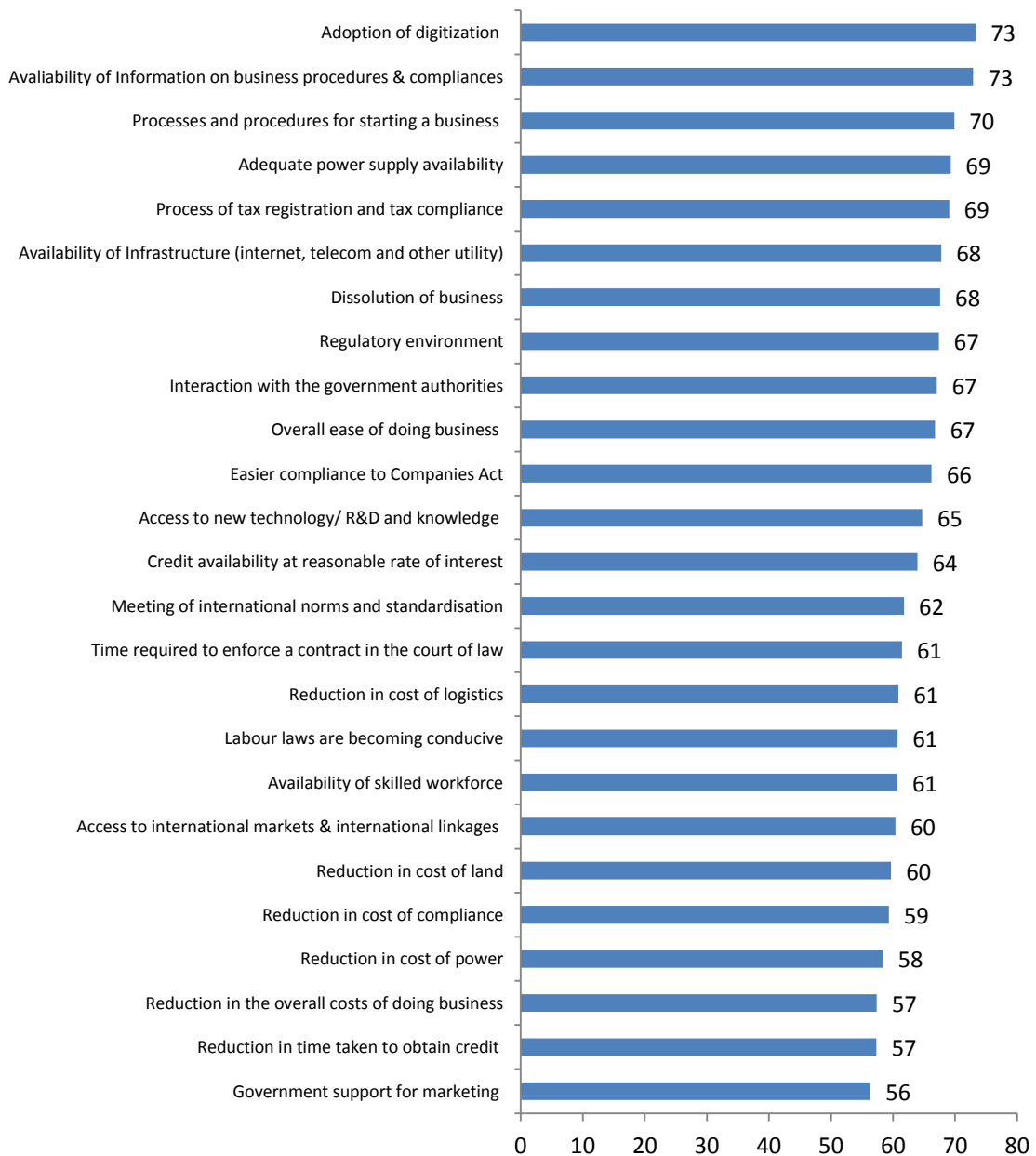
Source: PHD Research Bureau, PHDCCI, MSMEs EODB Survey 2021

## 8.2 MSMEs Ease of Doing Business (EODB) Parameters

According to the survey, the 5 top scoring parameters for ease of doing business of MSMEs includes adoption of digitization (73), availability of information on business procedures & compliances (73), processes and procedures for starting a business (70), adequate power supply availability (69) and process of tax registration and tax compliance (69). The least scoring parameters are Government support for marketing (56), reduction in the time taken to obtain credit (57) and reduction in overall costs of doing business (57).



**Chart 7: MSMEs Ease of Doing Business (EODB) Parameters Score**



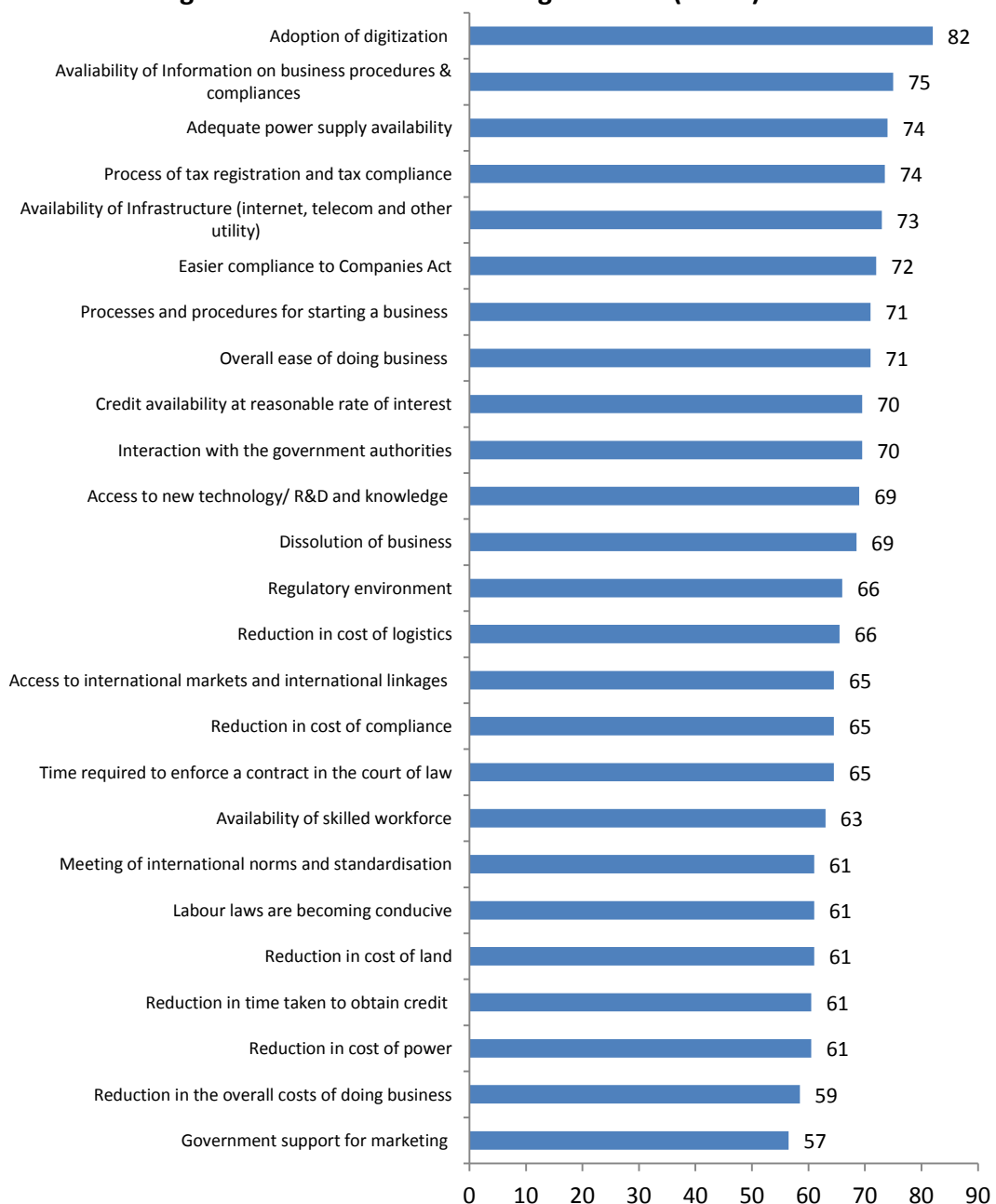
Source: PHD Research Bureau, PHDCCI, MSMEs EODB Survey 2021

### 8.3 Manufacturing Sector MSMEs Ease of Doing Business (EODB) Parameters

According to the survey, the 5 top scoring parameters for ease of doing business of manufacturing sector MSMEs includes adoption of digitization (82), availability of Information on business procedures & compliances (75), adequate power supply availability (74), process of tax registration and tax compliance (74) and availability of Infrastructure (internet, telecom and other utility) (73). The least scoring parameters are Government support for marketing (57), reduction in the overall costs of doing business (59) and reduction in cost of power (61).



