

Research Paper on Scrapping of unnecessary compliances for ease of doing business

The Government to scrap about 6000 compliances both under central and state level laws to facilitate ease of doing business in India at a webinar for PLI is highly commendable . PM is deeply committed to enhance business opportunities for small businesses in the country by providing a cohesive and easy atmosphere for conducting business activities in the Country. The small businesses in the Country have a major role to play in attaining PM's vision of making India, a 5 trillion economy by 2024.

We definitely align ourselves with PM's vision and, we are of the firm view that such a step will certainly widen the tax base which in turn will yield more revenue to both central and state Governments. It is a matter of fact that the non corporate sector faces a complex system of governance framework coupled with multiple legislations thereby prescribing a plethora of statutory compliances which unfortunately leverage the scope of avoiding laws & rules thereby promoting unhealthy business practices and to large amount rampant corruption.

In this context, the current structure of the GST taxation system requires about 60 compliances at various levels to comply with GST laws and rules. These compliances and several other provisions have made the GST taxation system quite complex and complicated and prove to be a severe hurdle for ease of doing business. Unfettered and arbitrary powers given to the tax officials stand against the basic fundamentals of the widely promoted agenda of the Government for faceless assessment and faceless working of tax departments. However, we are of the considered opinion that habitual law offenders or tax evaders should be treated with exemplary punishment without any mercy but it should not be used against honest and tax compliant people. We, therefore, request your good self to review and comprehensively overhaul the GST taxation system.

We also like to add that the business community, an integral part of the non-corporate sector excluding agriculture is one of the major contributor to the economy and GDP and is highly fragmented and fraught with major burden of compliances despite of the fact that about 8 crores traders in the country are generating an annual turnover of more than 80 lakh crores of rupees per annum without any financial or other support from any quarter . If easy compliance and ease of doing business is provided, this sector can do much better. It is noteworthy to mention that small businesses in the Country have to obtain almost 28 types of licenses at different levels for conducting business activities and most of them are subject to yearly renewal. It is suggested that obtaining such multiple licenses, if replaced by one license will change the paradigm of domestic trade in the Country. Further, to understand the quantum of business establishments working in the Country, it is suggested that only one Central License may be prescribed for all types of sale of goods and services under non corporate sector and the said license may be used as "Aadhar Card" for any type of commercial activity in India. In this way, the Government will come to know the size of the sector, current strength of employment, scope of revenue and other vital information enabling the Government to craft out comprehensive and complementary policies.

The Confederation of All India Traders (CAIT) and it's affiliated 40,000 Trade Associations have always been ardent supporters and proponents of law abiding business activities and hoped that our above suggestion will meet with your kind attention. We assure you of our best services and cooperation from the entire business community in the larger interest of nation and economy.