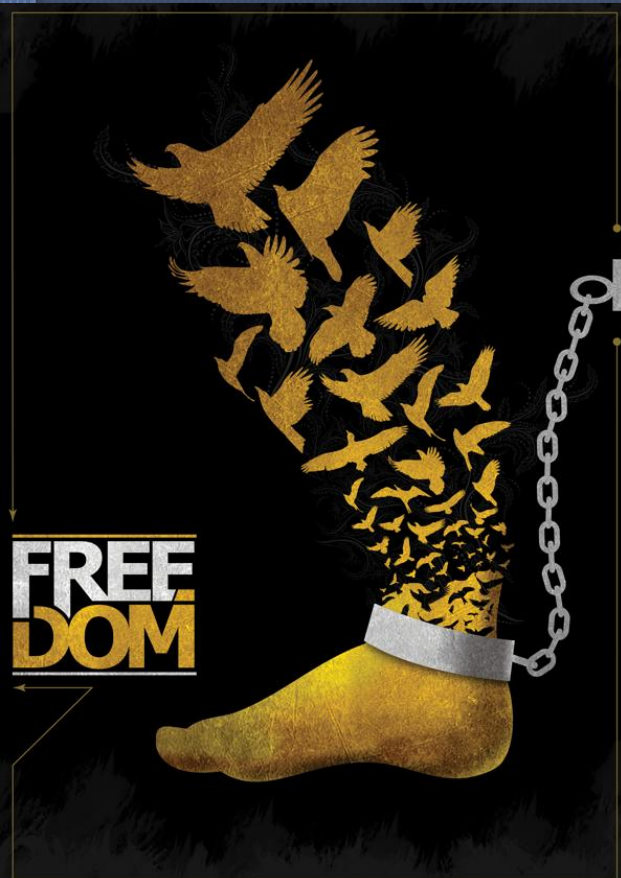


Ease of Doing Business

a precursor to

MAKE IN INDIA




Mr Arun Kumar Jagatramka
Chairman and Managing Director
Gujarat NRE Coke Ltd

Why do I....

- **Throw my garbage with gay?**
- **Spit in free will, as if without that one right I would be a citizen of a lesser democracy?**
- **Tear off a page from a library book or write my name on the Taj Mahal?**
- **Leave a public toilet smelling even though I would like to find it squeaky clean as I enter it?**
- **Why is my sense of Public hygiene so porcine?**



Why do I....

- Jump red lights with the alacrity of a jackrabbit leaping ahead of a buckshot?
 - Block the left lane, when my intention is to turn right?
 - Overtake from the left?
 - Drive at night in the city with the high beam on?
 - Jump queues with the zest of an Olympic heptathlon gold hopeful?
- 

Why are we the way we are?

- ▶ **We can not shrug off the fact that we use much of our intelligence to figure out ways of circumventing every law, regulation, and norm in a bid to do better for ourselves**
- ▶ **To twist and turn every available opportunity and prospect to our immediate advantage**
- ▶ **Arising more from the “What can I do” or “How does it matter if I do not follow” syndrome**
- ▶ **We forget that it is not just I but many I’s’ becoming WE, to effect the change from the way we are at present**

....(Un)fair Competition

- It is easier to pull someone down than to pull someone up
- We discourage fair competition and have in many fields tried to create barriers for foreign investment which would have increased efficiency
- We need to create a transparent and conducive environment
- We also need to understand that to attract foreign investment we need to get out of our obsession on what we can get out of them– there are no free lunches... investment in business is for profit and not for charity



**The Art of leg pulling
Which we Indians excel in**

THE ROOT OF CORRUPTION AND CHAOS

- Parallel roads and covered drainages – seems to have went out of fashion with Mohenjo-Daro and Harappa
- Today, we just erect buildings haphazardly and hope that in due course we will be able to carve out a road through the mess
- **This defect in behavior and approach lies at the root of our filth, corruption and chaos**