**Chart 8: Manufacturing Sector MSMEs Ease of Doing Business (EODB) Parameters Score**



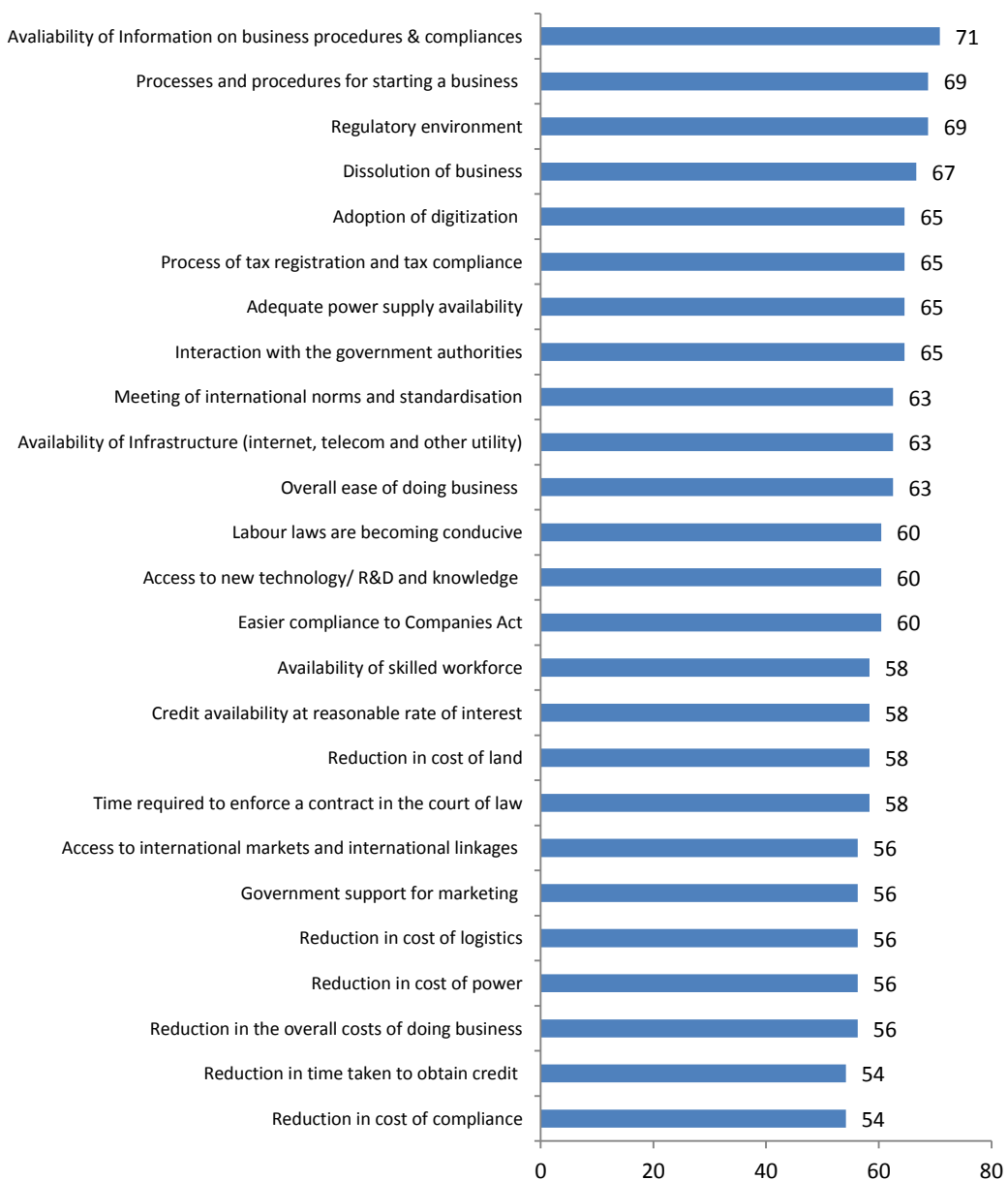
Source: PHD Research Bureau, PHDCCI, MSMEs EODB Survey 2021

### 8.4 Service Sector MSMEs Ease of Doing Business (EODB) Parameters

According to the survey, the 5 top scoring parameters for ease of doing business of service sector MSMEs includes availability of information on business procedures & compliances (71), processes and procedures for starting a business (69), regulatory environment (69), dissolution of business (67) and adoption of digitization (65). The least scoring parameters are reduction in cost of compliance (54), reduction in time taken to obtain credit (54) and reduction in the overall costs of doing business (56).



**Chart 9: Service Sector MSMEs Ease of Doing Business (EODB) Parameters Score**



Source: PHD Research Bureau, PHDCCI, MSMEs EODB Survey 2021

## 8.5 Industry Perception on Ease of Doing Business

- **Overall ease of doing business**

The survey has revealed that respondents agree on the improvement in the overall ease of doing business in their concerned area of business operation(s). The score of this parameter stands at 67 for overall MSMEs, 71 for manufacturing sector MSMEs and 63 for service sector MSMEs. According to the respondents, various reforms and initiatives have been undertaken by the Government for promoting ease of doing business; however, there is no proper or effective implementation of the same. Further, the impact of these reforms, in many cases, does not reach to the ground level. The cost related aspect of the ease of doing business still needs aggressive focus by the Government to provide benefit to small businesses.

- **Interaction with the Government authorities**

According to the survey, interaction with the Government authorities has relatively improved over the years. The score of this parameter stands at 67 for overall MSMEs, 70 for manufacturing sector MSMEs and 65 for service sector MSMEs. To ensure maximum reach to the Government, various web portals have been launched by different Government Departments/authorities. These portals are user friendly, secure, easy to use, provides contact information and has increased the transparency between the interaction of people and government authorities. However, despite these initiatives, there still exist a vast potential for further improvement in the interaction with the Government authorities. There is a need to reduce the delays in getting the appointment of concerned Government officials. Also, it has been observed that in cases where interaction has become smooth and easy, the follow-up of the same suffers lag. Furthermore, the authorities must understand the problems and pulse of the businesses according to their size and interact/ take action/ provide feedback accordingly.

- **Regulatory environment**

The regulatory environment plays an important role in making a country business friendly. According to the respondents, there are still many unnecessary regulatory burdens that are imposed upon business and investors, which hamper the enabling nature of country's business environment. The score of this parameter stands at 67 for overall MSMEs, 66 for manufacturing sector MSMEs and 69 for service sector MSMEs. The score indicates that MSMEs in both sectors have almost similar opinion on the regulatory environment. It has been observed that there is a presence of multiple regulatory bodies in India, which causes overlapping of powers. According to the respondents, there is a need to imbibe the spirit of transparency and accountability in the functioning of the bodies and areas under their jurisdiction should be mutually exclusive and clear.

- **Dissolution of business**

In order to attract foreign entrepreneurs and to promote a conducive business environment in the country, the ease of exit and dissolving a company is an equally important factor. In the last few years, the Government has brought in various schemes to ease the process of dissolving a business in the country. The Government has made amendments in the Insolvency and Bankruptcy Code 2016, to make shutting down of companies easier. The score of dissolution of business parameter stands at 68 for overall MSMEs, 69 for manufacturing sector MSMEs and 67 for service sector MSMEs. Winding down a business is a cumbersome process due to presence of red-tapism, time delays in case of court objections, high charges of liquidator, among others.

- **Information related to various business procedures and compliances**

The survey has revealed that information related to various business procedures and compliances is adequately and easily available now. The respondents strongly agree with this as the score of this parameter stands at 73 for overall MSMEs, 75 for manufacturing sector MSMEs and 71 for service sector MSMEs. In 2018, there were over eight thousand Government websites in India. This indicates that most of the important Government entities have already made headway in establishing their presence on the internet and others are in the process of doing so. Every other day, there is a new website or portal launched by the Government to bring all the information related to procedures, compliances, forms, norms, guidelines, among others to various stakeholders. Further, the single window system launched by Government provided significant information at one place, though single window adoption in every State needs to be implemented and ensured.

- **Time required to enforce a contract in the court of law**

According to the survey, the time required to enforce a contract in the court of law in India has not decreased significantly. The score of this parameter stands at 61 for overall MSMEs, 65 for manufacturing sector MSMEs and 58 for service sector MSMEs. Businesses find it difficult to operate in an environment characterised by lack of/ delay in contract enforcement, as poor contract enforcement tends to increase the risk and reduce the returns (increased legal costs), thus affecting the overall risk to return ratio. Going ahead, fast track courts with nil court fees, for contract enforcements, specifically for MSMEs are needed.

- **Processes and procedures for starting a business**

The score of processes and procedures for starting a business parameter stands at 70 for overall MSMEs, 71 for manufacturing sector MSMEs and 69 for service sector MSMEs. According to the respondents a single window system is the basic requirement to set up a business. For starting a business, the person should get all the NOC/registration from Single window (not implemented in all States) right from land allocation, electricity connection, water connection, documentation or permissions from Gram Panchayat/Nagar



Panchayat/Town & Country Planning etc., to pollution department. Lot of time and money are spent to get the aforementioned pre-requisites fulfilled. Though, starting a business has relatively become easy over the years and number of documents and procedures required for starting a business has decreased. However, cost incurred for starting a business needs to be reduced.

- **Overall costs of doing business**

The overall costs of doing business parameter have obtained a relatively less score which reveals that the respondents find the cost of doing business in the country is significantly high. The score of this parameter stands at 57 for overall MSMEs, 59 for manufacturing sector MSMEs and 56 for service sector MSMEs. As part of Government of India's Ease of Doing Business (EODB) initiatives, the Ministry of Corporate Affairs has deployed a new Web Form christened 'SPICE+' replacing the earlier SPICE form. SPICE+ offers 11 services by 3 Central Government Ministries & Departments, thereby saving as many procedures, time and cost for Starting a Business in India. However, despite such initiatives, the Government should aggressively focus on reducing the cost of doing business including the (1) costs of capital, (2) costs of power, (3) costs of logistics, (4) costs of land and availability of land and (5) costs of compliances.

- **Costs associated with getting electricity/power**

In India, costs associated with getting electricity/power have reduced significantly over the years. The Government has taken many steps to get electricity easier, faster and cheaper. Administrative easing measures taken by government in this direction includes online application with no requirement of physical documents to be accepted, online approval system for obtaining Right of Way (RoW) permissions in Delhi, rationalised cost of obtaining electricity connection, among others. However, the score of cost of power parameter is relatively less and stands at 58 for overall MSMEs, 61 for manufacturing sector MSMEs and 56 for service sector MSMEs. According to the respondents, the per unit charges of power are still significantly high. In terms of tariffs paid by Indian consumers, electricity charges are among the highest, much higher than those in countries such as Malaysia, Vietnam and China. Given the daunting impact of COVID-19 on the MSMEs, the road to recovery for them must pass through a transition to efficient and clean energy/power.

- **Adequate power supply**

According to the survey, manufacturing sector MSMEs believes that adequate power supply is now available easily in the country. Adequate power supply is one of the key elements necessary for the smooth working, growth and development of the manufacturing sector. The score of this parameter stands at 69 for overall MSMEs, 74 for manufacturing sector MSMEs and 65 for service sector MSMEs. Electrification in the country is increasing with the support of Government schemes such as Deen Dayal Upadhyay Gram Jyoti Yojana, Ujwal Discom Assurance Yojana, Integrated Power Development Scheme, among others. Going ahead, focus on removing the infrastructural bottlenecks, such as an inadequate

transmission and distribution network, transmission losses, etc. to increase the power evacuation capacity and achieve the Government's objective of achieving round-the-clock quality power supply to all.

