'Ease Of Doing Business’ Needs To Improve

For both SMEs and large corporations, ease-of-doing business and Make In India are integrally linked to infrastructure, says Nikhil Sinha, Founding Vice Chancellor, Shiv Nadar University

With the first full-fledged budget of the Modi government round the corner, India Inc is anticipating significant movement on reform agenda. The big-bang component that may overshadow everything else in Budget 2015 is the long awaited tax reforms. These will be followed by incentives to manufacturing that will directly link to the ambitious Make In India mission. Make In India could be an important driver of economic growth.

Both tax reforms and Make In India initiatives are also inextricable linked to India’s ease-of-doing business indicators. This is important because India’s 2015 ranking for ease-of-doing business actually slipped two places from 140 to 142 this year. The government is committed to streaming the way businesses are created and managed in the country and while tax reforms will certainly help, I see the government’s ambitious Digital India Mission as a critical link in the chain.

For both SMEs and large corporations, ease-of-doing business and Make In India are integrally linked to infrastructure. Roads, airports, ports and power are important but digital connectivity is increasingly emerging as a transformative element that can link disparate sectors of the economy: producers, consumers, markets and regulatory infrastructure, both in India and globally.

Spurring Innovation And Growth

The Digital India Mission intends to be a critical enabler of innovation and growth for the national economy in years to come. These innovations will in turn re-shape entire industries and value chains, reduce barriers to entry, sharpen market intelligence and open doors for a new generation of entrepreneurs and innovators, especially in the SME segment. The number of connected devices creating data, automating processes and providing services is exploding. Digital technological trends, such as mobile and social solutions, cloud computing and data analytics offer a new range of opportunities for businesses in the knowledge economy. These technologies hold potential for the creation of new business value, for both small and large enterprises.

The Digitisation Of Manufacturing

The digitisation of manufacturing will transform the entire manufacturing ecosystem and offer promising prospects for the Make In India mission focused on the re-location of global manufacturing to India. A digital network that links industry and with the general population is integral to ensuring ease-of-doing business. A digital business environment will strengthen the regulatory framework and improve among others, regulatory transparency, trustmark and trademark registration systems, privacy and data security. It will also enhance ease of finance and promote the creation, survival and growth of entrepreneurship through ease-of-access to local equity markets and venture capital funds. Equally importantly, a digitally economy will foster and accelerate education, leadership and training skills that will be much sought after by the manufacturing and services industry.

I therefore hope this budget to put in place mechanisms to accelerate the Digital India Mission. In addition to the use of fibre that is expensive and time-consuming, the government also needs to foster other easy-to-deploy and more cost-effective technologies such as high throughput broadband satellites
and local wi-fi and wi-max based networks. This will help create an integrated and inter-linked network that enhances India’s competitive advantage as a destination for global manufacturing and services.

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