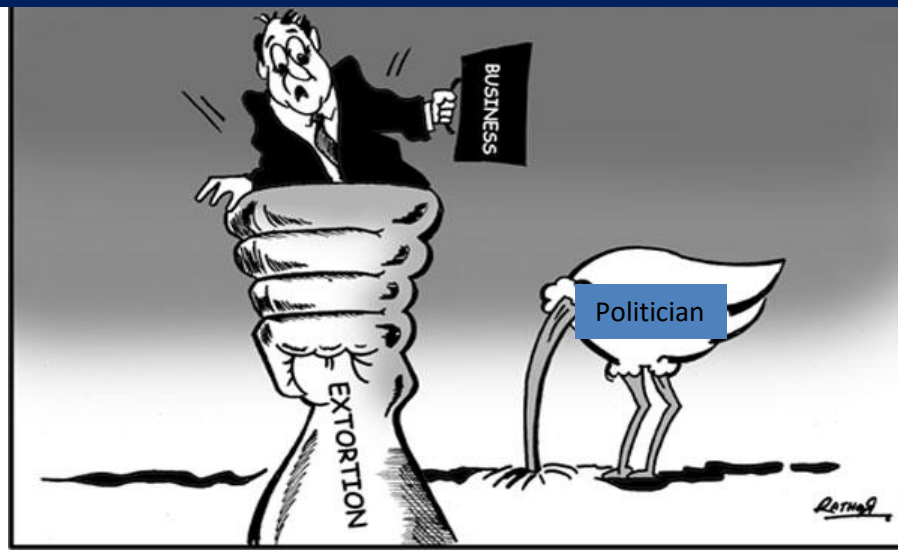
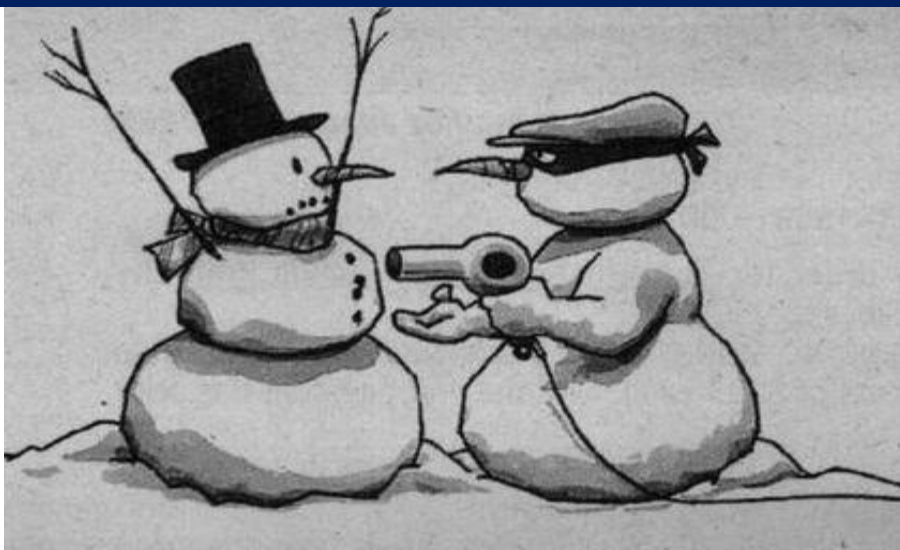
Is Doing Business in India a Crime??

- Majority of business want to be Honest
- But is there any business today who can vouch that it has been honest throughout?
- Why is it that the majority of businesses have been subject to corruption – primarily extortionist corruption?
- Why have we built a system that makes doing business honestly in India so tough?



EXTORTION

That Industries face on a regular basis

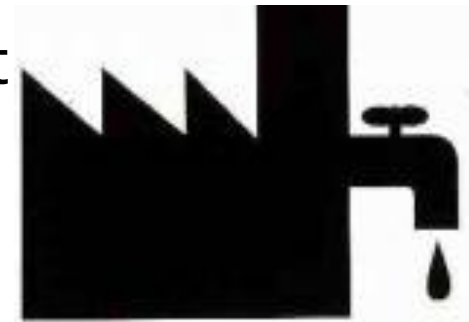


Extortion by local politicians

- The local politicians find **industry** as an **easy target for their benefit**
- They put **pressure on industry** for
 - Employment of their supporters as workers/employees
 - Use of vendors associated with them for any outsourced job like transportation, material handling and other contractual jobs
 - Or by acting on **frivolous complains** to extract benefit in cash or in kind

Industry viewed as a cash cow

- Local politicians want industry to set up in their area and then milk them for their benefit
- They at times **act as local mafias**
 - Any outsourced or contractual work if not awarded to their firms results into disruption of work
 - The firms associated to local politicians do not act professionally and are at times not commercially viable
 - The syndicate managed by the local politicians are against the interest of the business and industry



Extortion of enforcement officials

- Industries are subject to extortion of enforcement officials like Factory inspector, Labour inspector, environment/pollution officials
- The **antediluvian laws of the land** has many such **provisions** which can be referred by the **enforcement agencies at their will to harass**
- No industry in the country can claim to be 100% compliant with all the provisions in various laws that govern us



Bribes

Extortion

&

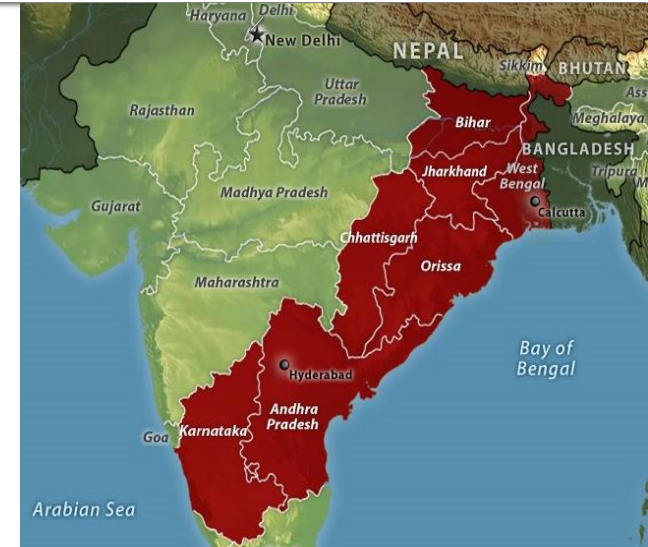
Business

License Raj gone but Inspector Raj still thrives

- **Visit** of any of these **inspectors** would not conclude **without a consideration**
- Any **unsubstantiated complain** is enough to raise a query **culminating in a demand**
- Industry **generally tend to acquiesce** to such unlawful demand only **to avoid further harassment**
- **Excessive power** in the hands of **enforcement agencies** are one of the greatest impediments to the ease of doing business