- **Cost of compliance**

According to the respondents, the cost of compliance in the country has not reduced much as the score of this parameter stands 59 for overall MSMEs, 65 for manufacturing sector MSMEs and 54 for service sector MSMEs. There are several compliances, impediments in various sub- sectors which are not desirable for the MSMEs and causes confusion for them. The cost involved in documentary and border compliances in exporting and importing needs to be further reduced. Owing to the complexity and ambiguity involved in fulfilling compliances, MSMEs are forced to deal with professionals such as CAs, CSs, lawyers for end-to-end managed services, which adds to their annual cost of compliance. Further, the Gratuity Fund increases cost and compliance for MSMEs in the services sector.

- **Easier compliance to Companies Act**

The respondents have been positive about the easier compliance to Companies Act. The score of this parameter stands 66 for overall MSMEs, 72 for manufacturing sector MSMEs and 60 for service sector MSMEs. The Government has done various amendments in the Companies Act to make it more business friendly and easier to follow. For minor violations under the Companies Act, entrepreneurs no longer have to approach court but can correct them through simple procedures. Also, the Government has de-criminalised various offences under the Companies Act by removing or reducing penal provisions and omitting imprisonment to further promote ease of doing business in the country and improve business sentiments by reducing the fear of criminal proceedings. However, businessmen in India still fear the criminal proceedings that are currently present in the Companies Act, which hampers the enhancement of ease of doing business.

- **Cost of logistics**

The survey has revealed that the cost of logistics still needs to be reduced in the country. Over the years, time involved in transportation of goods has reduced significantly. However, the cost of logistics still remains high thereby leading to an increase in the overall cost of doing business. The score of this parameter stands 61 for overall MSMEs, 66 for manufacturing sector MSMEs and 56 for service sector MSMEs. Going ahead, the Government should further improve the export logistics infrastructure; remove bottlenecks at ports to reduce costs and improve ease of doing business for industry. Delayed time and cost due to absence of single operating procedure of multiple modes of transportation add to the difficulties of MSMEs.

- **Cost of land**

Obtaining land is one of the most important parameters of ease of doing business. The procedure to acquire land should be free from complex and costly procedural bottlenecks. However, according to the survey the cost of land has not reduced significantly in India. The score of this parameter stands 60 for overall MSMEs, 61 for manufacturing sector MSMEs and 58 for service sector MSMEs. The time and cost involved in acquiring a land or conversion of land or approvals for land for specific construction are high and the overall process is tedious.

- **Credit is available at reasonable rate of interest**

The response on the 'Credit is available at reasonable rate of interest' has been mixed as the score of this parameter stands 64 for overall MSMEs, 70 for manufacturing sector MSMEs and 58 for service sector MSMEs. Though RBI reduces the repo rate on a frequent basis (especially during 2020-21) to reduce the cost of capital for the businesses, however, this reduction does not get fully reflected at the rate of interest charged by the banking sector from the businesses. High cost of credit also affects competitiveness of Indian exporters, especially MSMEs. MSMEs many a times struggle to fully avail the funds under the benefits and schemes announced by the Government because of strict collateral norms of the banks.

- **Time taken to obtain credit**

The respondents were not so positive on reduction in time taken to obtain credit in the country. According to them, MSMEs face unnecessary delays and reluctance on part of bank officials in clearing the loans. Even if an MSME has all the required documentation and eligibility criteria in place, there exists a lot of delay in processing of the loan. The score of this parameter stands 57 for overall MSMEs, 61 for manufacturing sector MSMEs and 54 for service sector MSMEs. Amid COVID situation, the Government warned banks of consequences if they create any unwanted hurdles or delay in disbursement of loans amounting to Rs 3 trillion (expanded subsequently) announced for the MSME segment under Emergency Credit Line Guarantee Scheme (ECLGS). As per the respondents, the Government and banks related instructions are not getting percolated to medium and lower category of staff resulting into several communication gaps.

- **Process of tax registration and tax compliance**

The response on ease of process of tax registration and tax compliance has been mixed as the score of this parameter stands 69 for overall MSMEs, 74 for manufacturing sector MSMEs and 65 for service sector MSMEs. Over the years, the tax structure in India has been simplified and process of tax registration has become simple and fast. Implementation of Goods and Service Tax has made India attractive across the world and has created a common market for around 140 crore people. However, according to the respondents many small businessmen are still unaware of the nitty-gritties of the GST compliances and procedures, which hamper their smooth administrative work flow. Also, in a developing



#### Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

country like India, not all SMEs will be able to afford the cost of computers and accountants required to implement GST (make bills and file tax returns). Nonetheless, with the continuous reform measures of the Government to simplify and rationalise GST, it is expected that the tax structure would become much simpler in the coming times.

- **Access to new technology/ Research and Development (R&D) and knowledge**

According to the survey, the access to new technology/ Research and Development (R&D) and knowledge related to concerned businesses is relatively more conducive, however needs further improvement. The score of this parameter stands 65 for overall MSMEs, 69 for manufacturing sector MSMEs and 60 for service sector MSMEs. Though, India's Global Innovation Index 2020 rank improved to 48 among 131 economies, up by four positions since 2019, however, this still in a way reflects the low innovation capacity of Indian firms and MSMEs in particular. The Government has recognised that the access to technology is a major challenge faced by the MSMEs in the country. This is also one of the reasons why majority of MSMEs in India are very slow in adoption of new technological solutions and are unable to support large industries in finding solutions towards cost reduction and sustainability. At this backdrop, the Government has been working towards this as different Ministries have set up their R&D institutions to facilitate the technological and training requirements of SMEs.

- **Availability of skilled workforce**

The score of availability of skilled workforce parameter stands 61 for overall MSMEs, 63 for manufacturing sector MSMEs and 58 for service sector MSMEs. This reflects that MSMEs face difficulties in hiring of the skilled workforce. According to the respondents the reasons for this situation could be attributes to two reasons. One could be that the MSMEs are not able to afford the highly skilled personnel and provide them with good working conditions and performance-linked remuneration, as a result of which these personnel prefer larger companies or MNCs over MSMEs. Second reason could be the gap between supply and demand of persons with specific skill set. Further, the MSMEs lack funds to impart skill development in their already employed workforce through trainings, work-based learning, including apprenticeship opportunities.

- **Conducive labour laws**

The Government has made several relaxation and changes in the country's labour laws to make them more conducive. The main reasons for these changes are the Covid-induced labour shortages; the market space vacated by China, which is hoped to be occupied by firms in India and create employment; and labour welfare. According to the survey, the score of conducive labour laws parameter stands 61 for overall MSMEs, 61 for manufacturing sector MSMEs and 60 for service sector MSMEs. According to the respondents, the labour legislation in the country still lacks uniformity and exhibits considerable rigidity and duplication. Therefore, there is a need for further simplification of labour laws, statues, and regulations to ensure their easy access, comprehension and implementation by MSMEs.

- **Availability of Infrastructure (internet, telecom and other utilities) in concerned area/business operations**

The survey has revealed that the availability of Infrastructure (internet, telecom and other utilities) in concerned area/business operations has been improving. The score of this parameter stands at 68 for overall MSMEs, 73 for manufacturing sector MSMEs and 63 for service sector MSMEs. The Government has been proactive towards the development of infrastructure in the country over the last many years and with the onset of COVID and Government's focus on self-reliance, this focus has increased significantly. Despite this, the leading issue that is of major concern to MSMEs, from the point of view of their growth and development, is non-availability of infrastructure support and adequate infrastructural facilities, which restricts their day-to-day business operations as well as their future growth prospects. According to the respondents, inadequacy of these facilities hampers their smooth value chain process.

- **Government support for marketing**

The survey has revealed that the Government support for marketing is the parameter which lies on the lowest levels in the ease of doing business for MSMEs. The score of this parameter stands at 56 for overall MSMEs, 57 for manufacturing sector MSMEs and 56 for service sector MSMEs. Due to inadequate Government support for marketing, the MSMEs face problems such as non-exposure and lack of adequate information on best practices in marketing, distribution & branding, thus leading to weak marketing linkages. Though, the Government has taken up various schemes in this direction, such as International Cooperation Scheme, Marketing Assistance Scheme, Procurement and Marketing Support Scheme (P&MS), among others, however, the MSMEs still suffer from inadequate access and marketing platform. According to a report of the Expert Committee on MSMEs, the Government should build networks of development service providers that can provide customized solutions to MSMEs in the area of technology, product development and marketing techniques.

- **Access to international markets and international linkages**

The response on the access to international markets and international linkages has been similar to the Government support for marketing parameter. The score of this parameter stands at 60 for overall MSMEs, 65 for manufacturing sector MSMEs and 56 for service sector MSMEs. According to the respondents, there is a need for increased Government initiatives for internationalisation of MSMEs. Further, infrastructural problems such as high power tariff, lack of export infrastructure hampers the competitiveness of MSMEs at international level. Many MSMEs are not even aware about the Government scheme towards this aspect.



#### Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

- **Meeting international norms and standardisation**

The score of meeting international norms and standardisation stands at 62 for overall MSMEs, 61 for manufacturing sector MSMEs and 63 for service sector MSMEs. According to respondents, due to lack of technological advancement (affordability), they face issues in meeting the international norms and standards. Further, lack of proper awareness regarding international norms requirements also adds to the challenges faced by MSMEs. Owing to absence of proper centralized information centers, it becomes difficult for the MSMEs to comprehend the complexity of fulfilling international norms and standards.

