

ADI GODREJ
Chairman
The Godrej Group

Godrej Industries Ltd.
Pirojshanagar,
Eastern Express Highway,
Vikhroli (E), Mumbai 400 079, India.
Tel. : +91-22-2518 8060/8010
Fax : +91-22-2518 8062/8074
Email : ab.godrej@godrejcp.com

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The Chairperson
Expert Committee on Regulatory Approvals
Department of Industrial Policy & Promotion
Ministry of Commerce & Industry
Government of India
Room No.218, Vigyan Bhawan Annexe
Maulana Azad Road
New Delhi - 110011

Dear Sri Shankar,

At the outset, I thank you for letting me know the Terms of Reference under your able Chairmanship and the opportunity provided to me to make suggestions.

I am very happy to note the positive actions and business friendly approach of the Government of India in constituting the Expert Committee under your Chairmanship for enabling "*preparation of draft legislation to replace multiple prior permissions with a pre-existing regulatory mechanism with safeguards*" so as to ensure ease of doing business in India.

The brick-and-mortar industrial economy of India has continuously kept pace as well as partnership with the neo IT and ITES services industry which has grown leaps and bounds in the last 2 decades or so. Thus, focus of the Government now to enable e-biz process with safeguards, for prior permissions/approvals is a laudable effort by the Government of India.

Prior permissions for businesses have always remained a licence based era for more than 65 years. No doubt it is true that in our country, over a period of time there has been a lot of debate on industry-friendly self-declaration regime coming in as transformation in many areas.

However, it is also continuing reality that the brick-and-mortar industrial economy of India (including the fast moving consumer goods industry) continue to face delays in 'starting up new units of business' due to several windows and government organs that are to be approached for prior permissions or in availing the industry-promoting fiscal incentives which do not get processed to be released on time. A good example of such bureaucratic delays in grant of such fiscal incentives is available in our own group's case as to long pending delay in 'determination of special rate refunds for central excise duty' for units set up in North Eastern region which currently mired in exceptional bureaucratic inaction and process delays, leading to central excise refund claims of about Rs.114 crores+ beginning from FY 2008-09 despite clarity in the relevant notifications about the time bound actions that are to follow after the claims are submitted.

Reverting to the subject in context, it is a welcome initiative of the Government of India to appoint the Expert Committee and my key suggestions to the Committee are as follows:

Wherever there is a heightened industrial activity focus for the States in declaring zones such as MIDC, SEZ, the Government of India as a first step needs to enable a single-window approach for all prior permissions required and also take steps to reduce/rationalize the list of such prior permissions.

Single window approach: To set-up a business unit requires various permissions from various authorities of Central and State Governments as well as Local Bodies. Many times, a permission/approval from one Government Authority requires prior registration and recognition with some other Government Authority. Such instances should be eliminated or reduced except the mandatory prior registration of 'CIN Number, PAN and TAN, IEC Number. The Expert Committee may consider forming a single window approach whereby the applicant can submit all mandatory prior registrations mentioned above as sufficient with ONE Single Authority/Window and such Authority may coordinate with other different governmental authorities internally. While we are aware of the challenges of the federal structure of our polity in India (example being the policy on multi-brand retail and each State's decision as to allow foreign investment in modern retail being their respective primacy), we believe that an amicable manner of coordination between all relevant Authorities is quite possible and can be brought about for the sake of better ease in doing business in India.

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Time bound response & automated approval/permission on completion of documentation submission online: The requisite permissions must be granted or rejected online within pre-specified time frame with least possible human/bureaucratic interface, to curb corruption and ensure transparency. Such a process would also ensure certainty and ease. Experience suggests that clarity on documentation requirements being pre-elucidated as an activity for the industry and setting time-frames for any activity have the most positive effect to ensure ease of business. Thus, complete clarity needs to be provided early on, regarding requisite documents and compliance submissions at the time of on-line acceptance of filing an application.

Opportunity to appeal/Ombudsman to validate decisions: Unnecessary delay or refusal in granting permission should be demotivated. The industry must get an opportunity to escalate its grievance of an unnecessary delay or refusal before an independent authority (a Committee or Panel) as an Ombudsman, preferably of a quasi-judicial nature but devoid of any procedural labyrinth for taking decisions or to review decisions already given. This will bring in better discipline in processing the prior permissions.

On-line interface & real time/periodic status updates: A web portal to handle all kinds of prior permissions submissions, status checks, decisions and review decisions to be published twice a day at designated hours on the website would help a lot to bring in swiftness in the whole process. This will ensure much needed speed, transparency and ease of operations.

Removing archaic requirements: Any statutory requirements for submissions as to prior permission grant which are irrelevant or dated must be identified and removed.

Removing duplication: If there are any processes that are currently followed where by any statutory reporting requirements of the same set of compliances by a business unit to more than one Governmental authority are there, such processes may have to be identified and necessary mechanism to bring in harmonisation between the different authorities may be worked out to eliminate duplication of such reporting.

Periodic review: A mechanism of periodic review/evaluation of the laid out processes for obtaining prior permissions may be introduced to ensure that the process remain simple and relevant all the time.

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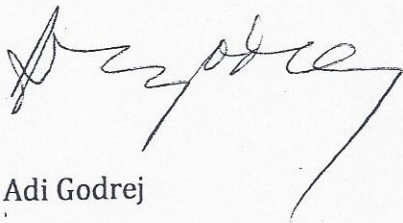
Hope, these suggestions would help in formulating initial thoughts on the subject matter.

Perhaps, an option of constituting different sub-committees of subject matter experts to study various aspects of the proposed task may also be explored.

We offer our active support in taking this initiative to its logical conclusion and will be happy to depute resources to further provide suggestions on simplifying the regulatory environment related to the FMCG industry.

Thanking you once again,

With warm regards

A handwritten signature in black ink, appearing to read 'Adi Godrej', with a long, sweeping horizontal stroke extending to the right.

Adi Godrej