Political extortion leading to Naxalism in tribal areas

- Naxalites thrive in tribal areas known for mining activity
- Where there is mining there is conflict of tribal rights – a soft issue to gain popular support
- Naxalites however do not see mining and allied industry as an enemy, but a source of illicit revenue
- Industries operating in Naxalite prone area are forced to pay protection money to conduct business



Mining brings more revenue, and with revenue comes **extortion** and a means for **Maoism** to fund its operation



Exploitation of Alienation

- Naxalites in large parts of the country thrive on giving local populace the **false sense of protection** against land encroachment and by speaking for tribal rights
- They have **exploited the sense of abandonment** among Adivasis caused by the apathy of administration since independence towards the development of large tribal lands, which still remain **undeveloped and cut out from mainstream**
- They have thrived on the **sense among Adivasis of being 'have-nots'**, as well as **alienation and apathy** of the disadvantaged rural poor

Extortion remains the backbone of Indian economy

- **Naxalites** do extortion through **use of arms** and by operation that is unlawful
- The extortion happening in non-naxalite area is different only by the kind of people and ideology of the person
- The difference is that here, the **extortion is through people who vouch for democracy and rule of law**, while Naxalites are those who do not believe in democracy and are anti-national
- **The extortion is the same. Industry is the victim and is forced to pay in both the instances**

Innocent Until Caught

- Majority of businesses want to be Honest
- But is there any business today who can vouch of being honest throughout?
- Indian businesses are **subjected to FORCED CORRUPTION**
- **Corruption is today in our DNA**



I'M FROM THE
GOVERNMENT,
I'M HERE
TO HELP



Law of majority

- ❑ Corporate sector is forced to face corruption as a cost to do business in India
- ❑ **Democracy** runs on the law of **majority**
- ❑ Today, when the **majority of businesses** are labeled as **corrupt**, the entire **country** becomes **corrupt**
- ❑ This majority should be given **a chance to come clean** and do a honest business



Make India a Better Place to do Business

- The steps taken by the present government are more directed to ease setting up of new business
- But **what about ease of doing business for the existing establishments?**
- The new business once starts operation would face the same problem as those faced by the existing businesses today
- Majority should be given a chance to come clean and run the business in honest manner

Need for a Radical Approach

- **The new government has the mandate, intent and the willingness to bring the required change**
- Need to avoid knee jerk reactions and criminality provisions that would make all of us criminals
- Need to review each regulation, its use, misuse and its relevance
- Need for systemic changes or a major surgery to rectify the system – **An uphill task, but it is NOW or NEVER**



Second Freedom Struggle

- Need for a comprehensive exercise to build a system which Trusts the Citizens
- Need to drastically change the regulations that have the colonial legacy
- Need a revolutionary approach for freedom from Laws of the British Era
- The laws that were framed by the British to treat Indians as slaves and subjects of the Queen

Debt woes of India Inc.

- The continued downturn has resulted in increasing debt with more and more corporate loans turning bad
- Banks are engaged only in restructuring bad loans and not disbursing fresh to kick start the economy
- However, banks are not interested to restructure / save companies with debt of below 100 cr category and are using all provisions in the book to recover
- MSMEs are getting wiped out as a result at the expense of big corporates for whom special packages are worked out
- Banks go extra mile to save big debts from turning NPA
- Bigger the exposure, more the support from banks

Effective Governance

- Amend CrPC and make registration of Crime more user friendly & easy
- Judicial reforms, independent appointment of judges
- Introduction of shift system of cases
- Speedy disposal of cases by the courts and other authorities so that delay and secrecy do not allow corruption to breed
- Reclassify crimes so that minor offences could be addressed through plea bargaining
- Execute wholesale electoral reforms and regulate functioning of political parties

Fight against Black Money

- ◆ Identify the causes of existence of Black Economy – like degree of controls & regulations, etc
- ◆ A complete overhaul of tax system with a bold message to encourage self compliance
- ◆ Black Economy is a threat to security of the country – fight against black economy should be more for peace and stability than revenue
- ◆ Discourage and remove extortionary corruption
- ◆ Focus on black money in lockers of Indian banks





**Let us all
Build a Society**

**on the
Foundation of TRUST**

“We must learn to Trust. For several centuries, Indians have been brainwashed to distrust other Indians. This saps national energy. Distrust kills initiative. Distrust compels people to maneuver and manipulate. Trust and transparency stimulates entrepreneurship.”