- **Adoption of digitization**

According to the respondents, adoption of digitization has been improved the most among the other parameters of ease of doing business. The score of this parameter stands at 73 for overall MSMEs, 82 for manufacturing sector MSMEs and 65 for service sector MSMEs. Digitisation has helped MSME across the board in respect of creating brand recall, a larger access to markets, effective engagement with customers in cost effective manner, lowering cost of operations, among others. The Government has been promoting the use of digitisation among businesses, in which its Digital India initiative has played a significant role. However, owing to lack of physical and digital infrastructure and skills in using technology, MSMEs still struggle to adopt digital technology due to various factors. MSMEs face problems in integrating their physical and digital operations without the help of a technical expert. Further, there is still a segment of Indians who prefer not to conduct digital transactions due to lack of awareness of digital payments, this reduces the potential customer base of MSMEs.

## 9. EODB Benchmarks/ Best Practices of States and Suggestions for Other States

The best practices of the best performing states (Andhra Pradesh, Telangana, and Gujarat) have been considered/Benchmark on the basis of the most prominent EODB parameters including:-

1. Access of information under Single window system
2. Environment compliances and regulations
3. Land Availability and Allotment
4. Land Administration and Transfer of Land and Property
5. Labour laws related compliances
6. Availability of power, power tariffs and other utilities
7. Contract Enforcement
8. Inspections by inspectors
9. Required business approvals, registration and re-registration for business under single window system
10. Filling of GST and Taxes
11. Availability of finances
12. Logistics availability and costs

**Table 10: Benchmark of States for Ease of Doing Business**

Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
1.	Access of information under single window system	<ul style="list-style-type: none"> <li>• Regular and <b>effective monitoring</b></li> <li>• <b>Transparency</b> in the process</li> <li>• Effective <b>communication with stakeholders</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Training Institutes and Capacity building</b> of the Industry are required for scaling up the businesses and higher-value projects.</li> <li>• Need to <b>increase visibility</b> of the project and generate awareness in the industry.</li> <li>• Single Window system should <b>highlight the State wise major laws.</b></li> <li>• <b>Central database for keeping a record of all show-cause notice issued</b> by Legal Metrology Department for any alleged non-complied</li> </ul>

Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
			advertisement so that repeated notices are not issued
2.	Environment compliances and regulations	<ul style="list-style-type: none"> <li>• <b>Notified white and green category industries</b>, which are exempted from taking clearances from State Pollution</li> <li>• <b>Consent to Establish (CTE)</b> issued for period of 7 years and <b>Consent to Operate (CTO)</b> issued for a period of 5(Red), 7(Orange) and 10 (Green) years</li> <li>• <b>Policy for auto-renewal of Consent to Establish (CTE)</b> based on self-certification/third party certification</li> <li>• <b>Auto-renewal of CTO</b> (under The Water (Prevention and Control of Pollution) Act, 1974 and The Air (Prevention and Control of Pollution) Act, 1981) <b>based on self-certification</b> for <b>Green category</b> industries and <b>third party certification</b> for <b>Orange category industries</b></li> </ul>	<ul style="list-style-type: none"> <li>• The issue of pollution through construction can be resolved by the <b>joint effort of local administration and builders.</b></li> <li>• Every engine whether used in <b>Motor Vehicles or gensets has to be tested &amp; approved by ARAI</b> for pollution compliant.</li> <li>• Banning of gensets for industrial or domestic use should be reviewed and it is suggested that instead of banning gensets, <b>pollution check certificates</b> at petrol pumps can be issued. Similar certificates can be issued for gensets by mobile pollution checking vehicles.</li> </ul>
3.	Land Availability and Allotment	<ul style="list-style-type: none"> <li>• <b>Clear timelines</b> through the Public Service Delivery Guarantee Act (or equivalent) legislation for processing of application</li> </ul>	<ul style="list-style-type: none"> <li>• Industries that are doing well and want to expand, should be <b>given land in the vicinity</b></li> </ul>



Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
		<p>and decision (approval/rejection) for conversion of land/ change in land use (from the date of application) for land outside of industrial parks/ Industrial Development Corporations (IDC)</p> <ul style="list-style-type: none"> <li>• Information on fees, procedure and a comprehensive list of <b>documents is available on the web site</b></li> <li>• The <b>online auto generation of appointment</b> (date and time) on making the required payment online at respective SRO offices</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Construction sector should be given the industry status</b></li> </ul>
4.	Land Administration and Transfer of Land and Property	<ul style="list-style-type: none"> <li>• <b>Digitized cadastral maps of all rural areas and published the updated Record of Rights (ROR)</b> at all Revenue department offices online in public domain for all areas of the State/UT</li> <li>• <b>Online dashboard available</b> in public domain updated regularly</li> <li>• <b>Searchable metadata available</b> with the Name of buyer, Name of seller, Date of mutation and Survey no.</li> </ul>	Create a Department as <b>“Directorate of Coordination”</b> and function of the Directorate will be to carry out the Coordination of the Work as assigned.

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
		<ul style="list-style-type: none"> <li>Integrated the mutation process with the registration process and intimation of mutation as soon as the deed is registered</li> </ul>	
5.	Labour laws related compliances	<ul style="list-style-type: none"> <li>Provision for <b>allowing the validity of license under Factories Act to be 10 years or more</b>. The same should be applicable for renewed licenses also</li> </ul> <p>Online application system with the features</p> <ul style="list-style-type: none"> <li><b>Online submission</b> of application without the need of submitting physical copy of application</li> <li>No physical touchpoint for document submission</li> <li>Option for <b>online payment of application fee</b></li> <li>Facility for applicant to <b>track application status</b> online and <b>download the final certificate</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Local reservation on labour</b> must be abolished in states in order to provide justice with the skilled employees if hired from outside state.</li> <li>Some <b>concrete guidelines</b> on Registration of Contract labour must be prepared for providing Ease of running business in states.</li> <li><b>Common portal for registration</b> for unskilled, semi-skilled, skilled or people desiring employment so that local industry can pickup suitable candidates and solve local area.</li> <li><b>Accommodation facilities to be given to the worker in mega infrastructure projects</b></li> <li><b>Ease of filing for employee's</b> details under the Labour Welfare Fund.</li> <li><b>User-friendly Laws—</b> Labor Laws, including PF, Wages, ESI, etc. are all to be made <b>simple / minimal intervention</b>.</li> </ul>
6.	Availability of power, power tariffs and other utilities	<ul style="list-style-type: none"> <li>Reduced the number of <b>mandatory documents required for obtaining the electricity connection</b> to: i.</li> </ul>	<ul style="list-style-type: none"> <li>Declare the industrial area as <b>ZERO TOLERANCE ZONE for interruption of electricity</b>, the productivity will</li> </ul>

Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
		<p>Proof of identity of the user            ii. Proof of ownership/occupancy (in case of owned/leased premise)            iii. authorization document (in case of firm or company)</p> <ul style="list-style-type: none"> <li>Charged electrical connections (for all voltages Low/High/Extra High Tension) along with Chief Electrical Inspector General (CEIG) <b>approval (wherever required) is provided within: i. Seven days</b> (where no 'Right of Way' (RoW) is required) <b>ii. Fifteen days where RoW is required</b> from concerned agencies</li> <li>The State regulator <b>publishes monthly data</b>, regarding total duration and frequency of power outages online in public domain</li> <li>Discoms <b>display information on tariffs</b> (in Rs. per kWh) and notify customers of change in tariff ahead of the billing cycle (for commercial and industrial users)</li> <li>Discoms <b>notify customers of planned outages</b> (maintenance and load shedding) for next 1 month in advance</li> </ul>	<p>tremendously improve.</p> <ul style="list-style-type: none"> <li><b>Gas based captive Power Plants can be installed</b> in the selected Industrial Zones as a viable solution. Integration of power between Electricity supply &amp; gas based supply can be done at Captive Power generating station itself.</li> <li><b>Provide power in rural areas at least during the day time</b>, to encourage micro and small industries in villages</li> <li>There is an <b>urgent need to bring BIS for Arc Fault Detection Device (AFDD)</b> and this item must be manufactured in India to avoid fires in buildings due to electrical loose connections or sparking in low voltage distribution.</li> <li><b>Number of tested BIS labs to be increased</b> for Circuit Test Facility for transformers and other Low Voltage (LV) and Medium Voltage (MV) switchgear to keep pace with multiplying number of manufacturers and products</li> <li>National Accreditation Board for Testing and Calibration Laboratories (<b>NABL</b>) and <b>KEMA accredited labs in</b></li> </ul>

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
			<p><b>India should be recognised by BIS/CPRI</b> for issuing test certificates acceptable to Utilities.</p>
7.	Contract Enforcement	<ul style="list-style-type: none"> <li>• <b>Commercial Courts</b> (in major towns/cluster of district so as to cover the whole State) to hear and resolve commercial disputes</li> </ul> <p>Design and implement a system that allows:</p> <ul style="list-style-type: none"> <li>• <b>E-filing for commercial disputes</b> in commercial courts and issuance of <b>e-summons for commercial disputes</b> in Commercial courts</li> <li>• <b>Publishing of e-cause lists</b> for commercial disputes in Commercial courts and <b>e-payment of court fees and process fees</b> for commercial disputes in commercial courts and <b>digitally signed certificate of court orders</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Decriminalization of offenses</b> to the industry in Taxes, Company Law, Legal Metrology Act 2009 etc.</li> <li>• <b>Directors should be involved only</b> if transaction appear to be <b>dubious or actions</b> of the Directors are proven guilty, rather than summoning them in the first instant</li> <li>• <b>Multiple notices should not be issued</b> for the same cause of action as this is against the law as prescribed in Article 20 of the Constitution of India. Article 20(2).</li> <li>• There should be a <b>National policy for imposing a penalty on vehicles</b> carrying goods if height &amp; width are more than prescribed limits.</li> <li>• The Legal Metrology Department should <b>take note of the Labels which are actually affixed by the Company at its premises</b>. Later, if the Company's distributor/stockiest/dealer damage or smudge the MRP label then the <b>Company or its director or partners should not be penalized by LMO, unless proper scrutiny is done</b>.</li> </ul>

Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
8.	Inspections by inspectors	<ul style="list-style-type: none"> <li>• Provided <b>Self / Third Party Certifications</b> &amp; Joint Inspections under various acts</li> <li>• <b>Published a well- defined inspection procedure and checklist</b> on department's web site</li> <li>• <b>Institutionalized a Central Inspection System (CIS)</b> responsible for undertaking compliance inspections of the departments concerned</li> <li>• Defined <b>risk criteria</b> (such as High, Medium and Low risk) to classify industries which undergo inspections conducted by Departments under the CIS</li> <li>• <b>Differentiated compliance inspection</b> requirements based on risk profile of industries</li> <li>• Identified establishments that need to be inspected based on computerized risk assessment and Computerized allocation of inspectors</li> <li>• Mandated the <b>inspections</b> (except in case of complaint based inspections) to be <b>limited to the checklist</b></li> </ul>	<ul style="list-style-type: none"> <li>• There should be a <b>check on threats of sealing factories</b> during inspections, even on the smaller grounds.</li> <li>• <b>Joint inspection by all concerned authorities.</b></li> </ul>

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
		<ul style="list-style-type: none"> <li>• <b>Online submission of inspection report within 48 hours</b> to the Department/ CIS is mandatory and mandated that the same inspector will not inspect the same establishment twice consecutively</li> <li>• <b>Established dedicated commercial courts</b> (in major towns/cluster of districts to cover the whole State) to hear and resolve the commercial disputes</li> </ul>	
9.	Required business approvals, registration and re-registration for business under single window system	<p><b>Single common application form for all state level approvals</b> and submitted online. The same is processed by all departments and provision for end to end facilitation including online payments and online downloading of approval certificates.</p> <ul style="list-style-type: none"> <li>• <b>Approvals for Mega projects within 15 days</b> and for any other projects within a maximum time period of 30 days. <b>Process initiated based on self-certification</b> and all Departments process simultaneously.</li> <li>• Tracking of application is available. <b>Toll free number</b> to interact and track status is provided.</li> </ul>	<ul style="list-style-type: none"> <li>• Request to eliminate renewals and enable <b>auto-renewable with online payment</b></li> <li>• <b>Increase the periodicity of renewal</b></li> <li>• <b>Allow self-certification, third-party certification</b></li> <li>• <b>Online forms for all records, registers &amp; filings</b></li> <li>• <b>All NOCs for industrial water usage can be given for five years.</b></li> </ul>

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
		<ul style="list-style-type: none"> <li>Shortfalls/queries can be raised only once by any department, that too <b>within 3 days of online application.</b></li> </ul>	
10.	Filling of GST and Taxes	<ul style="list-style-type: none"> <li><b>Helpline for providing basic services</b> such as assisting users in preparing and filing returns under the State/Union Territory GST Act</li> <li>Publish a list of all state, municipal and panchayat levies and include the relevant information pertaining to the rates and tariff levied by the State and local bodies on the online portal</li> </ul>	<ul style="list-style-type: none"> <li>There should be <b>one road tax for Tourism</b> transport, when travellers will be moving to various states.</li> <li><b>Simplified user - friendly GST/I.Tax Laws</b> are required whereby there is mutual trust and the Employers / Owners are not looked at with suspicion at the outset itself</li> <li><b>Allow taxes paid on fuel</b> (gas, electricity, diesel) as <b>GST input</b>. Presently it is allowed only as an expense although fuel used in production is also raw material.</li> <li>Invoice wise details are available online in the GST portal by both vendor and supplier but still, physical copies of invoices of each and every type of transaction are demanded by the concerned officer during an audit, which leads to delay in the audit timeline</li> </ul>
11.	Availability of finances		<ul style="list-style-type: none"> <li>There should be a <b>standard laid down for all banks making advances/loans</b> with</li> </ul>

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
			<p>regard to the collateral security to be kept by them against the same.</p> <ul style="list-style-type: none"> <li>• Create a uniform playing field for both, Government and Private banks</li> <li>• <b>Bank Guarantees</b> are given within Construction and infrastructure sector with an <b>addition validity for 12 months</b>. This not only attracts additional commission charges, but unnecessarily keeps one accountable for a period, for which one is not accountable, that can cause problems if it goes unchecked.</li> <li>• Delayed Payment for MSME- there is a need to <b>strengthen <i>Micro and Small Enterprises Facilitation Councils (MSEFC)</i></b></li> <li>• <b>Include Medium enterprise</b> in the ambit of MSEFC facilitation councils.</li> <li>• <b>Access to finance needs to improve in the Tourism and Logistic sector</b> as the availability of loans and even withdrawn overdraft facilities is limited after the Covid-19 pandemic.</li> <li>• <b>Bank CAMP Offices in industrial areas/rural areas</b> so that Small loan seekers</li> </ul>



Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

Sr No.	Parameters	Best Performing States in the EoDB (Andhra Pradesh, Telangana, Gujarat) Common Best Practices	PHDCCI Suggestions to be adopted in the Northern States
			can be sanctioned on the spot for implementing the schemes at the local level.
12.	Logistics availability and costs		<ul style="list-style-type: none"> <li>• Transport policy should be <b>governed by the Central Government instead of State Governments.</b></li> <li>• <b>Industry Status for Logistics sector</b></li> <li>• <b>ECGC cover for the Freight Forwarders-</b> ECGC provides no cover to the Freight Forwarders/Custom Brokers under service exports as ECGC consider it as ancillary services.</li> <li>• <b>Freight Forwarders/Custom Brokers should be treated at par</b> with the exporters based on their foreign earnings.</li> <li>• <b>Review of FDI Policy for foreign freight forwarding agents investments in India</b></li> <li>• Measures should be taken to <b>increase the availability of containers and ships</b> on ports to smoothly fulfil export demand and increase competitiveness in international markets.</li> </ul>

In a nutshell, the States should aspire to adopt and implement the benchmarks/ best practices of top rated States to improve ease of doing business environment in their respective States and contribute in making India a best destination to do business.

## 10. Conclusions and Recommendations

MSMEs are crucial for growth and development of the Indian economy, contributing 33.5% in gross value added, 30% in GDP, employing around 111 million people (36 million in manufacturing, around 39 million in trade and 36 million in other services), accounting 33% of manufacturing output and contributing around 49% in total exports of India. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth.

Considering the significant importance of MSMEs in Indian growth story and its contribution in the journey towards becoming self-reliant economy with a UD\$ 5 trillion economic size in the coming times, enhanced ease of doing business becomes crucial for MSMEs.

At this background, PHD Research Bureau, a research arm of PHD Chamber of Commerce and Industry in collaboration with Department of Commerce, Delhi School of Economics has conducted a study on 'Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level'. The study is based on pan India random sample survey of MSMEs from manufacturing and services sectors, conducted during the year 2021 and a total of 5254 responses were received.

The survey results revealed that the overall MSME EODB stands at 64 (out of 100), of which EODB for manufacturing sector MSMEs stands at 67 and EODB for service sector MSMEs stands at 61.

### Key Findings of the Survey

**Table 11: Overall MSMEs Ease of Doing Business (EODB) Parameters Score; Snapshot**

S. No.	Top Performing Parameters	Score	Least Performing Parameters	Score
1	Adoption of digitization	73	Government support for marketing	56
2	Availability of Information on business procedures & compliances	73	Reduction in time taken to obtain credit	57
3	Processes and procedures for starting a business	70	Reduction in the overall costs of doing business	57
4	Adequate power supply availability	69	Reduction in cost of power	58
5	Process of tax registration and tax compliance	69	Reduction in cost of compliance	59

**Table 12: Manufacturing Sector MSMEs Ease of Doing Business (EODB) Parameters Score; Snapshot**

S. No.	Top Performing Parameters	Score	Least Performing Parameters	Score
1	Adoption of digitization	82	Government support for marketing	57
2	Availability of Information on business procedures & compliances	75	Reduction in the overall costs of doing business	59

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

3	Adequate power supply availability	74	Reduction in cost of power	61
4	Process of tax registration and tax compliance	74	Reduction in time taken to obtain credit	61
5	Availability of Infrastructure (internet, telecom and other utility)	73	Reduction in cost of land	61

**Table 13: Service Sector MSMEs Ease of Doing Business (EODB) Parameters Score; Snapshot**

S. No.	Top Performing Parameters	Score	Least Performing Parameters	Score
1	Availability of Information on business procedures & compliances	71	Reduction in cost of compliance	54
2	Processes and procedures for starting a business	69	Reduction in time taken to obtain credit	54
3	Regulatory environment	69	Reduction in the overall costs of doing business	56
4	Dissolution of business	67	Reduction in cost of power	56
5	Adoption of digitization	65	Reduction in cost of logistics	56

The Government has implemented several reforms at the national level to ease and rationalize the business regulatory processes accompanied by the introduction of information technology as enabler to make governance more efficient and effective. Apart from Central Government, State Governments have also initiated many reforms, such as initiating single window system, tax reforms, among others to make business environment in the State efficient and conducive. This would attract more investments and help states improve their BRAP rankings.

Going forward, both Central Government and State Governments should continue with their effective reform measures for promotion of ease of doing business in the country to spur industry growth in the coming times. Further, MSMEs have the potential to convert the impact of Covid-19 into an opportunity with futuristic interventions. Through various Government reforms and provision of high degree of ease of doing business, MSMEs can head in the direction of Industry 4.0. In a nutshell, to reach the higher level of ease of doing business, more focussed reforms are required to give a boost to the development of MSMEs sector and make India a best place to do business.

### Recommendations

- **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.
- **Nodal officers for handholding**- There is a need for dedicated officers for Facilitating Domestic and Foreign Companies. For starting a new business, there should be dedicated local staff who can facilitate and encourage foreign and domestic companies to invest in India and help in streamlining the entire process of setting up new businesses. (A similar practice has been adopted by China in order to improve the ease of doing business in the country.)

- **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. All states should implement a Single Window System with letter and spirits. Presently, the Single Window portal hosts applications for approvals from 21 Central Departments and 14 State Governments.
- **Inspector to be an Enabler, Motivator, and Guide-** The majority of the time inspectors are on fault-finding mission and ready to serve notices and implicate the Directors/owner. The inspector should always give 14 days of prior notice before visiting any premises of the industry. The management should not have fear whenever approaching any of the government departments. The inspector should be an enabler, motivator, and guide for improving the business and giving positive confidence to the investor.
- **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. The government can charge one time lumpsum amount for this.
- The Government should aggressively **focus on reducing the costs of doing business** including the (1) costs of capital, (2) costs of power, (3) costs of logistics, (4) costs of land and availability of land and (5) costs of compliances. A cost-effective logistics network would provide impetus to MSME sector in the country by making MSMEs competitive internationally.
- An **integrated development of the logistics sector** in the country would inform, clarify, strengthen and prioritize the key objectives, focus areas and the governance framework for Logistics in India. This would also provide impetus to MSME sector in the country through a cost-effective logistics network. Logistics cost in the country should be reduce from 14% of GDP to make MSMEs competitive internationally.
- There must be a **level playing field** for the Indian manufactures to become competitive in the national and international market. A level playing field compared with the benefits and incentives provided by China must be given to the businesses in India.
- It is suggested that **the value chains of MSMEs** should be enhanced further, thus, making them more structurally competent to add to their efficiency and hence the country's overall export growth momentum.
- The **cost competitiveness of MSMEs exporters** should be improved and a level playing field should be created. Reduced costs of doing business and level playing field in the country will not only increase the competitiveness of our exporters but also reduce imports of the items where India has domestic capabilities.
- **Export income is requested to be made tax free for MSMEs for 3 years.** This will help in partly compensating the additional cost of logistics and other bottlenecks which Indian exporters face.

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

- Delay in availability of finance and credit, timely payment of dues and adjudication of pending dues are some of the sensitive issues for MSMEs, especially in the times when businesses are moving ahead after the daunting impact of COVID-19 scenario. Government should ensure **time bound disposal of adjudication of dues** and consider outsourcing this activity appropriately as per the Act to reduce the pendency of cases.
- **Smooth functioning Public Sector Units (PSUs)** without disruption due to payment problems is of paramount importance in these dynamic times. The Government should provide adequate funds to the PSUs, so that they may be able to release the payments of the MSMEs and other vendors urgently to provide them with liquidity and facilitate them to run their businesses.
- Further, the focus should be on ensuring provision of **hassle free disbursement of loans** vis-à-vis enhanced liquidity for MSMEs, especially in rural sectors. The banking sector must fully percolate the significant cut in repo rate announced by the RBI during the last 2 years. Also, banks should expedite the process of cheque clearances.
- **Bank Finance-** Bank Financing for setting up new projects, clear-cut instructions should be issued and not loan against property.
- **Ensure adequate Working Capital of MSMEs-** Banks should be allowed to give upto 50% additional loan on the present limit as per the performance of MSME units without additional collateral.
- **Uniform Banking Rules-** It is suggested that banks should also be integrated to offer uniform service to customers. Presently, different banks have different norms to give loans, including collateral security deposits. Banks always demand high level of collaterals, even many times of the loan sanctioned. If Rs 25 crore loan is sanctioned against Rs 75 crore machinery, plant, land among others, they also demand for other immovable property. Therefore, there must be synchronization between RBI and all Banks.
- **Cheque clearance time should be reduced-** MSMEs suffer a lot as cheque clearance takes a minimum of 3 to 7 days. With working capital already under strain, this adds fuel to the fire.
- **Cheque Bouncing-** Also, Cheque bouncing is a major problem in the industry. Cheque bouncing charges are imposed on both parties.
- **The new definition of MSMEs** (Rs 250 crore annual turnover and Rs 50 crore investments in plant and machinery for medium enterprises) prescribes that investment limit and turnover criteria have to be met for an enterprise to be termed as MSME. In this regard, a clarification is essential, as to whether both the criteria of Investment and Turnover or either one of them is required to be met for an enterprise to be classified as MSME.

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

- It may be mentioned that the objectives of Expansion, Growth and Technology Upgradation of MSMEs for which the definition is being revised, would not be achievable if both criteria are applied together. Either one of the criteria should be set or preferably the turnover criteria should be set for an enterprise to be classified as MSME.
- **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.

Time bound issuance of Show cause notice and adjudication is a must in GST as well. But, we have seen lackluster approach in providing advance ruling in a defined time bound period, which is going against the ease of business.

Further, it has been seen that most of the advance rulings are pro revenue and not providing much needed clarity on various subject matters of GST, as Authority for Advance Ruling (AAR) authority is from the Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST) Department. This is again not helping the trade towards ease of business.

- **No persecution of assesses after paying the TDS and interest-** The department of Income-tax has filed complaints cases against numerous assesses before the criminal court via launching prosecution against them under section 276B R/w 278B of the IT act. Therefore, assesses who were unable to deposit TDS on time but deposited the same after the due date, including interest and late filing, should not be sent to the courts for trial. Also, pending matters before the courts need to be withdrawn by the department.
- **One Road Tax for Tourism Transport-** There should one road tax for Tourism Transport when a traveller will be moving to various states.
- **Allow taxes paid on fuel (gas, electricity, diesel) as GST input.** Presently, it is allowed only as an expense although the fuel used in production is raw material. Hence, tax credits to be allowed for petroleum products.
- The shortages of raw materials, high input prices, among others, are impacting the production possibilities and anticipated sales volumes and posing a challenge to the small businesses to operate. At this juncture, there is a need to **address the high commodity prices and shortages of raw materials** to support the consumption and private investments in the country.
- It is suggested that **PLI Scheme** should include handicraft, medicinal plants and Ayush products to deliver its benefits of it to Indian farmers and exporters. The PLI Scheme is lacking cost competitiveness in the Specialty Steel sector as the period of 5 years is too



#### Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

less to set up new units and start production. There is a need to increase the budget allocation for indigenize production of products such as super alloys, alloy steel grades, etc. Also, under the scheme, factories based around aspirational districts or Tier-3 & Tier-4 cities should be given priority.

- **Uninterrupted power supply to industrial areas-** It is important for the growth of MSMEs in villages to have an uninterrupted power supply, especially in the area of Industrial Model Township which will help in boosting local employment.
- **Industrial Pollution-** Pollution control norms should help the industry survive rather than close. An adequate pollution control equipment list with the approved manufacturer should be provided.
- **Simplification of land acquisitions** is required as it remains complex, because of the difficulties in establishing legal ownership and a 'clean' holding for purchase.
- **Coordination and cooperation among the States** must be ensured so that there is no overlapping of business regulations. Best practices of top ranked states in BRAP rankings should be adopted by other States also.
- The characteristic of MSMEs of low capital cost of creating jobs relative to big industries should be capitalised and encouraged further.
- It may be mentioned that often the origin/source of raw material and the native places of manpower in MSMEs are far away, which hamper the ease of raw material accessibility and raise the cost of their procurement. Also, this causes the concentration of economic power/activities in mega cities. At this backdrop, the Government should come out with new laws or rationalise or simplify the existing laws to distribute this concentration of economic power and bring the **set-up of MSMEs closer to the origin of raw-material and manpower**, however, with some limiting factor so that this provision cannot be used abusively.
- **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.
- **Fixed Term Employment-** The fixed-term employment provision announced by Government of India is a welcome step, but the State should fully implement it at the ground level. Also, some concrete guidelines on the Registration of Contract labour must be prepared for providing Ease of doing business in states.
- **Employees’ Provident Fund Organisation (EPFO) -** Labour Laws, Including PF, Wages, ESI etc., are all to be made simple/minimal intervention. The purpose to watch shall be the interest of the employers and the employee. EPFO has come out with one such system which all other departments can implement. (Annexure 3: Employees’ Provident Fund Organisation- Permission for Inspection).



#### Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

- **Training Institutes and Capacity building of the Industry**, especially MSMEs, are required for scaling up the businesses and move into high value products and projects.
- The Government should **promote adoption of the technologies** categorized as part of Industry 4.0 by MSMEs to manufacture essential and enabling products like sensors, motors, computer displays and other animation technologies. This would significantly help in promoting MSME exports.
- To realize their full potential, MSMEs need to make full use of different funding facilities and marketing opportunities available in the country and avail benefits of various schemes announced by Government of India under the of Aatmanirbhar Bharat Abhiyaan. At this juncture, **extreme support in terms of marketing platforms** to MSMEs is seriously required to help them move forward easily after the daunting impact of pandemic COVID -19.
- Further, frequency of **awareness campaigns** for MSMEs sector need to be increased so that every industry can take optimum benefit of the Government schemes.
- **Industry Status to Construction**- The construction sector gets industry status so that it can enjoy smooth financial services. Also, there should be National policy only regarding issues pertaining to the construction sector.
- **Industry status for Logistics Sector**- The logistics service providers, freight forwarders and customs brokers should be provided industry status. At present, the status has been provided by the UP & Gujarat government however, this needs to be implemented centrally and for all India through “Ministry of Commerce”. This will boost the growth of the logistics sector and provide a level playing field to the domestic industries by reducing logistic costs and make them more competitive at the global level.
- **Industry Status to Travel, Tourism and Hospitality Industry**- Travel, Tourism and Hospitality Industry has no industry status and after pandemic banks are not giving loans even withdrew overdraft facilities.
- Particularly for **service sector MSMEs**, few areas where thrust needs to be given include developing market access for service sector MSMEs, effectively addressing financing needs, reforms in the area of IPRs, skill development of human capital, employment generation and studying international practices with respect to ease of doing business in the services sector, among others. Access to finance needs to improve in the Tourism and Logistic sector as the availability of loans and even withdrawn overdraft facilities is limited after the Covid-19 pandemic.



## Annexure

**Table 14: Number of Responses as per the Sub-Sector**

S. No.	Sector	No. of Responses	% of Responses
1	Consultancy Services	315	6%
2	Engineering Goods	265	5%
3	Agriculture and Food Processing	264	5%
4	Banking and Financial Services	263	5%
5	Drugs, Pharmaceuticals and Ayurveda	261	5%
6	Electronics	212	4%
7	Textiles & Apparels and Readymade Garments	210	4%
8	Transportation / Logistics Services	209	4%
9	Automotive and Auto Components	208	4%
10	Chemical and Petrochemicals	208	4%
11	Gems and Jewellery	160	3%
12	IT and ITes	159	3%
13	Educational Services	158	3%
14	Electricity/Power/Energy	158	3%
15	Health services	157	3%
16	Legal Services	157	3%
17	Insurance	108	2%
18	Biotechnology	107	2%
19	Handicrafts and Handlooms	106	2%
20	Community, Social and Personal services	105	2%
21	Public Administration	105	2%
22	FMCG	103	2%
23	Tourism & Hospitality	102	2%
24	E-commerce	102	2%
25	Iron and Steel	102	2%
26	Leather and Leather products	101	2%
27	Storage	101	2%
28	Telecommunication Services	100	2%
29	Sports Goods	56	1%
30	Mining	55	1%
31	Ports & Shipping	55	1%
32	Real Estate & Housing	54	1%
33	Minerals, Oil and Gas	54	1%
34	Floriculture, Horticulture and Sericulture	53	1%
35	Fisheries, Seafood and Other Marine Products	52	1%
36	Audit and Accounts Services	51	1%
37	Construction, Roads and Highways Development	51	1%

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

38	Rail Infrastructure	51	1%
39	Civil Aviation	50	1%
40	Fertilisers	50	1%
	<b>Total</b>		100%

Source: PHD Research Bureau, PHDCCI, EODB MSMEs Survey 2021. Note: Percentages are rounded off to nearest tens.

**Table 15: Number of Responses as per States/UTs**

States/ UTs	Response %
Delhi	17.2
Haryana	11.5
Maharashtra	7.1
Uttar Pradesh	6.2
Tamil Nadu	4.2
Rajasthan	3.7
Telangana	3.7
Uttarakhand	3.7
Karnataka	3.3
Jammu & Kashmir	3.3
Andhra Pradesh	2.9
Punjab	2.9
West Bengal	2.9
Gujarat	2.5
Himachal Pradesh	2.5
Chattisgarh	2.1
Chandigarh	2.1
Kerala	1.7
Madhya Pradesh	1.7
Assam	1.6
Bihar	1.3
Jharkhand	1.2
Odisha	1.1
Arunachal Pradesh	1.1
Goa	1.0
Manipur	0.9
Meghalaya	0.9
Mizoram	0.9
Nagaland	0.8
Sikkim	0.8
Tripura	0.7
Ladakh	0.7
Puducherry	0.6
Lakshadweep	0.5
Anadmaan & Nicobar Island	0.4
Dadra and Nagar Haveli & Daman & Diu	0.3
<b>Total</b>	<b>100</b>

Source: PHD Research Bureau, PHDCCI, EODB MSMEs Survey 2021

**Table 16: Survey Questionnaire**

S. No.	Questions	Strongly Disagree	Disagree	Agree	Strongly Agree
1.	Overall ease of doing business has been improved significantly in your area of business operation	0	0	0	0
2.	Interaction with the government authorities is now easy.	0	0	0	0
3.	Regulatory environment is now improved.	0	0	0	0
4.	Dissolution of business is now easy.	0	0	0	0
5.	Information related to various business procedures and compliances is adequately available now.	0	0	0	0
6.	Time required to enforce a contract in the court of law is now significantly less.	0	0	0	0
7.	Processes and procedures for starting a business are now easy.	0	0	0	0
8.	Overall costs of doing business have been significantly reduced	0	0	0	0
9.	Cost of power has been significantly reduced	0	0	0	0
10.	Adequate power supply is now available easily.	0	0	0	0
11.	Cost of compliance has been significantly reduced	0	0	0	0
12.	Compliance to Companies Act is now easy	0	0	0	0
13.	Cost of logistics has been significantly reduced	0	0	0	0
14.	Cost of land has been significantly reduced	0	0	0	0
15.	Credit is available at reasonable rate of interest.	0	0	0	0
16.	Time taken to obtain credit has reduced significantly.	0	0	0	0
17.	Process of tax registration and tax compliance is now easy and fast.	0	0	0	0
18.	Access to new technology/ Research and Development (R&D) and knowledge related to your business is more conducive	0	0	0	0
19.	Skilled workforce is now easily available.	0	0	0	0
20.	Labour laws are becoming conducive	0	0	0	0
21.	Availability of Infrastructure (internet, telecom and other utility) in your area/business operations have been improved significantly	0	0	0	0
22.	Government support for marketing has improved significantly.	0	0	0	0
23.	Access to international markets and international linkages has now improved.	0	0	0	0
24.	Meeting international norms and standardisation is now easy.	0	0	0	0
25.	Adoption of digitization has become easy	0	0	0	0

Source: PHD Research Bureau, PHDCCI, Survey on Ease of Doing Business for MSMEs 2021



Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

## STUDY TEAM

**Dr. S P Sharma**

Chief Economist | DSG  
PHD Chamber of Commerce and Industry

**Dr. Kiran Bala**

Assistant Professor  
Department of Commerce,  
Delhi School of Economics,  
University of Delhi  
and Research Scholar,  
PHD Chamber of Commerce  
and Industry

**Ms. Kritika Bhasin**

Senior Research Officer  
PHD Chamber of Commerce  
and Industry

**Ms. Prativa Shaw**

Economist | JS  
PHD Chamber of  
Commerce and  
Industry

**Mohd. Hashim Khan**

Associate Economist  
PHD Chamber of  
Commerce and  
Industry

**Ms. Laxmi Yadav**

Assistant Professor  
Gargi College, University of  
Delhi  
and Research Scholar,  
PHD Chamber of Commerce  
and Industry

## Disclaimer

“Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level” is prepared by PHD Chamber of Commerce and Industry and Department of Commerce, Delhi School of Economics. This report may not be reproduced, wholly or partly in any material form, or modified, without prior approval from PHD Chamber of Commerce and Industry and Department of Commerce, Delhi School of Economics.

It may please be noted that this report is for guidance and information purposes only. Though due care has been taken to ensure accuracy of the information to the best of the PHD Chamber's knowledge and belief, it is strongly recommended that readers should seek specific professional advice before making any decisions.

Please note that the PHD Chamber of Commerce and Industry and Department of Commerce, Delhi School of Economics do not take any responsibility for outcome of decisions taken as a result of relying on the content of this report. PHD Chamber of Commerce and Industry and Department of Commerce, Delhi School of Economics shall in no way, be liable for any direct or indirect damages that may arise due to any act or omission on the part of the reader or user due to any reliance placed or guidance taken from any portion of this publication.

Copyright 2022, PHD Chamber of Commerce and Industry  
ALL RIGHTS RESERVED

No part of this publication including the cover, shall be reproduced, stored in a retrieval system, or transmitted by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of, and acknowledgement of the publisher (PHD Chamber of Commerce and Industry).



## PHD Research Bureau

PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments.

The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading newspapers. The Research Bureau has undertaken various policy studies for Government of India and state governments.

Research Activities	Comments on Economic Developments	Newsletters	Consultancy
<ul style="list-style-type: none"> <li>Research Studies</li> </ul>	<ul style="list-style-type: none"> <li>Macro Economy</li> </ul>	<ul style="list-style-type: none"> <li>Economic Affairs Committee Newsletter (EAC)</li> </ul>	<ul style="list-style-type: none"> <li>Trade &amp; Investment Facilitation Services (TIFS)</li> </ul>
<ul style="list-style-type: none"> <li>State Profiles</li> </ul>	<ul style="list-style-type: none"> <li>States Development</li> </ul>	<ul style="list-style-type: none"> <li>Global Economic Monitor (GEM)</li> </ul>	
<ul style="list-style-type: none"> <li>Impact Assessments</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Trade &amp; Investment Facilitation Services (TIFS) newsletter</li> </ul>	
<ul style="list-style-type: none"> <li>Thematic Research Reports</li> </ul>	<ul style="list-style-type: none"> <li>Foreign exchange market</li> </ul>	<ul style="list-style-type: none"> <li>State Development Monitor (SDM)</li> </ul>	
<ul style="list-style-type: none"> <li>Releases on Economic Developments</li> </ul>	<ul style="list-style-type: none"> <li>International Trade</li> </ul>		
	<ul style="list-style-type: none"> <li>Global Economy</li> </ul>		



Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

### Studies Undertaken by PHD Research Bureau

#### A: Thematic research reports

1. Comparative study on power situation in Northern and Central states of India (September 2011)
2. Economic Analysis of State (October 2011)
3. Growth Prospects of the Indian Economy, Vision 2021 (December 2011)
4. Budget 2012-13: Move Towards Consolidation (March 2012)
5. Emerging Trends in Exchange Rate Volatility (Apr 2012)
6. The Indian Direct Selling Industry Annual Survey 2010-11 (May 2012)
7. Global Economic Challenges: Implications for India (May 2012)
8. India Agronomics: An Agriculture Economy Update (August 2012)
9. Reforms to Push Growth on High Road (September 2012)
10. The Indian Direct Selling Industry Annual Survey 2011-12: Beating Slowdown (March 2013)
11. Budget 2013-14: Moving on reforms (March 2013)
12. India- Africa Promise Diverse Opportunities (November 2013)
13. India- Africa Promise Diverse Opportunities: Suggestions Report (November 2013)
14. Annual survey of Indian Direct Selling Industry-2012-13 (December 2013)
15. Imperatives for Double Digit Growth (December 2013)
16. Women Safety in Delhi: Issues and Challenges to Employment (March 2014)
17. Emerging Contours in the MSME sector of Uttarakhand (April 2014)
18. Roadmap for New Government (May 2014)
19. Youth Economics (May 2014)
20. Economy on the Eve of Union Budget 2014-15 (July 2014)
21. Budget 2014-15: Promise of Progress (July 2014)
22. Agronomics 2014: Impact on economic growth and inflation (August 2014)
23. 100 Days of new Government (September 2014)
24. Make in India: Bolstering Manufacturing Sector (October 2014)
25. The Indian Direct Selling Industry Annual Survey 2013-14 (November 2014)
26. Participated in a survey to audit SEZs in India with CAG Office of India (November 2014)
27. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad (Nov 2014)
28. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
29. SEZs in India: Criss-Cross Concerns (February 2015)
30. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
31. India - USA Economic Relations (February 2015)
32. Economy on the Eve of Union Budget 2015-16 (February 2015)
33. Budget Analysis (2015-16)
34. Druzhiba-Dosti: India's Trade Opportunities with Russia (April 2015)
35. Impact of Labour Reforms on Industry in Rajasthan: A survey study (July 2015)
36. Progress of Make in India (September 2015)
37. Grown Diamonds, A Sunrise Industry in India: Prospects for Economic Growth (November 2015)
38. Annual survey of Indian Direct Selling Industry 2014-15 (December 2015)
39. India's Foreign Trade Policy Environment Past, Present and Future (December 2015)
40. Revisiting the emerging economic powers as drivers in promoting global economic growth (February 2016)
41. Bolstering MSMEs for Make in India with special focus on CSR (March 2016)
42. BREXIT impact on Indian Economy (July 2016)
43. India's Exports Outlook (August 2016)

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

44. Ease of Doing Business : Suggestive Measures for States (October 2016)
45. Transforming India through Make in India, Skill India and Digital India (November 2016)
46. Impact of Demonetization on Economy, Businesses and People (January 2017)
47. Economy on the eve of Budget 2017-18 (January 2017)
48. Union Budget 2017-18: A budget for all-inclusive development (January 2017)
49. Annual Survey of Indian Direct Selling Industry 2015-16 (February 2017)
50. Worklife Balance and Health Concerns of Women: A Survey (March 2017)
51. Special Economic Zones: Performance, Problems and Opportunities (April 2017)
52. Feasibility Study (socio-Economic Survey) of Ambala and Rohtak Districts in Haryana (March 2017)
53. Goods and Services (GST): So far (July 2017)
54. Reshaping India-Africa Trade: Dynamics and Export Potentiality of Indian Products in Africa (July 2017)
55. Industry Perspective on Bitcoins (July 2017)
56. Senior Housing: A sunrise sector in India (August 2017)
57. Current state of the economy (October 2017)
58. Equitable finance to fulfill funding requirements of Indian Economy (October 2017)
59. The Wall of Protectionism: : Rise and Rise of Protectionist Policies in the Global Arena, (November 2017)
60. India-Israel Relations: Building Bridges of Dynamic Trade(October 2017)
61. Role of Trade Infrastructure for Export Scheme (TIES) in Improving Export Competitiveness (November 2017)
62. India - China Trade Relationship: The Trade Giants of Past, Present and Future (January 2018)
63. Analysis of Trade Pattern between India and ASEAN(January 2018)
64. Union Budget 2018-19 – (February 2018)
65. Ease of Doing Work for Women: A survey of Delhi NCR (February 2018)
66. Restraining Wilful Defaults: Need of the hour for Indian Banking System (March 2018)
67. Impact of GST on Business, Industry and Exporters (April 2018)
68. India – Sri Lanka Bilateral Relations: Reinforcing trade and investment prospects (May 2018)
69. Growth Prospects of the Indian Economy: Road to US \$5 Trillion Economy(May 2018)
70. India's Free Trade Agreements Dynamics and Diagnostics of Trade Prospects(May 2018)
71. India – UK Trade Relations and Societal Links: Way Forward (June 2018)
72. Rural Economy: Road to US \$5 Trillion Economy(September 2018)
73. Indian Economy on the Eve of Union Budget 2019-20 (Interim): Steady...strong...fastest moving economy (January 2019)
74. Interim Budget 2019-2020: A Dynamic, Inclusive & Pragmatic Budget (February 2019)
75. Women Entrepreneurship: Transforming from Domestic Households to Financial Independence (March 2019)
76. Prospects for Exports from India: Five Pronged Strategy to Achieve USD700 Billion Merchandise Exports by 2025 (March 2019)
77. India Towards Shared Prosperity: Economic Agenda for the Next five Years (March 2019)
78. Job Creation: A Pan India Survey of Households (March 2019)
79. India Inc. Speaks Live: Wish List for the Next Five Years (May 2019)
80. Suggestive Roadmap for Revitalizing Economic Growth (June 2019)
81. Indian Economy on the Eve of Union Budget 2019-20 (July 2019)
82. Union Budget 2019-20: Road to US\$ 5 trillion economy (July 2019)
83. Ease of Doing Business for MSMEs (September 2019)
84. Report Emerging contours in the defence and homeland security
85. Framework of University-Industry Linkages in Research DSIR
86. India's Trade and Investment opportunities with ASEAN Economies (November 2019)

Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

87. Indian Economy on the Eve of Union Budget 2020-21 (February 2020)
88. Union Budget 2020-21: Aspirational, Caring and Developmental Budget (February 2020)
89. Macroeconomic Indicators and Pandemic COVID-19 Stimulus provided by Select Economies (April 2020)
90. Analysis on Relief Measures -Salaries wages by pandemic COVID-19 impacted countries (April 2020)
91. Report on impact of Pandemic COVID-19 by PHDCCI (April 2020)
92. Tax relief measures provided by Pandemic COVID-19 impacted Countries (April 2020)
93. Impact of Pandemic COVID-19 : PHD Chamber's detailed representation on short term and long term measures submitted to the Government (April 2020)
94. Mitigating the Impact of Pandemic COVID-19 on Trade & Industry: PHDCCI Representations to Government of India and State Governments (April 2020)
95. Compendium of various relief measures provided by the States to mitigate the impact of pandemic COVID-19 (April 2020)
96. Calibrated Approach to Exit from Lockdown (April 2020)
97. Compendium on Relief Measures provided by the Govt. under Direct & Indirect Taxes to mitigate the impact of pandemic COVID (April 2020)
98. Relief Measures provided by Ministry of Finance, Ministry of Commerce & others (April 2020)
99. Relief measures provided by various countries to mitigate the daunting impact of pandemic COVID-19 on economy, trade and industry(April 2020)
100. Analysis of COVID at International and Sub-national Level- Speed of Spread, Mortality and Recovery(April 2020)
101. Supplement of Recent Notifications by the Central Government, State Governments and Tax Authorities to Mitigate the Impact of Pandemic COVID-19
102. PHDCCI COVID-19 Updates
103. PHDCCI Quick Survey on Post Lockdown Business Scenario (May 2020)
104. Impact of GST on Economy and Businesses
105. Report on India's imports from China- Strategy for domestic capacity building (September 2020)
106. PHDCCI Economic and Business Momentum (EBM) Index (November 2020)
107. The Future of Expanding India-USA Bilateral Relations- Strengthening bilateral ties through FTA (November 2020)
108. PHDCCI Economy GPS Index January 2021
109. Union Budget 2021-22: Demand Boosting, Investment Inducing and Growth Oriented Budget (February 2021)
110. Analysis of State Budgets FY2021-2022 (April 2021)
111. Impact of Coronavirus 2. 0 on Economy and Businesses (May 2021)
112. Achieving a higher export growth trajectory 75 potential products and 75 focused markets (September 2021)
113. PHD Chamber Analysis of Union budget 2022-23 (February 2022)
114. Economy to resume normal growth curve in 2022-23 (April 2022)

## B. State Reports

115. Rajasthan: The State Profile (April 2011)
116. Uttarakhand: The State Profile (June 2011)
117. Punjab: The State Profile (November 2011)
118. J&K: The State Profile (December 2011)
119. Uttar Pradesh: The State Profile (December 2011)
120. Bihar: The State Profile (June 2012)
121. Himachal Pradesh: The State Profile (June 2012)
122. Madhya Pradesh: The State Profile (August 2012)
123. Resurgent Bihar (April 2013)
124. Life ahead for Uttarakhand (August 2013)
125. Punjab: The State Profile (February 2014)
126. Haryana: Bolstering Industrialization (May 2015)





## Ease of Doing Business for MSMEs in India: Percolating EODB Reforms at Factory Level

127. Progressive Uttar Pradesh: Building Uttar Pradesh of Tomorrow (August 2015),
128. Suggestions for Progressive Uttar Pradesh (August 2015)
129. State profile of Telangana- The dynamic state of India (April 2016)
130. Smart Infrastructure Summit 2016- Transforming Uttar Pradesh (August 2016)
131. Smart Infrastructure Summit 2016- Transforming Uttar Pradesh : Suggestions for the State Government (Aug 2016)
132. Rising Jharkhand: An Emerging Investment Hub (Feb 2017)
133. Punjab: Roadmap for the New Government Suggestions for the Industrial and Socio-Economic Development – Focus MSMEs ease of doing business (May 2017)
134. Prospering Himachal Pradesh: A Mountain of Opportunities (August 2017)
135. Kashmir: The way forward (February 2018)
136. Analysis of State Budgets for 2018-19: Select States (Mar 2018)
137. Rising Uttar Pradesh One District One Product Summit (August 2018)
138. Rajasthan: Steady Strides into the Future- Emerging Growth Dynamics and the Way Forward (September 2018)
139. Rising Jharkhand: Economic Profile (January 2019)
140. Rising Jharkhand: Skill Development to Spur Socio-Economic Growth (January 2019)
141. Progressive Haryana: Economic Profile (February 2019)
142. Progressive Haryana: The Agricultural Hub of India (February 2019)
143. Progressive Haryana Steady Growth Strides into the Future (June 2020)
144. States Policy Conclave 2021: Role of States (December 2021)
145. Analysis of States' Budget 2022-23 (April 2022)

**(Notes)**





**PHD CHAMBER**  
OF COMMERCE AND INDUSTRY

**PHD RESEARCH BUREAU**  
**PHD CHAMBER OF COMMERCE AND INDUSTRY**

PHD House 4/2 Siri Institutional Area, August Kranti Marg, New Delhi 110016  
Phone: 91-11-49545454 | Fax: 91-11-26855450, 26863135  
Email: [research@phdcci.in](mailto:research@phdcci.in) | Website: [www.phdcci.in](http://www.phdcci.in)



**DEPARTMENT OF COMMERCE**  
Faculty of Commerce and Business  
Delhi School Of Economics  
UNIVERSITY OF DELHI

**DEPARTMENT OF COMMERCE**  
**DELHI SCHOOL OF ECONOMICS**

University of Delhi, Delhi-110007  
Telephone: (011) 2766-7891 | Fax: (011) 2766-6781  
Email: [info@commercedu.com](mailto:info@commercedu.com) | Website: [www.commercedu.com](http://www.commercedu.com)

